

**BEYOND BUSINESS: CORPORATE SOCIAL
RESPONSIBILITY (CSR) AMONG SMALL
BUSINESSES IN JELUTONG MARKET, PENANG,
MALAYSIA**

by

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DEDICATION

To the late Prof Lynn Thomas of Pomona College, California. You were my teacher, faculty adviser, thesis supervisor and so much more. I will always remember your boyish delight when I gave you an *Orang Asli* blowpipe and you immediately tried it out by shooting darts at a noticeboard in the faculty building! I lovingly cherish the many insightful conversations, musings and bouncing of ideas off each other we had.

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Rest in Peace.

May ALL be Well and Happy!

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**BUKAN SEKADAR PERNIAGAAN : TANGGUNGJAWAB SOSIAL
KORPORAT DALAM KALANGAN PERNIAGAAN KECIL DI PASAR
JELUTONG, PULAU PINANG, MALAYSIA**

ABSTRAK

Kajian ini mengupas tentang fenomena Tanggungjawab Sosial Korporat dalam kalangan peniaga kecil-kecilan di pasar Jelutong Pulau Pinang, Malaysia. Penyelidikan ini merupakan kajian berbentuk kualitatif yang bertujuan untuk membina teori. Kaedah kajian kes digunakan dengan tiga (3) cara pengumpulan maklumat iaitu pemerhatian tanpa penyertaan, temubual separa berstruktur dan pemerhatian penyertaan. Pasar Jelutong dipilih sebagai lapangan kajian. Penemuan penyelidikan ini menunjukkan bahawa kajian lepas berkenaan dengan Tanggungjawab Sosial Korporat tidak mencukupi untuk difahami oleh peniaga kecil-kecilan. Kerangka konseptual yang sedia ada telah disesuaikan dengan Tanggungjawab Sosial Korporat dalam kalangan perniagaan besar-besaran yang telah dikorporatkan. Unit analisis terletak dalam individu dan teori kapital sosial merupakan teori yang paling sesuai diguna pakai sebagai kerangka konseptual untuk memahami Tanggungjawab Sosial Korporat dalam kalangan peniaga kecil-kecilan. Terdapat tiga (3) topologi utama berkenaan dengan perilaku dan fahaman dalam Tanggungjawab Sosial Korporat dalam kalangan peniaga kecil-kecilan iaitu tipologi ‘cara hidup’ (*lifestyle*) ‘mata pencarian’ (*livelihood*) dan ‘legasi’ (*legacy*). Tipologi-tipologi ini telah dibandingkan dengan penulisan lepas

terutamanya piramid Tanggungjawab Sosial Korporat yang dikemukakan oleh Carroll. Hasilnya ialah piramid Tanggungjawab Sosial Korporat bagi peniaga kecil-kecilan yang baru serta penemuan bahawa jenis perniagaan juga turut mempengaruhi Tanggungjawab Sosial Korporat dalam kalangan peniaga-peniaga kecil. Seterusnya, penyelidikan lanjut mendedahkan jenis perniagaan kecil-kecilan sebagai entiti sosial dan pasar basah Jelutong sebagai institusi sosial.

**BEYOND BUSINESS: CORPORATE SOCIAL RESPONSIBILITY (CSR)
AMONG SMALL BUSINESSES IN JELUTONG MARKET, PENANG,
MALAYSIA**

ABSTRACT

This study explores the phenomenon of Corporate Social Responsibility (hereinafter abbreviated as “CSR”) among small businesses in Jelutong wet market in Penang, Malaysia. This is a qualitative research employing case study methodology with three (3) data gathering instruments employed namely non-participant observations, semi-structured interviews and participant observations. The selected field site is Jelutong wet market in Penang, Malaysia. The findings show that existing literature on CSR is inadequate to capture and understand it in the context of small businesses in a wet market. Social Capital Theory from the discipline of sociology emerges as the most suitable theoretical framework to understand CSR among small businesses in a wet market. Three (3) emergent typologies with regards to the practice and understanding of CSR among small businesses were identified namely the Lifestyle, Livelihood and Legacy typologies. These emergent typologies are compared against existing literature in particular Carroll’s Pyramid of CSR. The results are novel Pyramids of CSR for small businesses and the discovery that the type of trade has a bearing on CSR among small businesses. Subsequent analysis reveal the nature of small businesses as social entities and Jelutong wet market as a social institution.

CHAPTER 1 - INTRODUCTION

Businesses are playing an increasing role in modern society. In Malaysia, the role of businesses saw a significant increase in the mid 1980's. The then Malaysian government under the leadership of Tun Dr Mahathir Mohamed embarked on a wave of privatizations of government functions and services. Traditional public sectors such as power generation, telecommunications, waste management, utilities, broadcast media, infrastructure construction, transportation, health care and higher education were either privatized or opened to private business participation. The objectives of the government privatization policy as described by Nambiar are as follow (Nambiar, 2009):

- i To relieve the financial and administrative burden of the government;
- ii To improve efficiency and increase productivity;
- iii To facilitate economic growth;
- iv To reduce the size and presence of the of the public sector in the economy; and
- v. To assist in meeting the national development policy targets.

Another source of the increasing role of businesses in society comes from the increasing commercialization of traditional personal and community activities. Examples include agriculture, fisheries, animal husbandry, food preparation, carpentry, handicraft, security, accommodation and hospitality. These activities were traditionally

performed by individuals not primarily as a business concern but as a subsistence and social obligatory requirement. The commercialization of these activities saw business ownership of the means of production such as land, tools, transportation, labor and skills required.

Yet another source of the increasing role of businesses in society comes from new sectors and fields developed by businesses themselves. Prominent examples are social media and other technology-enabled services. These services have permeated modern life to a considerable extent. They are not only introducing new services but also “disrupting” existing ones as elaborated by Clayton Christensen¹ (Christensen, 2011). As the drivers and developers of these services are predominantly businesses, they by default reside in the commercial private sector.

These three sources of change in tandem with other supporting developments² have elevated the status and prominence of businesses in society. Public icons are increasingly business leaders such as the late Steve Jobs of Apple or Dato’ Tony Fernandez of Air Asia here in Malaysia. The public increasingly looks toward these

¹ Harvard Professor Clayton Christensen is regarded as one of the leading authorities on innovation. He popularized the concept of “disruptive innovation” whereby existing business models are “disrupted” by new ones that arise from changes in social behavior and advances in technology.

² Another major development is the post-Cold War “victory” of the capitalist free market system and the subsequent ascent of American-style commercial interests unimpeded by ideological contention. As the epicenter of this development is in the West it is considered less applicable for highlight in this study based in Malaysia.

business leaders and their companies for inspiration, direction and leadership. Students increasingly aspire to become business leaders and the study of business is now the most popular discipline in tertiary education accounting for approximately half of all students enrolled in private institutes of higher education in Malaysia (Kementerian Pengajian Tinggi Malaysia, 2010).

Public perceptions and expectations of the role of businesses in society have changed in tandem with their increasing presence and clout. This is considered unsurprising given that public welfare and wellbeing are increasingly at the hands of private business entities. Businesses are expected to look beyond mere immediate profitability and take into account the long-term wellbeing of the local community, society and environment. The concept of “Triple Bottom Line” of *Profits, People & Planet* as promulgated by Elkington in the 1994 (Henriques & Richardson, 2004) is spreading. In 1997, Elkington developed this concept further laying out the principles of sustainable business via interconnected economic prosperity, environmental quality and social justice (Elkington, 1997). “In the global market described above, the need for organizations to be seen to be socially responsible is being increasingly articulated by both government and business representative associations. The EU has a major programme in this respect and the EFMD is in a partnership with a UN initiative” (Gibb, 2005).

In Malaysia, the local stock exchange Bursa Malaysia is encouraging public listed companies to publish their sustainability performance. Bursa Malaysia has come

up with “Powering Business Sustainability: A Guide for Directors” (Malaysia, 2015) which is a comprehensive sixty eight page document. Public listed companies are required to disclose their sustainability business practices and are thus encouraged to better their sustainability performances under the glare of public scrutiny (Carroll, Lipartito, Post, & Werhane, 2012).

The concept of Corporate Social Responsibility (CSR)³ gained prominence and various supporting mechanisms came in its wake. International standards have been devised such as ISO26000 Social Responsibility (ISO, 2010) to encourage awareness and subsequent adherence of CSR practices. Nonetheless, it is noted that ISO26000 Social Responsibility is a set of recommended voluntary practice and is not auditable. Another framework for guiding companies on CSR is the Global Reporting Initiative (GRI) that was developed as “A sustainability report conveys disclosures on an organization’s impacts – be they positive or negative – on the environment, society and the economy” (Global Reporting Initiative, 2015). “Both GRI guidelines and ISO 26000 were developed due to the need of institutionalization and standardization of CSR” (Bustami, Na, Nasruddin, & A'mmaari, 2013).

The awareness of the idea and practice of CSR among the business community is evidently on the rise. Nonetheless, the focus is predominantly on large businesses as exemplified by the term *Corporate* Social Responsibility itself. “Corporate” and

³ Hereinafter the acronym “CSR” is used for brevity.

“corporations” customarily refer to sizable businesses. The terms “multi-national corporations (MNC’s)” or “trans-national corporations (TNC’s)” automatically conjure images of large businesses especially from the perspective of developing countries like Malaysia. However, the term “corporate” technically encompasses all incorporated entities regardless of size or reach⁴.

Hence, although small businesses are very numerous in Malaysia, due to their size, they might be predisposed to adopt a mindset that CSR does not apply to them as it is only the purview of large businesses. The situation is even direr in the case of unincorporated businesses such as sole-proprietorships, partnerships and individuals operating under trading licenses. Consequently, the typical street hawker, “*pasar malam*” (night market) business, wet market food vendor and small-time service provider are frequently not aware of the terminology and theory of CSR, much less formalize and report their CSR activities. As small businesses rarely formalize their CSR activities, business owners might themselves not be consciously aware of practicing CSR, as distinct from their businesses.

Nonetheless, the absence of formally recorded and reported CSR activities does not equate to the fact that CSR is absent or invalid in the context of small businesses. “The impact of smaller firm size on corporate social responsibility (CSR) is ambiguous. Some contend that small businesses are socially responsible by nature, while others

⁴ Colloquially, the Malay translation “*korporat*” automatically denotes a large organization as in “*kerja korporat* (activities of corporations)”

argue that a smaller firm size imposes barriers on small firms that constrain their ability to take responsible action.” (Lepoutre & Heene, 2006). All businesses are part of society with small businesses arguably more so as they are frequently more entwined and embedded as part of the local community. In comparison, large businesses normally spread their operations over different locations and are not fully invested in any single community or society⁵. “Small businesses are not little big firms and have a number of specific characteristics, which have an impact on what a small business social responsibility (SBSR) constitutes.” (Lepoutre & Heene, 2006)

Small businesses are an intrinsic part of the local economy as exemplified in the UK economy “There is no location which is not dominated by small firms in numerical terms, since small and medium-sized firms accounted for over 99 per cent of business in all regions (although regional sectoral density does vary across regions). This is why, at least collectively, small firms and their practices play a significant role in the UK today, and should, therefore, not be excluded from debates on business ethics and social responsibility.” (Laura J. Spence & Rutherford, 2001). As small businesses are frequently more embedded into the local community, they become more invested in it and cannot exit the community easily at least without incurring significant economic

⁵ Many large businesses particularly those that operate internationally are investing in public relations campaigns in the bid to appear more part of local communities. Examples include Standard Chartered Bank’s and Laureate International Universities’ “Here for Good” campaigns (they coincidentally came up with the same name for their campaigns) and the trend of American businesses like Starbucks and Intel encouraging, enabling and supporting their staff to volunteer in the local community.

and social risks. Concurrently, it is implied that small businesses will operate in a local community for the long haul and are “here for good”. It is not easy or in some cases even feasible to replicate local business and social networks established within a community over a considerable period of time. Many of these local business and social networks and relationships are buttressed by family and kinship ties, “old boys” networks such as that of former class or school mates and common neighborhoods of origin⁶.

Being embedded in the local community leads to responsiveness and responsibility towards the community concerned as there is closer scrutiny of the small businesses’ behavior. These small businesses are not operating among an anonymous collection of individuals but within a network of acquaintances. Thus the operating environment and dynamics of small businesses encourage the presence and practice of CSR or perhaps its more basic form social responsibility. “Particularly important is the fact that in the owner-managed small firm, control remains in the hands of one of the owners, potentially enabling him or her to make personal choices about allocation of resources. In addition, the tendency for small firms to be dominated by personal relationships and the preferred, and often appropriate, absence of bureaucratic controls

⁶ In “tough” neighborhoods, these social ties can reinforce both legitimate business interests and illegal gang associations. George Town used to be rife with gangsterism based on neighborhoods such as Jelutong, Perak Lane, 3rd Street, 7th Street and others. Extortion (paying “axe money” in local parlance), illicit trade and territorial clashes were common. The researcher used to live in 3rd Street in childhood and part of the reason of the whole family moving out to the suburbs was to avoid these gang land activities.

may enhance relationships of trust and openness in business relations.” (Laura J. Spence & Rutherford, 2001).

For small businesses CSR is also linked to the personal values of business owners who do it naturally in the course of running their businesses. Laura and Rutherford in reporting the results of their fieldwork noted that “The respondent thus puts her belief and actions in the context of religious beliefs and a spiritual perspective. A second respondent drew on his religious faith in business life as a motivating factor.” (Laura J. Spence & Rutherford, 2001). Additionally, research in family businesses also highlight the influence of shared family values upon the management of small businesses (Peake, Davis, & Cox, 2015). The significance of this possibility is that the practice of social responsibility on the part of small businesses may well be a precursor to CSR, and as the size and scale of the business increases, would culminate in a deep rooted form of CSR. In fact, ideally CSR should be based on a natural and instinctive commitment to the stakeholders and community at large, rather than mere lip service to a business concept merely to remain current and competitive. In other words, finding latent or implicit forms of CSR within small businesses could be significant given the number and importance of small businesses to the local economy.

Businesses come in a myriad of shapes and sizes. Of interest in this study are small businesses which in this study encompass sole-proprietorships, partnerships, micro businesses and individuals operating with or without a business license (hawkers, food vendors, service providers), which have been largely overlooked in the business

and management fields, because they are hard to identify, track and quantitatively study⁷. Small businesses can be further classified by size as micro enterprises or SMEs (Small and Medium Enterprises) and by sector as manufacturing or services industries. For this study, the generic term “small business” is retained to link with the wider literature of small businesses while acknowledging that “micro enterprises in the services industry” is the more specific definition of small businesses in this study. Furthermore, the focus of this study is on the phenomenon of CSR among small businesses rather than the organizational and operational structure of small businesses.

Small businesses are an essential component of the business and social ecosystem as they constitute the vast majority of businesses, especially in developing countries, and provide very significant employment opportunities. SMEs alone constitute 97.3% of all business establishments in Malaysia and this does not include unincorporated enterprises (SME Corp Malaysia, 2011). Small businesses nurture entrepreneurship and interest in business at the grassroots level, and when successful, they grow and might eventually become huge multi-national corporations.

An added advantage from an academic perspective is that small businesses possess a distinct local characteristic and are largely free from foreign multinational

⁷ Attempting to access small businesses via checking with the registrar of enterprises is often not fruitful as many registered sole-proprietorships and partnerships are dormant or dummy enterprises. The registration cost of an enterprise is relatively inexpensive at less than one hundred Ringgit Malaysia (RM100) and many individuals register one or more for their occasional use in infrequent transactions or part-time businesses.

corporation influence. As such, they provide an insight into indigenous cultural and social practices and beliefs. These characteristics are deemed very appropriate and suitable for the expected contributions of this study on CSR among small businesses in terms of nation-building, social-cohesiveness and recognition of the importance of small businesses.

1.1 Significance and Justification of Study

The importance and significance of this study is justified from two (2) angles. Firstly, small businesses form the vast majority of businesses in Malaysia and throughout the world and as such is of enormous economic, social and political importance. Secondly, despite the lack of a consensus on a precise definition and methodology, the researcher's position is that CSR is an idea in which its time has come.

Corporations the world over are called upon to demonstrate exemplary CSR, and socially responsible investment (SRI) funds are increasing. According to Schueth, "Socially Responsible Investing (SRI) has emerged in recent years as a dynamic and quickly growing segment of the U.S. financial services industry involving over \$2 trillion in professionally managed assets (Schueth, 2003). Given the prominence of Asia in the global economy, it is important to address these gaps in literature in the Asian context. The present study based in Malaysia could serve as an incentive for CSR to be recognized, encouraged and implemented more widely, from the base of small businesses themselves as they proceed along their journey to become larger

corporations. By pushing the timeline back, so to speak, showing that all along, CSR, and social responsibility practices and values have been undertaken by small businesses--albeit implicitly and unrecognized--they can continue to adhere to the same principles and core values in a more explicit fashion and reap the benefits of recognition as a bigger business in the modern globalized world.

Small businesses have an additional distinct advantage as a research focus in that the motivations and thought-processes behind their business activities are more easily discernible, since *there is less distinction between the business person and the business entity*. “The attitudes and behaviors of the owner-managers of some 3.5 million small firms in the UK economy inevitably will influence to some extent their networks of suppliers, customers and employees.” (Laura J. Spence & Rutherford, 2001) In contrast, in big multi-national corporations, and to a lesser extent small and medium enterprises, *there is a distance or gap between the owners and the business activities*. The gap is filled by bureaucracy, company policies, rules and regulations, economic interests, and public relations considerations. Generally, the bigger a corporation is the more difficult it is to bridge this gap⁸. It is envisaged that this gap will also be present in small businesses, but to a significantly lesser extent. In short, it

⁸ Prior to this current research topic, the researcher had attempted to study CSR among big multi-national corporations in Penang. Ten (10) leading multi-national companies were contacted but the response leaves a lot to be desired. The vast majority simply ignored the researcher and those that did respond directed the researcher to refer to their company website for the official CSR policies. Requests to meet their chief executive or senior decision-makers were refused. The impression on the researcher was that they were concerned of deviating from the official line. It appears that for these big multi-national corporations, CSR was part of corporate policy that needs to be followed regardless of personal convictions or ethical values.

is deemed easier to get to the “heart of the matter”, and their motivations, thought, and decision-making processes in their business activities are much more accessible.

CSR has been an important concern in the management literature for a long time (Carroll, 1999b). The main ideas debated have been about how exactly to define CSR and whether CSR has benefitted business or not. In terms of the former, there is still no clear agreed upon definition nor agreement on the core principles of CSR (Crane, 2008). Part of the reason has been due to the fact that CSR has an explicit as well as an implicit side. The explicit side is easier to recognize, being where known practices have been laid out in legal, ethical form and either followed or not by businesses. However, the implicit side has been debatable, open to interpretation, and often hidden from public observation. Various empirical studies have tried to work out a clear definition or core principles, but overall, these efforts have not resulted in a consensus. Furthermore, the methodology has been limiting, largely based on secondary sources such as content analyses of annual business reports of companies to establish whether there is a favorable or unfavorable stance towards CSR. Some interviews with company executives have been undertaken in an effort to gather firsthand empirical data, but the scope has been quite limited (Norhayah Zulkifli & Azlan Amran, 2006). There has also been a gap in the representation of developing country experiences with CSR (Visser, 2006). This lack of clarity in defining CSR despite a proliferation of research over several decades has led some researchers to throw in the towel and cynically resort to the known theories of “business as usual” and “legitimacy theory” (Oosterhout & Heugens, 2006).

The management field, therefore, is open for some fresh input, both ideationally and methodologically. The majority of research done on CSR comes from business schools with an unsurprising management orientation, problem-solving outlook and penchant for generalization in order for the findings to become “business tools” that can be operationalized and possess predictive capabilities (Crane, 2008). Research from management consultancy firms and “management gurus” further adds to the corpus of management orientated literature on CSR. Under-represented in this milieu are the humanistic perspective and the voices of the businesses themselves, and particularly from businesses closer to the grassroots level, i.e. small businesses, where the distance between owner and stakeholder is closer. These considerations and concerns prompt the research questions outlined in this study.

A survey of the existing literature has revealed both a literature and theoretical gap with regards to CSR in developing countries and specifically Malaysia which the chapter on literature review will elaborate in detail. This study will add to the understanding of CSR among small businesses in the Malaysian context and will benefit the nation as follows:

1.1.1 Strengthening nation-building

CSR among small businesses is important for a fast developing nation like Malaysia. As small businesses develop and mature in scope, reach and clout, the social

dimensions of their operations will have an increasing impact. Social development and nation-building is not the purview of social organizations or the government alone. The private sector comprising both businesses and non-governmental organizations has an important role to play. Small businesses, with their accompanying commercial and social operations, are an essential component in driving the nation forward.

1.1.2 Enhancing social-cohesiveness

CSR is an important avenue to enhance social-cohesiveness in a multi-ethnic society like Malaysia. Through CSR, businesses can reach out beyond their traditional audience and form meaningful linkages with diverse sections of society. Small businesses have the advantage of being “closer to the ground” as they have less or even no layers of management. It is common for the business-owner or proprietor⁹ to interact and relate directly with the customers, employees, suppliers and other stakeholders. The inter-locking web of linkages will project a sense of common purpose, identity and unity within society.

1.1.3 Encouraging CSR among Malaysian businesses

A deeper understanding of CSR among small businesses across various variables such as type of trade, age of business-owner, age of business, and legal status

⁹ Colloquially the “*tau keh*” or “boss”.

will provide guidelines for Malaysian businesses and encourage CSR among those that might otherwise not be inclined. It will also assist policy-makers in fostering the appropriate operating environment to encourage and enhance CSR in Malaysia.

An envisaged outcome of this study is the detection, identification and exploration of indigenous Malaysian concepts and understanding of CSR. Malaysia possesses a historically unique multi-ethnic, multi-lingual and multi-religious society that provides a fertile environment for indigenous CSR concepts to emerge and take root. As mentioned earlier, there is a gap in the understanding of CSR among developing countries (Visser, 2006) and this study in Malaysia is poised to fill this gap.

1.2 Research Objectives

1. To investigate the mechanisms and motivations behind the phenomena of CSR among small businesses in a wet market in Penang, Malaysia.
2. To compare and contextualize the anticipated findings with existing literature and develop new theorizing that advances knowledge.

This study will delve into CSR as understood and practiced by small businesses to address the research objectives outlined above. It will investigate to what extent the main concepts of CSR as they are understood in the modern management and social science literature are present in small businesses. The impetus and sources of

understanding and practice of CSR among small businesses will be explored. Anticipated sources include trade-specific dynamics, extent of business experience, formal schooling, cultural tradition, religious conviction, social norms, government regulations, founder or owner's personal values and beliefs, and so on.

This study will utilize the case study method and the findings are envisaged to coalesce into emergent typologies. This study taps on two conceptual frameworks namely Stakeholder Theory and Social Capital Theory. Initially, Stakeholder Theory was adopted as it was considered a natural fit for CSR as “the stakeholder nomenclature puts names and faces on the societal members who are most urgent to business, and to whom it must be responsive” (Carroll, 1991). How the management, or in the case of small businesses, the owners, identify the stakeholders of their business and make decisions as to their relative importance is explored. For example, how do they manage their relationships with customers, how do they perceive the legitimacy of government authorities, what is their attitudes towards competitors, and so on. Subsequently, Social Capital Theory was also incorporated for a more comprehensive perspective and to add a deeper layer of understanding onto the phenomenon of CSR among small businesses. Thereafter, both Stakeholder and Social Capital Theories are analyzed and discussed together for a complete picture.

This study explores small businesses' understanding and practice of CSR along categories developed by Carroll in his iconic “Pyramid of CSR” (Carroll, 1991) namely economic, legal, ethical, and philanthropic. Visser has rearranged the layers of Carroll's

Pyramid of CSR to apparently fit developing countries better (Visser, 2006). This study compares the findings obtained against both Carroll's and Visser's Pyramids of CSR and subsequently identifies two alternative Pyramids of CSR distinct from both¹⁰.

The respondent pool of small businesses are selected based on purposeful sampling taking into consideration variables such as sector, size, business entity type, age of business, and characteristics of the business owners such as ethnicity, gender, beliefs, age, education and other relevant socio-economic characteristics. From this research, it is envisaged that typologies will emerge, of meaning, motivation and actualization of CSR among small businesses and that these typologies can inform and guide policy-making as well as enhance the economic and social development of Malaysian society.

1.3 Research Questions

1. What are the mechanisms and motivations behind the phenomena of CSR among small businesses in a wet market in Penang, Malaysia? To what extent are current conceptual frameworks, constructs and typologies of CSR appropriate and suitable in the context of small businesses in a wet market?

¹⁰ The two alternative Pyramids of CSR are derived from the emergent typologies of small businesses in this study. These two are closely related but distinctly different from Carroll's and Visser's Pyramids of CSR.

2. How does the anticipated findings compare and connect with existing literature?

What new theorizing emerges with respect to CSR in the context of small businesses in a wet market?

1.4 Context of Study

The field site selected is Jelutong wet market. In Malaysia, wet markets are relatively common and are ubiquitous microcosms of indigenous commerce and local communities¹¹. Wet markets in Malaysia are akin to farmers' markets in America. They are called "wet markets" or simply just "markets" to distinguish from supermarkets and hypermarkets. They are usually established and operated by the local municipal council. Wet markets typically consist of a main market building and the surrounding roads and open areas. Meats, poultry, seafood and vegetables are usually sold in the main market building that is sheltered. Slaughtering and de-feathering of poultry is usually conducted at the building premise and the floor is usually wet hence the term "wet market". The surrounding roads and open areas usually sell vegetables, fruits, hardware,

¹¹ It is noted that in bigger towns and cities in Malaysia such as Kuala Lumpur, Johor Bahru and George Town, wet markets are slowly and surely giving way to encroaching modern hypermarkets and shopping malls. This parallels the situation in America where the expansion of modern mass retailers particularly Walmart has seen the demise of many traditional "mom and pop" stores and small businesses. There is a significant grassroots resistance to the domination of large modern retailers the likes of Wal-Mart in the United States to the detriment of local community enterprises and businesses (Dicker, 2005). The resistance is particular pronounced in California where the "buy local" movement is strong. However, an equivalent grassroots movement of significance has yet to be seen in Malaysia.

clothing, toys, hawker food, economy rice, savories and a plethora of other goods and services.

The vendors in wet markets consist of individual small businesses. An operating license is required and a monthly fee paid to the local municipal council¹². Priority for operating license is given to local small businesses¹³. As such, wet markets retain a distinct local character largely free from foreign-owned small businesses or multi-national corporation influence. The fees are nominal as the local council does not operate wet markets as a commercial concern but rather as a social service. As such, selling prices at wet markets are very competitive as overhead costs are low. Furthermore, selling prices are kept in check by the heightened competition from the many vendors and the demands of the many individual buyers as they are publicly and easily accessible. In fact, wet markets are the archetypical ‘free marketplace’ espoused in economics by Adam Smith. Adam Smith described the free marketplace where prices are determined by supply and demand “where there is perfect liberty, or where he may change his trade as often as he pleases” (A. Smith, 2007). Adam Smith elaborated by comparing the free marketplace with a monopoly. “The price of monopoly is upon every occasion the highest which can be got. The natural price, or the price of free

¹² In formally recognized cities in Malaysia such as George Town, the municipal council is called the city council in line with the city status.

¹³ In George Town there it is an explicitly stated policy that only Malaysian citizens can be granted an operating license as wet markets are considered a form of social service that costs considerable tax monies. The license fees are usually a token sum far insufficient to cover the cost of building and maintaining a wet market.

competition, on the contrary is the lowest which can be taken, not upon every occasion, indeed, but for any considerable amount of time” (A. Smith, 2007). The characteristics of present wet markets closely approximate Smith’s ‘free marketplace’ and serve as a suitable proxy for the free market economy in general.

Jelutong wet market is selected as it is one of the oldest and largest wet markets in Penang. Its vendors encompass the whole gamut of goods and services including meats, poultry, seafood, vegetables, fruits, clothes, toys, hardware, coffee shops, a wide variety of prepared food and Penang’s famous street hawker fare. Both its vendors and patrons are diverse in terms of ethnicity, religion, age, mother tongue and socio-economic background. Jelutong wet market is surrounded by a predominantly Chinese working class modern neighborhood and an urbanized mixed Malay and Chinese village. All these characteristics make Jelutong wet market a good representation of wet markets in Malaysia particularly in Penang.

The context and characteristics of Jelutong wet market are summarised as follows:

- I. It has a “flat” and democratic structure with many sellers or buyers but with none of them being dominant. Sellers and buyers are on approximately equal footing in their interactions. Sellers and buyers have the freedom to even go to other wet markets if they wish.

- II. It is transparent as buyers are free to select from many sellers and can communicate among themselves on the pricing, services and reputation of the sellers. Conversely sellers are also free to communicate among themselves and easily observe each other's pricing, products and services.
- III. There is constant contact as frequency of visits by buyers is very high and sellers are also present daily. This constant and frequent contact leaves little room for sellers to avoid buyers who are not satisfied. Sellers have to be accountable for their goods and services.
- IV. All buyers and sellers are in close physical proximity. This enables communication and relationships to form easily. This also fosters a sense of community and shared "destiny". A fishmonger was observed getting a hawker to cook a special *hokkien mee* dish with extra prawns provided by the fishmonger (Non-participant observation – Ref 140920)
- V. Sellers are predominantly the business owners themselves. They identify themselves with the business and as the owner has leeway to adjust prices or vary services based on individual buyers. Buyers in turn can bargain and negotiate with the sellers. This gives room for trust and reputation to take root and social capital to arise.
- VI. Jelutong market has been in existence since the time of the British or for at least three generations. There is ample time for reputation, trust, social

norms, and both bonding and bridging social capital to take root, develop and mature.

Comparing Jelutong wet market to a modern hypermarket provides a useful contrast. In a hypermarket there is a dominant seller. The relationship between buyers and sellers is on an unequal footing. Prices are fixed and there is no room for bargaining or negotiation. There is no competition within the hypermarket and buyers are passive price-takers. There are no human vendors in the true sense, only salaried workers enabling the transaction on behalf of an impersonal business entity. These salaried workers are not personally accountable for the goods and services sold in the hypermarket. In developed countries such as America and Japan, self-service check-out counters have totally eliminated the presence of human vendors in the transactions.¹⁴

The following are a site map, location map and photographs of Jelutong wet market in Penang to provide a context and overall “feel” of the situation, vibrancy, dynamics and activities of the field site. Additionally, this also gives a backdrop to visualize the environment in which the on-site semi-structured interviews, non-participant observations and participant observations were conducted.

¹⁴ The researcher was privileged to visit America in April 2015 and was surprised at the prevalence of self-service check-out counters. These counters presupposes a certain level of trust as customers are expected to openly declare all the items they are purchasing.

Jelutong Market Area



Map 1.1 Site map of Jelutong wet market and surrounding streets



Map 1.2 Location map of Jelutong wet market (sourced from Google Maps)



Plate 1.1 Jelutong wet market building



Plate 1.2 Inside Jelutong wet market building