

**Corporate Social Responsibility and
Organizational Commitment of Semiconductor
Companies in Kulim High Tech Park, Kedah:
Employees perspectives**

By

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ABSTRACT

The fact that corporate social responsibility has been an increasing focus in today's business world cannot be denied. Numerous organizations have started to understand that they should adopt corporate social responsibility practices as a strategy to gain and sustain their competitive advantages. Due to the little attention given to CSR strategies related to employee's commitment until recent years, Malaysia has remained largely unexplored. The aim of this research is to investigate the influences of Corporate Social Responsibility (CSR) toward organizational commitment in Malaysia. This study will investigate CSR through four dimensions of responsibilities, namely, economic responsibility, law responsibility, ethically responsibility and discretionary responsibility. Social exchange theory and social identity theory will help explore the preferences toward CSR dimensions, and to identify relationship between CSR and organizational commitment. This study was conducted in semiconductor companies at Kulim High Tech Park in Kedah. The model was tested on a sample of 150 executive officers working in Kulim High Tech Park. Findings indicated a significant positive relationship between CSR practices and employee organizational commitment. Meanwhile, ethical responsibility was the most significantly related of the factors to influencing organizational commitment. Organizations should emphasize the CSR action for enhancing employee's organizational commitment and improving organizational performance by emphasizing more on ethical actions related to CSR activities.

Key words: Kulim, CSR, organizational commitment, semiconductor, exchange theory, identity theory, Malaysia

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TABLE OF CONTENTS

Abstract	I
Acknowledgement	II
Table of contents	V
List of Tables	VI

1 CHAPTER ONE: INTRODUCTION

1.1	Background of the Study	1
1.2	Problem Statement	3
1.3	Research Questions	5
1.4	Research Objectives	6
1.5	Contribution of Study	7
	1.5.1 Theoretical contribution	7
	1.5.2 Practical contribution	8
1.6	Term of study	9
	1.6.1 Corporate Social Responsibility (CSR)	9
	1.6.2 Organizational commitment	9
1.7	Organization of the Chapter	10

2 CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction	11
2.2	Theoretical background	11
	2.2.1 Social Identity Theory	11
	2.1.2 Social Exchange Theory	13
2.3	Corporate Social Responsibility (CSR)	15
2.4	Organizational Commitment	18
2.5	Relationship between CSR and organizational commitment	22
2.6	Research Framework	29

3 CHAPTER THREE: METHODOLOGY

3.1 Introduction	32
3.2 Research Design	32
3.3 Population and sample of study	33
3.4 Sampling Method	34
3.5 Variable and Measurement	35
3.5.1 Independent Variable	35
3.5.1.1 Economic responsibility	35
3.5.1.2 Legal responsibility	35
3.5.1.3 Ethical responsibility	36
3.5.1.4 Discretionary responsibility	36
3.5.2 Dependent variable	37
3.5.2.1 Affective commitment	37
3.5.2.2 Continuance commitment	37
3.5.2.3 Normative commitment	38
3.6 Pilot Test	38
3.7 Data Collection technique	40
3.8 Data analysis	40
3.9 Conclusion	41

4 CHAPTER FOUR: FINDINGS AND ANALYSIS

4.1 Introduction	42
4.2 Reliability Test	42
4.3 Descriptive Analysis	43
4.4 Pearson Correlation Coefficient	46
4.5 Regression Analysis	48
4.6 Conclusion	51

5 CHAPTER FIVE: DISCUSSION, IMPLICATION, AND LIMITATION

5.1 Introduction	52
5.2 Discussion implementation for practice	52
5.3 Implication for theory	57
5.4 Limitation	58
5.5 Recommendation	58
5.6 Conclusion	59
REFERENCES	60
APPENDIX 1 SAMPLE OF QUESTIONNAIRE	67
APPENDIX II ANALYSIS OUTPUT	74

LIST OF TABLES

Table	Title	Page
2.1	Studies of the influence of corporate social responsibility on employees	30
3.1	Reliability analysis-scale (alpha) for pilot test	39
4.1	Reliability analysis-scale (alpha for operational measures)	42
4.2	Descriptive Analysis	43
4.4	Correlation analysis between CSR practices and organizational commitment	46
4.5	Regression analysis between CSR and organizational commitment	48
4.6	Summary of hypotheses results	51
5.1	Summary of hypotheses results	53

CHAPTER I

INTRODUCTION

1.1 Background of study

To compete successfully in a highly competitive environment, organizational leaders must offer a greater emphasis and purpose for their employees. In the business environment, the future belongs to those organizational leaders who can best manage their employees. Most of the time, competitive advantage lies within employee's skill, knowledge, creativity and experience. Therefore, the commitment and engagement of employees are playing a key role for organizations in to be successful in the long term.

No organization in an ambitious world can accomplish peak performances unless their employee's perform and act together for achieving an organization's goals. Therefore, employees who are engaged in their work and committed to their organizations provide an organization crucial competitive advantage, including higher productivity, lower employee turnover and decreased absenteeism (Angerer, 2003).

In today's typical workplace, organizational leaders cannot protect employees from job stress because stress seems to be unavoidable. Obviously, job stress affected negatively employee's job performance and even their commitment. Therefore, the best resort to lighten the burden of the employees is to provide a good organizational climate and resource support for employees. Commitment seldom occurs without reciprocity, and commitment does not happen unless the employees feel like they count for something. As a result, an organization must be committed to its employees for the sake of increasing organizational commitment.

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APPENDIX I
SAMPLE OF QUESTIONNAIRE



Dear sir and madam,

You are invited to take part in a research project of a survey on Corporate Social Responsibility perception and organizational commitment.

If you are able to be involved in the study, please respond to the attached questionnaire. The questionnaire will take you less than 15 minutes.

Please kindly return the completed questionnaire to the one who sent you this questionnaire. Your views are highly valuable and your response will be anonymous. Participation in this research is voluntary.

The data from the study will be use only for research purpose to meet the requirements of a Master of Science International business from University Utara Malaysia.

Thank you for your participation. Wish you every success in your future career.

SEAH YETT MING (814500)

Master of Science International Business

SECTION A: BACKGROUND INFORMATION

Read and tick (/) the boxes for questions below.

A1. Gender: ☐ Male ☐ Female

A2. Marital status:

☐ Single ☐ married ☐ separated ☐ divorced

A3. Your current age: _____ years.

☐ 18-24 ☐ 25-33 ☐ 34-44 ☐ 45-55 ☐ 56+

A4. Your working experience: _____ years. (Please specify)

A5. Your current department: _____

A6. Your education level:

☐ Primary

☐ Secondary

☐ Diploma/ Certificate

☐ Bachelor's Degree

☐ Master's Degree

☐ PhD/Doctorate

Others: _____ (Please specify)

☐

A7. Nationality

☐ MALAYSIA

☐ Others : _____ (please specify)

SECTION B: CORPORATE SOCIAL RESPONSIBILITY

Below is a list of statements that describing one's perceptions about his/her organization. Please indicate the extent to which you agree or disagree with each of the following statements using the scale as follows:

Strongly Disagree (SD)=1 , Disagree (D)= 2, Neutral (N)=3, Agree(A)=4, Strongly Agree (SA)= 5

	SD	D	N	A	SA
B1. We strive to lower our operating costs.	1	2	3	4	5
B2. We closely monitor employees' productivity.	1	2	3	4	5
B3. We have been successful at maximizing our profits.	1	2	3	4	5
B4. Top management establishes long-term strategies for our business.	1	2	3	4	5
B5. The managers of this organization try to comply with the law.	1	2	3	4	5
B6. Our company seeks to comply with all laws regulating hiring and employee benefits.	1	2	3	4	5
B7. We have programs that encourage the diversity of our workforce (in term of age, gender, or race).	1	2	3	4	5
B8. Internal policies prevent discrimination in employees compensation and promotion.	1	2	3	4	5
B9. Our business has a comprehensive code of conduct.	1	2	3	4	5

B10. We are recognized as a trustworthy company.	1	2	3	4	5
B11. Fairness toward co-workers and business partners is an integral part of our employee evaluation process.	1	2	3	4	5
B12. A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment).	1	2	3	4	5
B13. Our salespersons and employees are required to provide full and accurate information to all customers.	1	2	3	4	5
B14. Our company supports employees who acquire additional education.	1	2	3	4	5
B15. Flexible company policies enable employees to better coordinate work and personal life.	1	2	3	4	5
B16. Our company gives adequate contributions to charities.	1	2	3	4	5
B17. A program is in place to reduce the amount of energy and materials wasted in our business.	1	2	3	4	5
B18. We encourage partnerships with local businesses and schools.	1	2	3	4	5

SECTION C: ORGANIZATIONAL COMMITMENT

Below is a list of statements that describing one's feeling about his/her job or organization.. Please indicate the extent to which you agree or disagree with each of the following statements using the scale as follows:

Strongly Disagree (SD)=1 , Disagree (D)= 2, Neutral (N)=3, Agree(A)=4,
Strongly Agree (SA)= 5

	SD	D	N	A	SA
C1. I really feel this organization problem is my own.	1	2	3	4	5
C2. I enjoy discussing about my organization with people outside it.	1	2	3	4	5
C3. This organization has a great deal of personal meaning for me	1	2	3	4	5
C4. I am very happy being a member of this organization	1	2	3	4	5
C5. I worry about the loss of investment I have made in this organization.	1	2	3	4	5

	1	2	3	4	5
C6. I am loyal to this organization because I have invested a lot in it, emotionally, socially, and economically.					

		2	3	4	5
C7. If I wasn't a member of this organization, I would be sad because my life would be disrupted.	1				

	1	2	3	4	5
C8. I often feel anxious about what I have to lose with this organization.					

	1	2	3	4	5
C9. I feel that I owe this organization quite a bit because of what it has done for me.					

	1	2	3	4	5
C10. My organization deserves my loyalty because of its treatment towards me.					

	1	2	3	4	5
C11. This organization has a mission that I believe in and am committed to.					

	1	2	3	4	5
C12. I feel it is 'morally correct' to dedicate myself to this organization.					

APPENDIX II

ANALYSIS OUTPUT

**RELIABILITY ANALYSIS- SCALE (ALPHA) FOR OPERATIONAL
MEASURES**

	Corrected	Conbach's
	Item-total correlation	Alpha
Economic responsibility		
1. We strive to lower our operating costs.	0.496	
2. We closely monitor employees' productivity.	0.358	
3. We have been successful at maximizing our profits.	0.370	
4. Top management establishes long-term strategies for our business.	0.497	
		0.635
Legal responsibility		
1. The managers of this organization try to comply with the law..	0.643	
2. Our company seeks to comply with all laws regulating hiring and employee benefits.	0.677	
3. We have programs that encourage the diversity of our workforce (in term of age, gender, or race).	0.698	
4. Internal policies prevent discrimination in employees compensation and promotion	0.567	
		0.820
Ethical responsibility		
1. Our business has a comprehensive code of conduct.	0.533	
2. We are recognized as a trustworthy company.	0.608	
3. Fairness toward co-worker and business partners is an integral part of our employee evaluation process.	0.724	
4. A confidential procedure is in place for employees to report any misconduct at work (such as stealing or sexual harassment).	0.688	
5. Our salespersons and employees are required to provide full and accurate information to all customers.	0.607	
		0.831

Discretionary responsibility

1. Our company supports employees who acquire additional educations.	0.592	
2. Flexible company policies enable employees to better coordinate work and personal life.	0.485	
3. Our company gives adequate contributions to charities.	0.568	
4. A program is in place to reduce the amount of energy and materials wasted in our business.	0.206	
5. We encourage partnership with local business and schools.	0.342	0.683

Affective commitment

1. I really feel as if this organization's problems are my own.	0.603	
2. I enjoy discussing about my organization with people outside it.	0.509	
3. This organization has a great deal of personal meaning for me.	0.689	
4. I am very happy being a member of this organization.	0.531	0.774

Continuance commitment

1. I worry about the loss of investment I have made in this organization.	0.563	
2. I am loyal to this organization because I have Invested a lot in it, emotionally, socially, and economically	0.521	
3. If I wasn't a member of this organization, I would be sad because my life would be disrupted	0.538	
4. I often feel anxious about what I have to lose with this organization.	0.550	0.747

Normative commitment

- | | | |
|--|-------|-------|
| 1. I feel that I owe this organization quite a bit because of what it has done for me. | 0.537 | |
| 2. My organization deserves my loyalty because of its treatment towards me. | 0.635 | |
| 3. This organization has a mission that I believe in and am committed to. | 0.747 | |
| 4. I feel it is 'moral correct' to dedicate myself to this organization. | 0.763 | 0.836 |
-

Statistics

		gender	maritalstatus	age	workingexperi ence	department	educationleve l	nationality
N	Valid	150	150	150	150	150	150	150
	Missing	0	0	0	0	0	0	0

gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	60	40.0	40.0	40.0
	female	90	60.0	60.0	100.0
	Total	150	100.0	100.0	

maritalstatus

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	single	66	44.0	44.0	44.0
	married	78	52.0	52.0	96.0
	separated	1	.7	.7	96.7
	divorced	5	3.3	3.3	100.0
	Total	150	100.0	100.0	

age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-24	15	10.0	10.0	10.0
	25-33	77	51.3	51.3	61.3
	34-44	36	24.0	24.0	85.3
	45-55	21	14.0	14.0	99.3
	more than 56	1	.7	.7	100.0
	Total	150	100.0	100.0	

workingexperience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1	24	16.0	16.0	16.0
	1-5	21	14.0	14.0	30.0
	6-10	69	46.0	46.0	76.0
	11-15	12	8.0	8.0	84.0
	16-20	9	6.0	6.0	90.0
	21-25	6	4.0	4.0	94.0
	more than 25	9	6.0	6.0	100.0
	Total	150	100.0	100.0	

department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	finance	9	6.0	6.0	6.0
	human resource	46	30.7	30.7	36.7
	account	7	4.7	4.7	41.3
	customer services	9	6.0	6.0	47.3
	marketing	43	28.7	28.7	76.0
	management	21	14.0	14.0	90.0
	production	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

educationlevel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	primary	3	2.0	2.0	2.0
	secondary	39	26.0	26.0	28.0
	diploma/certificate	41	27.3	27.3	55.3
	bachelor's degree	51	34.0	34.0	89.3
	master degree	15	10.0	10.0	99.3
	Phd/doctorate	1	.7	.7	100.0
	Total	150	100.0	100.0	

nationality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	malaysia	150	100.0	100.0	100.0

Correlations

		Economic	Legal	Ethical	Discretionary	Commitment
Economic	Pearson Correlation	1	.376**	.658**	.485**	.536**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	150	150	150	150	150
Legal	Pearson Correlation	.376**	1	.319**	.174*	.357**
	Sig. (2-tailed)	.000		.000	.033	.000
	N	150	150	150	150	150
Ethical	Pearson Correlation	.658**	.319**	1	.438**	.573**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	150	150	150	150	150
Discretionary	Pearson Correlation	.485**	.174*	.438**	1	.416**
	Sig. (2-tailed)	.000	.033	.000		.000
	N	150	150	150	150	150
Commitment	Pearson Correlation	.536**	.357**	.573**	.416**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	150	150	150	150	150

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.640 ^a	.409	.393	.35721	.409	25.110	4	145	.000

a. Predictors: (Constant), Discretionary, Legal, Ethical, Economic

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.816	4	3.204	25.110	.000 ^a
	Residual	18.501	145	.128		
	Total	31.317	149			

a. Predictors: (Constant), Discretionary, Legal, Ethical, Economic

b. Dependent Variable: Commitment

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.463	.332		1.392	.166			
	Economic	.208	.104	.182	1.995	.048	.536	.163	.127
	Legal	.136	.061	.155	2.236	.027	.357	.183	.143
	Ethical	.355	.091	.337	3.888	.000	.573	.307	.248
	Discretionary	.147	.072	.153	2.058	.041	.416	.168	.131

a. Dependent Variable: Commitment