

**DRIVERS OF CORPORATE SOCIAL
INNOVATION: AN EMPIRICAL STUDY OF
MALAYSIAN PUBLIC LISTED COMPANIES**

LIM CHIA YON

UNIVERSITI SAINS MALAYSIA

2022

**DRIVERS OF CORPORATE SOCIAL
INNOVATION: AN EMPIRICAL STUDY OF
MALAYSIAN PUBLIC LISTED COMPANIES**

by

LIM CHIA YON

**Thesis submitted in fulfilment of the requirements
for the degree of
Doctor of Philosophy**

March 2022

ACKNOWLEDGEMENT

First and foremost, I would like to express my deepest gratitude to my principal supervisor Professor Dr. Azlan Amran for his immeasurable support and unsurpassed knowledge. I would also like to extend my sincere appreciation to my co-supervisor Dr. Mehran Nejati for his valuable insights and continuous encouragement.

My sincere appreciation to my internal examiners Associate Professor Dr. Elisha Nasruddin and Associate Professor Dr. Teoh Ai Ping, and as well as my external examiner, Professor Dr. Roshima Said for their valuable suggestions and comments, which made my research more extensive. I would also like to extend my sincere gratitude to Professor Dr. Noor Hazlina Ahmad for her valuable feedback and suggestions during my proposal defence.

I am also grateful to all the members of Graduate School of Business especially Puan Noor Azlina Khalid and Encik Muhammad Shahir Ramli for their support throughout my PhD journey. I would like to express my appreciation to Universiti Sains Malaysia for the support via Research University Grant (RUI – 1001/ PPAMC/ 816304). Lastly, I would like to dedicate my sincere appreciation to my parents, family members, and friends for their continuous support throughout this journey.

TABLE OF CONTENTS

| | |
|--|-------------|
| ACKNOWLEDGEMENT | ii |
| TABLE OF CONTENTS | iii |
| LIST OF TABLES | ix |
| LIST OF FIGURES | xi |
| LIST OF ABBREVIATIONS | xii |
| LIST OF APPENDICES | xiii |
| ABSTRAK | xiv |
| ABSTRACT | xv |
| CHAPTER 1 INTRODUCTION | 16 |
| 1.1 Background of Research | 16 |
| 1.2 Problem Statement | 23 |
| 1.3 Research Questions | 26 |
| 1.4 Research Objectives | 27 |
| 1.5 Significance of the Research | 27 |
| 1.6 Definitions of Key Terms..... | 30 |
| 1.7 Structure of the Thesis | 31 |
| 1.8 Chapter Summary..... | 32 |
| CHAPTER 2 LITERATURE REVIEW | 33 |
| 2.1 Introduction | 33 |
| 2.2 Social Innovation | 33 |
| 2.2.1 Approaches to Social Innovation | 38 |
| 2.3 Corporate Social Innovation | 40 |
| 2.3.1 Disentangling Social Innovation from Corporate Social Responsibility..... | 46 |
| 2.3.2 Examples of Social Innovation at Business-level | 49 |

| | | |
|-------|---|------------|
| 2.4 | Corporate Social Innovation – A Review of Literature | 51 |
| 2.5 | Research Gaps | 65 |
| 2.6 | Justification of Research Framework based on the Research Gaps | 70 |
| 2.7 | Resource-based View (RBV) of the firm | 72 |
| 2.7.1 | Resource-based View (RBV) of the firm and Organizational Outcomes | 74 |
| 2.7.2 | Intellectual Human Capital | 82 |
| | 2.7.2(a) Intellectual Human Capital and Organizational Outcomes | 87 |
| 2.7.3 | Innovative Culture..... | 89 |
| | 2.7.3(a) Innovative Culture and Organizational Outcomes | 91 |
| 2.7.4 | Alliance Networks..... | 93 |
| | 2.7.4(a) Alliance Networks and Organizational Outcomes | 96 |
| 2.8 | Dynamic capabilities | 98 |
| 2.8.1 | Exploitation Capabilities and Exploration Capabilities | 103 |
| | 2.8.1(a) Exploitation Capabilities | 106 |
| | 2.8.1(b) Exploration Capabilities | 109 |
| 2.8.2 | Empirical Studies Examining the Mediating Role of Dynamic Capabilities..... | 111 |
| 2.8.3 | Predictors of Dynamic Capabilities | 113 |
| 2.8.4 | Outcomes of Dynamic Capabilities | 116 |
| 2.9 | Chapter Summary..... | 120 |
| | CHAPTER 3 THEORETICAL FRAMEWORK..... | 121 |
| 3.1 | Introduction | 121 |
| 3.2 | Theoretical framework | 121 |
| 3.3 | Hypotheses Development..... | 125 |
| 3.3.1 | Organizational Resources and Corporate Social Innovation | 125 |
| | 3.3.1(a) Intellectual Human Capital and Corporate Social Innovation | 126 |

| | | |
|---|---|------------|
| 3.3.1(b) | Innovative Culture and Corporate Social Innovation .. | 129 |
| 3.3.1(c) | Alliance Networks and Corporate Social Innovation .. | 132 |
| 3.3.2 | Organizational Resources and Dynamic Capabilities | 135 |
| 3.3.2(a) | Intellectual Human Capital and Dynamic Capabilities 136 | |
| 3.3.2(b) | Innovative Culture and Dynamic Capabilities..... | 138 |
| 3.3.2(c) | Alliance Networks and Dynamic Capabilities..... | 140 |
| 3.3.3 | Dynamic Capabilities and Corporate Social Innovation | 142 |
| 3.3.4 | The Mediating Role of Dynamic Capabilities | 146 |
| 3.3.4(a) | Intellectual Human Capital, Dynamic Capabilities and Corporate Social Innovation | 149 |
| 3.3.4(b) | Innovative Culture, Dynamic Capabilities and Corporate Social Innovation..... | 152 |
| 3.3.4(c) | Alliance Networks, Dynamic Capabilities and Corporate Social Innovation..... | 154 |
| 3.4 | Chapter Summary..... | 157 |
| CHAPTER 4 RESEARCH METHODOLOGY | | 158 |
| 4.1 | Introduction | 158 |
| 4.2 | Research Paradigms | 158 |
| 4.2.1 | Justification on the Choice of Paradigm | 160 |
| 4.2.2 | Assumptions of the Qualitative and Quantitative Methodologies | 161 |
| 4.3 | Research Process | 163 |
| 4.4 | Research Design..... | 167 |
| 4.4.1 | Survey Research..... | 167 |
| 4.5 | Survey Questionnaire Development | 168 |
| 4.5.1 | Operationalization of the Constructs..... | 169 |
| 4.5.2 | Exogenous Variables..... | 169 |
| 4.5.2(a) | Intellectual Human Capital | 169 |

| | | |
|--|--|------------|
| 4.5.2(b) | Innovative Culture | 171 |
| 4.5.2(c) | Alliance Network..... | 173 |
| 4.5.3 | Endogenous Variable | 175 |
| 4.5.4 | Mediating Variables | 176 |
| 4.5.4(a) | Exploitation Capabilities | 176 |
| 4.5.4(b) | Exploration Capabilities | 178 |
| 4.6 | Questionnaire | 179 |
| 4.7 | Pre-test..... | 180 |
| 4.8 | Unit of Analysis | 180 |
| 4.8.1 | Sample Frame..... | 181 |
| 4.8.2 | Justification of the Selected Sample | 181 |
| 4.9 | Data Collection..... | 183 |
| 4.10 | Data Analysis | 184 |
| 4.10.1 | Reflective and Formative Constructs | 184 |
| 4.10.2 | Evaluating Measurement and Structural Models using PLS | 185 |
| 4.11 | Chapter Summary..... | 185 |
| CHAPTER 5 ANALYSIS AND RESULTS..... | | 186 |
| 5.1 | Introduction | 186 |
| 5.2 | Data Analysis | 186 |
| 5.2.1 | Structural Equation Modelling Assumptions | 187 |
| 5.2.1(a) | Reliability | 188 |
| 5.2.1(b) | Validity | 188 |
| 5.3 | Preliminary Data Analysis | 189 |
| 5.3.1 | Data Entry and Coding..... | 189 |
| 5.3.2 | Data Screening | 189 |
| 5.3.3 | Common Method Variance | 192 |
| 5.4 | Response Rate | 193 |

| | | |
|---|--|------------|
| 5.5 | Profile of Respondents | 194 |
| 5.6 | Analysis and Results of Measurement Models | 196 |
| 5.6.1 | Internal Consistency | 197 |
| 5.6.2 | Convergent Validity | 198 |
| 5.6.3 | Discriminant Validity | 198 |
| 5.7 | Analysis and Result of Structural Model | 201 |
| 5.7.1 | Collinearity Assessment | 202 |
| 5.7.2 | Path Coefficients | 203 |
| 5.7.3 | Coefficient of Determination (R²) | 205 |
| 5.7.4 | Effect Size (f²) | 205 |
| 5.7.5 | Predictive Relevance (Q²) | 206 |
| 5.8 | Mediating Analysis | 207 |
| CHAPTER 6 DISCUSSION, IMPLICATIONS, CONCLUSION | | 209 |
| 6.1 | Introduction | 209 |
| 6.2 | Recapitulation and Summary of the Findings | 209 |
| 6.3 | Discussion of the Findings | 210 |
| 6.3.1 | Organizational Resources and Corporate Social Innovation | 210 |
| 6.3.1(a) | Intellectual Human Capital and Corporate Social Innovation | 211 |
| 6.3.1(b) | Innovative Culture and Corporate Social Innovation .. | 214 |
| 6.3.1(c) | Alliance Networks and Corporate Social Innovation .. | 217 |
| 6.3.2 | Organizational Resources and Dynamic Capabilities | 219 |
| 6.3.2(a) | Intellectual Human Capital and Dynamic Capabilities 221 | |
| 6.3.2(b) | Innovative Culture and Dynamic Capabilities | 224 |
| 6.3.2(c) | Alliance Networks and Dynamic Capabilities | 226 |
| 6.3.3 | Dynamic Capabilities and Corporate Social Innovation | 228 |

| | | |
|----------|---|------------|
| 6.3.3(a) | Exploitation Capabilities and Corporate Social Innovation..... | 229 |
| 6.3.3(b) | Exploration Capabilities and Corporate Social Innovation..... | 231 |
| 6.3.4 | Mediating role of Dynamic Capabilities..... | 234 |
| 6.3.4(a) | The Mediating Role of Exploitation Capabilities between Intellectual Human Capital and Corporate Social Innovation..... | 235 |
| 6.3.4(b) | The Mediating Role of Exploration Capabilities between Intellectual Human Capital and Corporate Social Innovation..... | 236 |
| 6.3.4(c) | The Mediating Role of Exploitation Capabilities between Innovative Culture and Corporate Social Innovation..... | 237 |
| 6.3.4(d) | The Mediating Role between Exploration Capabilities between Innovative Culture and Corporate Social Innovation..... | 238 |
| 6.3.4(e) | The Mediating Role of Exploitation Capabilities between Alliance Networks and Corporate Social Innovation..... | 241 |
| 6.3.4(f) | The Mediating Role of Exploration Capabilities between Alliance Networks and Corporate Social Innovation..... | 242 |
| 6.4 | Theoretical and Practical Contributions..... | 245 |
| 6.4.1 | Theoretical Implications..... | 245 |
| 6.4.2 | Practical Implications..... | 252 |
| 6.5 | Limitations and future research..... | 257 |
| 6.6 | Conclusions..... | 259 |
| | REFERENCES..... | 261 |

APPENDICES

LIST OF PUBLICATIONS

LIST OF TABLES

| | Page |
|------------|--|
| Table 2.1 | Definitions of social innovation..... 37 |
| Table 2.2 | Approaches to social innovation 39 |
| Table 2.3 | Classification of literature on social innovation 51 |
| Table 4.1 | Some common features of quantitative and qualitative research..... 159 |
| Table 4.2 | Assumptions of the Qualitative and Quantitative Methodologies ... 165 |
| Table 4.3 | Operationalization of Intellectual Human Capital 170 |
| Table 4.4 | Operationalization of Innovative Culture 172 |
| Table 4.5 | Operationalization of Alliance Network 174 |
| Table 4.6 | Operationalization of Corporate Social Innovation 176 |
| Table 4.7 | Operationalization of exploitation capabilities 177 |
| Table 4.8 | Operationalization of Exploration Capabilities 178 |
| Table 5.1 | Skewness and Kurtosis 191 |
| Table 5.2 | Total Variance Explained..... 192 |
| Table 5.3 | Summary on the Rate of Return of Questionnaires 194 |
| Table 5-4 | Profile of Respondents 195 |
| Table 5.5 | Reliability and Validity Test 196 |
| Table 5.6 | Discriminant Validity using Cross-Loadings..... 199 |
| Table 5.7 | Discriminant Validity using <i>Fornell-Larcker Criterion</i> 200 |
| Table 5-8 | Discriminant Validity using HTMT approach 201 |
| Table 5.9 | Hypothesis Development 202 |
| Table 5.10 | Variance Inflation Factor 203 |
| Table 5.11 | Direct Relationship between Constructs 204 |

| | | |
|------------|--|-----|
| Table 5.12 | Coefficient of Determination (R^2) | 205 |
| Table 5.13 | Effect Size (f^2) | 206 |
| Table 5.14 | Predictive Relevance..... | 206 |
| Table 5.15 | Mediation Analysis | 208 |
| Table 6.1 | Hypotheses | 211 |
| Table 6.2 | Hypotheses | 221 |
| Table 6.3 | Hypotheses | 229 |
| Table 6.4 | Hypotheses | 235 |

LIST OF FIGURES

| | Page |
|---|-------------|
| Figure 2.1 Resource-based model of sustained competitive advantage | 74 |
| Figure 2.2 The cornerstones of competitive advantage..... | 74 |
| Figure 3.1 Theoretical Framework | 125 |

LIST OF ABBREVIATIONS

| | |
|-----|---------------------------------|
| CSR | Corporate Social Responsibility |
| CSI | Corporate Social Innovation |
| IHC | Intellectual Human Capital |
| IC | Innovative Culture |
| AN | Alliance Networks |
| EX | Exploitation Capabilities |
| EP | Exploration Capabilities |
| BOP | Bottom of the Pyramid |

LIST OF APPENDICES

| | |
|------------|---------------------|
| Appendix A | Questionnaire |
| Appendix B | Power Analysis |
| Appendix C | Measurement Model |
| Appendix D | Summary of Findings |

**PENGARUH INOVASI SOSIAL KORPORAT: KAJIAN EMPIRIKAL
KE ATAS SYARIKAT AWAM MALAYSIA**

ABSTRAK

Syarikat tidak beroperasi sendiri and mereka adalah komponen dalam masyarakat. Oleh demikian, syarikat haruslah mengembangkan penyelesaian untuk menangani masalah sosial. Penglibatan korporat semasa dalam masyarakat iaitu tradisi tanggungjawab sosial korporat adalah tidak lagi mencukupi. Masalah sosial haruslah diintegrasikan ke model perniagaan bagi menyelesaikan masalah sosial. Syarikat perlu menggunakan pengetahuan dan kaedah keusahawanan untuk menangani masalah sosial. Belakangan ini telah menyaksikan peningkatan minat syarikat dalam inovasi sosial. Berdasarkan Teori Pandangan Asas-Sumber, kajian empirikal ini mengkaji hubungan antara sumber organisasi iaitu modal insan intelektual, budaya inovatif dan rangkaian pakatan dan inovasi sosial korporat. Selain itu, berdasarkan Teori keupayaan dinamik, kajian ini mengkaji keupayaan dinamik, iaitu keupayaan eksploitasi dan penerokaan sebagai mediator antara hubungan sumber organisasi and inovasi sosial korporat. Hasil kajian menunjukkan bahawa modal insan intelektual mempengaruhi inovasi sosial korporat. Budaya inovatif dan jaringan pakatan tidak memberi kesan kepada inovasi sosial korporat. Akan tetapi, mereka mempengaruhi inovasi sosial korporate melalui keupayaan penerokaan. Kajian ini merangkumi beberapa sumbangan teori dan praktikal. Kajian ini mengintegrasikan sumber organisasi dan keupayaan dinamik dengan tujuan menyediakan kerangka kajian untuk inovasi sosial korporat. Kajian ini juga dapat memberikan dorongan kepada syarikat untuk memahami inovasi sosial korporat. Syarikat boleh melihat peluang perniagaan melalui lensa inovasi sosial dan mengembangkan strategi untuk inovasi sosial korporat.

DRIVERS OF CORPORATE SOCIAL INNOVATION: AN EMPIRICAL STUDY OF MALAYSIAN PUBLIC LISTED COMPANIES

ABSTRACT

Business companies do not operate in a vacuum and are connected to the society. As such, business corporations are expected to provide solutions to some of the urgent social and environmental issues. Instead of remain stick in a “socially responsible” mindset, business corporations should view social issues at the core of the strategic consideration. Today, business companies are showing more interest in social innovation. By integrating RBV and dynamic capabilities perspective, this empirical study established a research framework to examine the influence of organizational resources and dynamic capabilities on CSI. A quantitative research was applied to understand the drivers of CSI and whether dynamic capabilities i.e. exploitation and exploration capabilities mediate the relationship between the organizational resources i.e. intellectual human capital, innovative culture and alliance networks and CSI. The findings revealed that intellectual human capital positively influences the CSI. Innovative culture and alliance networks have insignificant relationship with CSI, but they influence CSI via exploration capabilities. It was found that exploration capabilities mediates the relationship between innovative culture and CSI and alliance networks and CSI. This research constitutes several theoretical and practical contributions. This research integrates the literature of RBV and dynamic capabilities with the intention to provide a research framework for CSI. By furthering the knowledge on drivers of CSI, it may provide invaluable insights to business companies in developing strategies for CSI.

CHAPTER 1

INTRODUCTION

1.1 Background of Research

Social issues have become universal concerns around the world. As business companies are part of the society, they are expected to provide solutions for some of the most urgent social issues. Traditionally, companies have responded to the pressures by involving in corporate social responsibility (CSR). Undoubtedly, traditional CSR activities such as philanthropy, employee volunteerism contribute to some extent of positive social change. Many companies, however, remain trapped in an out-of-date approach to social value creation that has emerged over the past few years. Many of them view social issues at the periphery but not at the strategic consideration (Porter & Kramer, 2011). Because of the complexity of social issues, there is a dire need for corporations to take a proactive, rather than a reactive approach.

Business companies should not only create economic value and provide good and services that improve the standard of living, but that they should also take proactive approach to mitigate the different environmental and social problems they cause through their business activities (Hahn & Scheermesser, 2006). Today, business world is noting the opportunities posed by social issues. They see social issues including financial crisis, health issues, unemployment, aging population, poverty and climate change as opportunities to stimulate innovation (OECD, 2011). The growing trend has led to a considerable increase in the number of social innovation practices offered by business companies. These companies go beyond traditional charitable responses and proactively implementing social innovation that improves their business performance and society's well-being.

In some countries, social innovation has become part of the political agenda. Those countries make a firm commitment to promoting social innovation. For example, the Office of Social Innovation and Civic Participation has been introduced by former President of United States of America, Mr Barack Obama, to sustain and strengthen the social sector. In Malaysia, government has been frequently voice their support for social innovation. More attention must be given to the social innovation which result in direct benefit to the country and its people (Arukesamy, 2014). There are a wide range of initiatives taken by Malaysian government including programs such as Mainstreaming Grassroots Innovation (MsGRIS), Malaysia Social Innovation (MySI) and High-Impact Programme 6 (HIP6) (Mohd Farshaan, 2021).

Social innovation is prompting a review of the “hidden nature” of innovation (Edwards-Schachter et al., 2012). Social innovation can be any innovative ideas that has the potential to increase either the quantity and/or quality of life (Pol & Ville, 2009). The main purposes of social innovation are to create solutions to social problems and meet a need that is either inadequately addressed or not served at all (Christensen et al., 2007). Some researchers view social innovation as an important tool for the promotion of sustainable development (e.g. Baker & Mehmood, 2013; Jaeger-Erben et al., 2015). At business-level, social innovation refers to the initiative that adopts a new idea or refines the existing idea or concept to create positive value to the shareholders and society (Herrera, 2015). Corporate social innovation (hereafter known as CSI), social innovation at business-level, is an appealing construct as it creates high quality and high impact social change and business value.

CSI, is a relatively new concept, becomes one recent concern that has received attention from both researchers and practitioners. The growing interest in CSI comes

at a time when traditional CSR activities may not be sufficient in solving social issues (Kanter, 1999; Porter & Kramer, 2011). Many believe that traditional CSR initiatives cannot reach the roots of the problem. Furthermore, as some business companies have the capacity to scale up social innovation to reach a greater number of people, social innovation becomes relevant to business companies. The concept of CSI was first introduced by Rosabeth Moss Kanter from Harvard Business School. She suggests that companies should refer to societal challenges to identify the unmet social needs (Kanter, 1999). Implementing social innovation allows companies to use their skills, knowledge, and expertise to create solutions to some of the most urgent social issues.

CEO of Unilever, Patrick Cascau, has defined corporate social innovation as development of new products and services that meet the needs of the underserved communities (cited in Webb, 2007). CSI is beginning to displace CSR in some large corporations, for example, Danone, Intel and IBM see it as the new approach to social value creations (Nicholls et al., 2015). Furthermore, few of the leading companies involve in social innovation to improve their supply chains management, reach socially-conscious or environmentally-conscious consumers, and identify the underserved markets (Mirvis et al., 2016).

The Brundtland report published by United Nations World Commission on Environmental and Development (WCED) in 1987 has inspired corporations to innovate for sustainability, that is, the integration of ecological and social aspects into products, processes and organizational structures (Klewitz & Hansen, 2014). While many companies struggle to find new markets and value propositions, CSI offers corporations great opportunity to innovate for social goods and create business value. For example, Novartis, a global pharmaceutical company, is able to maintain the social

license to operate and gain market entry into a large and previously untapped market with a profitable business opening by creating a new business model that distributing affordable products to underserved low-income communities (KPMG et al., 2008).

Herrera (2015) contended that CSI is the source of competitive advantage as it results in both social and shareholder value. Thus, it can be concluded that CSI is a significant research area for both researchers and practitioners. While companies are beginning to address the need of innovation to solve social issues, there is limited practical and theoretical knowledge to guide these efforts. Hence, greater insights are needed on factors that facilitating the implementation of CSI. Researchers acknowledged that successful implementation of CSI has proven to be challenging (e.g. Mirvis et al., 2016). Gutiérrez & Vernis (2016) claimed that the call for innovating for shared value by Porter & Kramer (2011) is conceptually attractive, but corporations often face challenges in implementing CSI. Compared to other CSR- related innovation, CSI is more dynamic and complex as it requires extensive knowledge for social innovation (Mirvis et al., 2016). In addition, scholars argued that creation of both social and business values may create tensions within the corporation (Doyle & Kathryn, 2016). This indicates that greater organizational resources and capabilities are needed in CSI efforts. Similar to disruptive innovation for social change, CSI can be a complex and costly investment and it often demands a reconfiguration of company's capabilities and skills (Christensen et al., 2006; Damanpour, 1991). Thus, this research argues that organizational resources and capabilities are relevant to CSI (Paradkar et al., 2015; Scarpellini et al., 2018).

This research responds to the call by Barczak (2012) for further research by focusing on (1) how much social innovation is being implemented by organizations and

what type of organizations that are driving social innovation, (2) what are the drivers of social innovation. This research addresses the first question by focusing on business companies to examine their CSI practices. The context of this research is represented by public listed companies (hereafter known as PLCs) listed on main market of Malaysia's stock exchange i.e., Bursa Malaysia. As one of the fast growing emerging markets, Malaysia has witnessed considerable growth. The IMD World Competitiveness Ranking 2021 ranked Malaysia 25th in world competitiveness (IMD World Competitiveness Centre, 2021). The PLCs play a significant role in sustainable development is significant due to its critical contribution to the national economy.

Over the years, Malaysia has nurtured companies that play an important role in contributing to the nation's sustainability goals. More Malaysian companies have been involving in implementation of sustainability initiatives on the corporate level. This is especially true for Malaysian PLCs. They play an instrumental role in addressing major social challenges through creation of shared value as they have they ability to address social issues in a novel way (Carberry et al., 2019). In recent years, Malaysian government has called for PLCs to pay more attention to issues related to environment and social well-being as stakeholders expect strong company policies on social and environmental issues (Ministry of Finance, 2021).

Since the implementation of corporate social reporting in 2006, Malaysian PLCs have been engage more aggressively in sustainability-oriented practices. They have a clear focus on sustainability at all levels and have clearly demonstrated top-down commitment to sustainability (Newell et al., 2008). In addition, large and visible companies like PLCs are the ones likely to introduce socially-oriented innovation given that they are likely to have available resources by virtue of their size (Asiaei et al., 2021;

Elijido-Ten, 2013). Given that PLCs is one of the vital component of a country's robust innovation ecosystems, CSI has become relevant to them.

As regards to the second question, this research connects social innovation literature with resource-based view (hereafter known as RBV) literature. The availability of organizational resources might drive PLCs to innovate for social good. However, not every PLCs that possess organizational resources produce innovation with social benefit. Understanding organizational resource base has long been considered as the effective way to explain strategic choices and sustainable competitive advantage (Hatch & Dyer, 2004; Kraatz & Zajac, 2001). RBV of the firm provides a promising explanation on the role of organizational resources on CSI. RBV is considered as one of the leading academic theories in explaining company's innovation outcomes and sustainable competitive advantage (Frigon et al., 2020; Iranmanesh et al., 2021). A wide range of studies have suggested that organizational resources and capabilities have significant implications for innovation that are disruptive in nature (Alonso-Martínez et al., 2019; Segarra-Oña et al., 2017; Zahra & Nielsen, 2002). As social innovation is a complex and costly investment, it often demands a reconfiguration of a firm's capabilities and skills (Damanpour, 1991). The successful implementation of CSI depends largely on how companies deploy their organizational resources and develop novel and distinctive capabilities (Alonso-Martínez et al., 2019).

Apart from understanding the link between organizational resources and CSI, it is crucial to understand how two forms of dynamic capabilities i.e., exploitation and exploration mediate the relationship between organizational resources and CSI. PLCs struggle with the dynamic business environment including meeting and exceeding stakeholders' expectation. Stakeholders have been imposing demands on PLCs to

produce more sustainability-oriented innovations (López-Gamero et al., 2011). Therefore, PLC serves as an adequate context to the the hypotheses in order to provide better insights into the innovation process in the dynamic business environment. Recent studies (e.g. Bocken & Geradts, 2020; Cui et al., 2016; Lashitew et al., 2018; Mousavi et al., 2019) have started to highlight the importance of dynamic capabilities in sustainability-oriented innovation. However, there are limited studies examining role of dynamic capabilities in the translation of the potential benefits of organizational resources into CSI (Li-Ying et al., 2016). Therefore, this research examines how exploitation and exploration capabilities can transform organizational resources into successful CSI. To the best of the author's knowledge, there are limited empirical research linking organizational resources and dynamic capabilities to CSI.

Furthermore, there is little knowledge on the implementation of CSI in Malaysia. It is found that CSI has been embraced by some of the Malaysian corporations by referring to the corporations' annual report and sustainability report. While CSI has been embraced by some Malaysian companies by referring to the companies' annual report and sustainability report, CSI has yet to receive as much attention from scholars. Over the years, more corporations are moving beyond traditional CSR strategies and adopting innovation that aimed primarily at creating shared value. For example, Maybank has committed in providing financial security to breadwinners of low-income families who are employed in jobs which expose them to high risks of accidents (Maybank Berhad, 2016). Tenaga Nasional Bhd's solar energy project has benefited hundreds of indigenous families living in remote areas in Malaysia (Tenaga Nasional Berhad, 2020). Thus, it is important to understand what factors drive the implementation of CSI practices among corporations in Malaysia in order to create awareness among Malaysian corporations.

1.2 Problem Statement

Corporations do not exist in a vacuum, and they are part of the society. There are always considerable pressures on corporations from the society to provide solutions to some of the most urgent sustainable issues. In the recent years, a global emphasis has been placed on sustainability-oriented practices. Scholars have examined distinct aspects of corporate sustainability including corporate social responsibility (Carroll, 1991), green innovation (Chen, 2008), social entrepreneurship (Seelos & Mair, 2005). However, CSI has received a little attention compared to other field of sustainability studies. In the recent years, CSI has become one of the most important areas of focus as it is seen as the path to sustainable social development and long-term business value creation (Herrera, 2015). It offers greater capacity to resolve some of the complex and intractable social issues and contributes to positive social change (Aksoy et al., 2019; Candi et al., 2019).

Malaysia has established itself as a leader in promoting sustainable development (SDSN-Intern, 2016). The government of Malaysia has been repeatedly expressed their support for social innovation. Malaysian companies have been urged to support the nation building by introducing more sustainability practices including social innovation. Therefore, companies must now assume a more activist stance on social issues. It is important for business companies to go beyond traditional charitable responses and proactively implement business models that could improve the well-being of the society.

Social innovation has received substantial interest from academicians. They appear under umbrella of different field such as territorial development, grassroots innovation, social entrepreneurship, CSR and etc. (Hargreaves et al., 2013; Maclean et

al., 2012; Neumeier, 2012; Oliveira & Breda-Vazquez, 2012; Phillips et al., 2015). Although the progress is slow, a body of literature has emerged around social innovation at business-level (Alonso-Martínez et al., 2019; Dionisio & de Vargas, 2022; Herrera, 2015; Mirvis et al., 2016; Saji & Ellingstad, 2016; Sanzo-Perez et al., 2015; Segarra-Oña et al., 2017). However, these literature highlights few particular issues that limit the existing research. Most of the previous studies on CSI are case studies in which they described facts and draw conclusions from the observed phenomena (e.g. Altuna et al., 2015; Herrera, 2016; Mirvis et al., 2016). As most of the case studies were highly selective, the findings might not able to be generalized to the larger populations of firms (Siebenhüner & Arnold, 2007). Nevertheless, this research acknowledges the importance of these case studies as they are important sources of insights and testable hypotheses.

A comprehensive theory base for explaining CSI is important in order to consolidate findings from different studies into a cohesive body of research. Although several internal and external organizational factors have been confirmed as drivers of social innovation at business-level in the previous studies (Alonso-Martínez et al., 2019; Candi et al., 2019; Segarra-Oña et al., 2017), there remains a need to study the role of organizational resources and capabilities in CSI in a systematic way. Scholars have called for academic community to examine why companies are engaging in sustainability practices from organizational resources and capabilities perspectives (Aboelmaged & Hashem, 2019; Glavas & Mish, 2015).

The promising empirical findings on the relationship between organizational resources and capabilities and sustainability-based innovation have inspired this research. For example, Ketata et al. (2014) found that absorptive capacity is strongly