

THE PERCEPTION OF STAKEHOLDERS ON CORPORATE SOCIAL
RESPONSIBILITY: THE CASE STUDY OF PKT LOGISTICS GROUP SDN BHD

By



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ABSTRACT

Today, Corporate Social Responsibility (CSR) over the couple of years expands its consciousness in the public as a complete motivating stakeholder's element and achieved eminence on the corporate strategic schema. Therefore, an intricate confront for companies is to build a business deliberate for CSR, protecting the fresh investments through affirmative benefits to the company. Between, numerous firms nowadays view CSR as a secluded pricey activity which separated from core business. The fundamental of this master thesis is to explore the perceptions of stakeholders (shareholder, employee and customer) on CSR in logistic industry at Malaysia. The researcher has outlined PKT Logistics Group Sdn Bhd-Malaysia (PKT) firm in order to investigate about this issue. The principle objective of this research is determine stakeholders' perception towards CSR influencing the firm as well as developing new CSR model according to stakeholders' perception and expectation. The data was collected from stakeholders of PKT via interview section. Overall this study discovers the linkages between Stakeholder, CSR and Business Ethics and Competitive Advantage. These studies present groundwork for future research and recognize numerous vital suggestions for the corporate leaders to deem in terms of CSR venture within their business portfolio.

Key words: Corporate Social Responsibility, logistic, perception and expectation, CSR model, business ethics and competitive advantage.

ABSTRAK

Sejak beberapa tahun ini, Tanggungjawab Sosial Korporat (CSR) meluaskan kesedaran pada orang ramai sebagai elemen yang memberi motivasi lengkap kepada pihak berkepentingan dan reputasi dicapai pada skema strategik korporat. Oleh itu, cabaran yang sukar bagi syarikat-syarikat adalah untuk membina satu perniagaan demi CSR sahaja, melindungi pelaburan baru melalui manfaat afirmatif kepada syarikat. Antara, banyak syarikat kini melihat CSR sebagai aktiviti mahal yang di pisahkan daripada perniagaan teras. Kepentingan tesis master ini adalah untuk meneroka persepsi pihak berkepentingan (pemegang saham, pekerja dan pelanggan) mengenai CSR dalam industri logistik di Malaysia. Penyelidik telah memilih syarikat PKT Logistics Group Sdn Bhd-Malaysia (PKT) untuk mengkaji tentang isu ini. Objektif utama kajian ini adalah menentukan persepsi pihak berkepentingan terhadap CSR yang mempengaruhi syarikat itu serta membangunkan model CSR baru mengikut persepsi dan jangkaan pihak berkepentingan. Data diperolehi daripada pihak berkepentingan utama PKT melalui sesi temu bual. Secara keseluruhan, kajian ini menemui hubungan antara pihak berkepentingan, CSR dan Etika Perniagaan dan Kelebihan daya saing. Kajian ini menyediakan asas untuk kajian-kajian akan datang dan mengenalpasti pelbagai cadangan penting bagi pemimpin korporat untuk difikirkan dari segi usaha CSR dalam portfolio perniagaan mereka.

Kata Kunci: Tanggungjawab Sosial Korporat, logistik, persepsi dan jangkaan, model CSR, etika perniagaan dan kelebihan daya saing.

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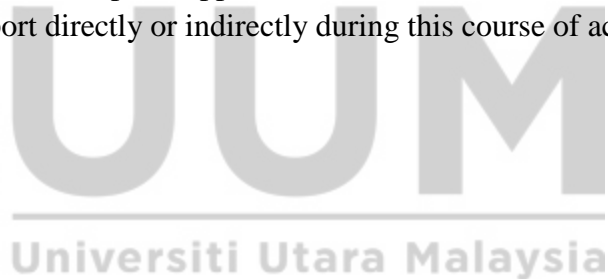


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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

If one asks what the crucial to attractive over clients are today, perhaps industry professionals will mention most of all of it, from a durable and consistency marketing incentives to tailored services, mobile-friendly shopping ease. These affords are certainly vital, but one major aspect that may tip the scales in particular goodwill is using the company return to do well in the creation. Corporate social responsibility (CSR) discusses to an industry run-through that involves contributing in program that benefit the public (Simply CSR, 2008). Indeed, CSR is the progression of measuring a firms' influence on the public and appraising their accountabilities. CSR start with a valuation of a trade and the organisation customers, vendors, surroundings, societies, owners as well as workforces.

CSR improve the power of triumph new business dealings, progress and boost relationships with clientele, merchants and networks, preserve as well maintain blissful employees. Besides that, as per to Carroll and Buchholtz (2000), it also budget fund on energy and functioning overhead cost and manage risk and yield optimistic profile-raising and media breaks due to broadcasting attention in ethical trade doings. On the other hand, CSR also have little drawback in the sense of charges, foremost organisations can budget to allocate a budget to CSR activities, but this is not always open to tiny organisation with between 10 to

200 workforces. Not only that, CSR also declared as greenwashing, a manager who leaves returns in courtesy of some welfares to the public may assume to mislay his job and be swapped by somebody for whom earnings are precedence.

The CSR aspects of global reviewed and understand that The International Dimension of CSR is a chief stake of the CSR policy of the European Commission, with the determination to make Europe a pole of superiority in CSR. In 2007 results the fifth anniversary of the pledge agreed at the World Summit on Sustainable Development to undertake initiatives in the field of corporate accountability (European Social and Economic Committee, 2014). The European Social and Economic Committee and the European Parliament recently highlighted the need for European value-added in CSR, the need to shift from process to results in Europe and outside, and to assess the impacts of CSR.

The following (CSR) researches in ASEAN nations illustrate that the CSR implementation are gap behind particularly in Malaysia, paralleled to western nations (Mallen Baker, 2015). In current years, Malaysia has recognised an increasing approach in the aspects of CSR, where few of government sectors, professional bodies as well as Non-governmental organizations (NGO's), such as Consumer Association of Penang (CAP), , Federation of Malaysia Consumer Association (FMCA), Business Ethics Malaysia (BEM), BURSA Malaysia (Malaysian Stock Exchange), Association Certified Chartered Accountant (ACCA), World Wide Fund for nature (WWF) Malaysia, Shipping Club

Malaysia (SCM), Air Freight Forwarders Association Malaysia (AFFAM), Selangor Freight Forwarders Logistics Association (SFFLA), Shipping Association Malaysia (SAM), Society of Malaysian Transporters (SMT), and secretive sector organisation are aggressively participate in social responsibility programs. Bursa Saham Malaysia declares that corporate responsibility as positive movements contributes to participants and surrounding community (Bursa Malaysia Berhad, 2015). Below Figure 1.1 describes the inspiration grounds of CSR initiatives in Malaysian companies.

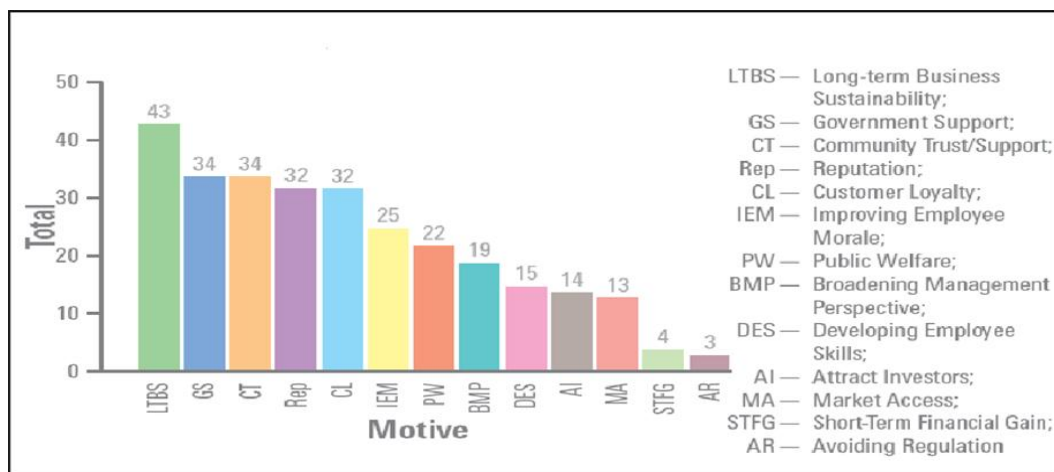


Figure 1.1
CSR intensives in Malaysia firm
Source: CSR Generating Superior Competitive Advantage Session, 2010

It is important to note, the Malaysian Security Commission spotted that the important original of CSR as the factor of the company which will support the outline on good control by taking into view about the stakeholders communities interest. Companies are likely to adapt beneficial governance as well required to familiar with accountable mode in corporate trades. This social responsibility concept is important key for the wide

securities in participants on the road to company deeds. The subsequent figure 1.2 describes several CSR doings in national level.

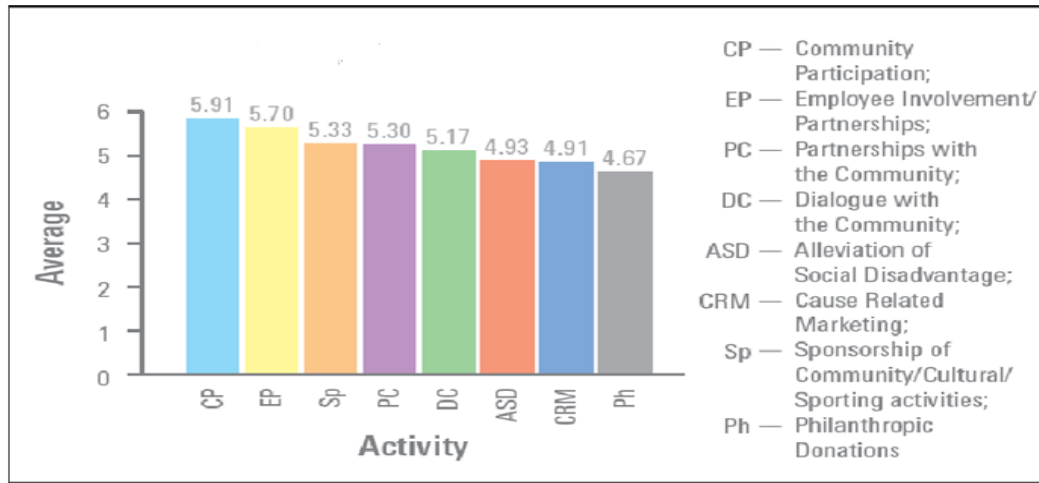


Figure 1.2

CSR doings scale at national level

Source: CSR Generating Superior Competitive Edge Session, 2010

The practise of Malaysian government in encouraging CSR activities observed over incorporate CSR practises among The 9th Malaysia Plan (Rancangan Malaysia, National Budgets, Government Linked Companies (GLC) and Transformation Plan as well as the administration has included the Corporate Social Responsibility as an fundamental portion to achieve objective of Vision 2020 and in tactical goals of National Integrity Plan (NIP). Hence, Corporate Social Responsibility philosophies being seriously emphases in country presently. Table 1.1 describe the topmost recorded companies graded conferring to the Corporate Social Responsibility agendas input in Malaysia.

Table 1.1
Corporate Responsibility Contribution on Bursa Malaysia List

Company	Amount (RM)	Cause
Maxis Communications BHD	10.5 million	Education, humanitarian, sports, entertainment, charity
Public Bank Bhd	10.1 million	International Peace Fund, education
Shell Refining Company Bhd	10 million	Education
SEG International Bhd	9.7 million	Education
Genting Bhd	7.5 million	Religious organizations, education, NGOs
Telekom Malaysia Bhd	7.1 million	Tsunami relief, environment, Education
Talam Corporation Bhd	7 million	Education, religious organizations
Malayan Banking Bhd	5.1 million	NGOs, zoo animal sponsorship, scholarship, sports
Astro All Asia Networks Bhd	2.6 million	Sports, arts, education
Magnum Corporation Bhd	2.3 million	NGOs

Source: Malaysian Business Magazine (2005), The Star online, 2014

In this logistics sector at Malaysia few key players such as Yusen Logistics, active in helping with relief efforts in regions devastated by the Great East Japan Earthquake. The Group arranged to transport sanitary goods, clothing, stationery, toys and other items collected by a charity in the Netherlands to schools for disabled children in disaster-stricken regions. They also handled export and import procedures for radiation removal equipment from the U.S. In these and other ways, they continue to utilize our international network and our strengths as a logistics company to contribute to society (Yusen, 2015). Besides that, MOL Logistics maintain high corporate and social ethics in addition to just observing the laws and rules, we created the Compliance Committee and established the Fundamental Policy Concerning Compliance, the Action Standard and the System to Promote Compliance and Methods to Deal with Unlawful Behavior. Through these efforts, we continue to strengthen moral standard of each officer and employee and enhance our corporate culture to respect compliance in Malaysia (MOL, 2015).

Recent years, standard corporate practice has been to invest and develop CSR and Sustainability programs with minimal engagement of those they materially affect customers, suppliers, employees, local communities, investors and others also known as their stakeholders. Below table 1.2 clearly portrait how CSR able stimulate stakeholders.

Table 1.2
CSR benefits for stakeholders

Sources of Value Creation	Benefit/Opportunity of Engaging	Cost/Risk of Under-engaging
Resilience : Tracking socio-political and environmental	<ul style="list-style-type: none"> • Issue identification • Preparation: Mitigation & Adaption • Co-creation and collaboration on solutions 	<ul style="list-style-type: none"> • Absence or loss of trust • Lack of preparation for crises • Negative media • Costly cleanup • Damage control • Stock Market losses
Reputation: Monitoring and managing stakeholder expectation	<ul style="list-style-type: none"> • Reputation capital • Trust • Reputation Management • Network of 3rd party reputation defenders 	<ul style="list-style-type: none"> • Absences or loss of trust • Unmet expectation • Crisis damage control • Negative media • Stock Market losses
Alignment: Understanding stakeholders value and ensuring CSR program impact	<ul style="list-style-type: none"> • Optimize and validate program investment • More effective and measurable impact • Increased budget • Reinforcement of results 	<ul style="list-style-type: none"> • Ineffective Impact/results • Underperforming financial investment • Demotivated team • Difficulty justifying budget
Strategy: Sourcing the wisdom of the crowd and co-creating solutions	<ul style="list-style-type: none"> • Innovation • Differentiation • Capture market opportunities as they emerge • Co-create and collaborate 	<ul style="list-style-type: none"> • Missed business opportunities • Loss of market share • Stagnant revenue growth • Un-utilized source of thought capital and initiative

Source: GreenBiz Group, 2015

This thesis will be discussing about CSR at logistic industry which is Port Klang Trading & Forwarding Agency (PKT). In a general context the logistics services transport and warehousing including storage of goods, handling reloading, handling and tracking services characterize an important part of the economy (Persson & Virum, 2013).

Research by Transport Intelligence ranked the world's largest forwarders in 2010 and the results showed that the European forwarders dominate the world market as the world ranking of freight forwarder companies, in terms of sea and air freight (Arabian supply chain, 2011). In brief context, as logistics industry grows more powerful, the need to establish rules around them becomes more important. For instance, the General Environments of the Nordic Society of Freight Forwarders (NSAB,2015) contain conditions relating to the forwarder's assignment in Nordic countries, for instance the right and obligation of freight forwarders and the customers, including the freight forwarder's responsibility under transport law agreement which heavily emphasis on CSR elements. Besides that, the transport and logistics industry generates nearly a quarter of the world's CO2 emissions, according to the International Energy Agency that makes fuel efficiency for freight carriers a dual challenge. Spending less on fuel has clear operational benefits, but in addition the logistics company take steps to care for the environment also focus a consumer and stakeholder's element that companies should practice.

PKT was set up in 1974 by its founder Dato Tio Sook Keo. He look into the business vision by offering shipping and forwarding services to manufacturing companies and motorised productions mostly importing engineering hardware, automotive replacement parts, construction ingredients and heavy-duty equipment's. He then widely spread services to completely knock down (CKD) and Food & Beverage (F&B), automobile importers and industries. During the era of 1996, Dato' Michael his prince took over the leadership as the Director of Operations. He directed PKT on the way to "Total Logistics Key Player" amongst ASEAN supply chain, particularly in Malaysia. Dato' Micheal

prolonged the cargo freight and green warehouse facilities in a line to customs brokerage and transportations to increase the company were aware during the time-frame

Past & Present
 PKT Logistics was established in 1974. PKT's vision is to be the leading regional and recognized global player in the Total Logistics Solutions industry."

SPECIALITY OF PKT

- Customized Total Logistics Solutions
- Automotive Logistics
- F&B Logistics
- FMCG Logistics

FEATURED SERVICES

- Customs Brokerage
- International Freight Forwarding & Consolidation
- Haulage & Transport
- Warehousing, Off Dock CY & Inventory Management
- Sales, Rental & Repair of Containers
- Liner Agency

PKT Logistics Group

Picture 1

PKT Services

Source: PKT Group, (2015)

By the way, Dato Micheal rebrands the company as “PKT Logistics Group Sdn Bhd” to offer an identified company image. Dato Micheal most overwhelming successes were the development of MYR160 million, “One Logistics Hub” in a 29 acre area in Shah Alam, to furnish the Automotive and Fast Movement Consumer Goods segmentation.

One Logistics Hub – First Self-Sustaining Logistics Hub 2007-2012

THE SHIP, LOBBY, GYMAX, THE LIGHTHOUSE, THE WAVES, TOP DECK, CAPTAIN'S DECK, THE SEA OF PINEAPPLES

Total Site Area = 27.03 acres (109,386.53 sq.m / 1,177,426.8 sq.ft)

Gross Built-Up Area for:

1. The Lighthouse	= 20,866.91 sq.m / 224,611 sq.ft
2. The Ship	= 17,031.00 sq.m / 183,320 sq.ft
3. The Waves	= 25,086.42 sq.m / 277,569 sq.ft
Total	= 72,986.33 sq.m / 785,620 sq.ft

PKT one logistics hub™

Picture 2

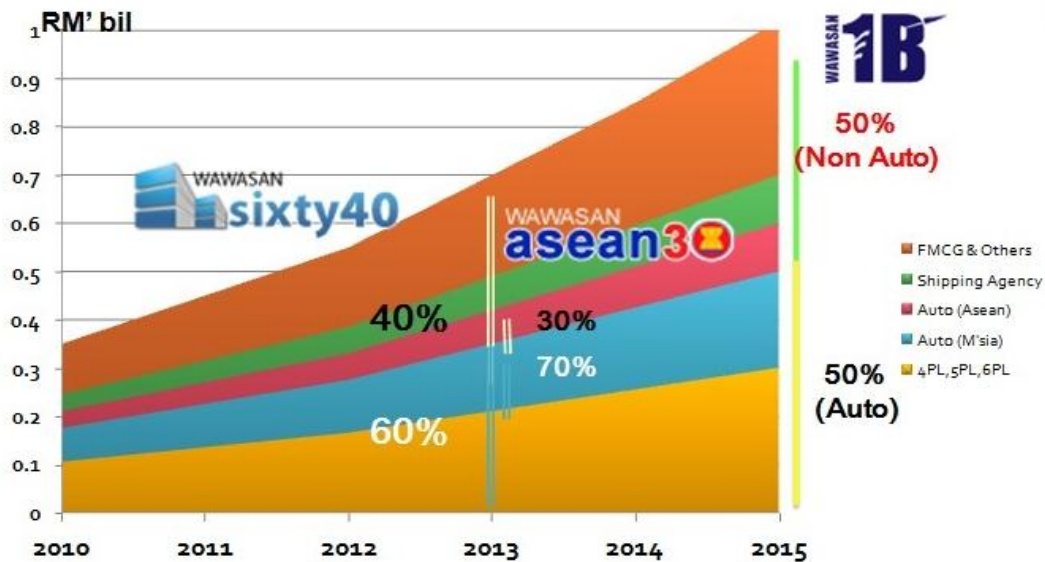
The One Logistic Hub

Source: PKT Group, (2015)

Additionally, the entities of Orisis Freight, a subordinate of PKT manifest the occurrence of the group in the global market and were an important mile stone into Worldwide Freight Forwarding. Nonetheless they ventured of the Thailand, Korea and Vietnam branches in 2007 as well as 2010 consistently permit the organisation to auxiliary value from the booming profession breaks in ASEAN region and increase its returns towards MYR 1 Billion.



Picture 3
PKT Clients' Portfolio



Picture 4
PKT Budget
Source: PKT Group, (2015)

PKT's idea is to be the foremost provincial and global key participant in the Total Supply Chain and Logistics industry. The company tagline is "Total Logistics. Total Control, Absolute Peace of Mind". Consequently, PKT is currently mark that one to be the market trend creator by offering total logistics services. The table 1.3 clearly explicates the expansion of PKT Logistics Group, from 1996-2010.

Table 1.3
The Revolutionary of PKT from 1996 to 2010

Era	Historical/Milestone	Strategic Development
1996	ORISIS established -International Freight Forwarding	Servicing international customers for freight
2000	Joint venture with APEX-Korea	Provision of cargo consolidation services of Korea market
2007	Thailand/Vietnam Branches established	Automotive Logistics service to principles/shipper in the region
2008	Thailand-Malaysia Barging services	Servicing Southern Thailand shippers to move exports by barge via Penang Port
2010	Korean branch established	To cater for the Korean automotive manufactures to export their goods to ASEAN countries

Source: PKT Group, (2015)

The combined company services such as third, fourth, and fifth party logistics offer by the company fascinated the industrialists; therefore it produces a modest advantage via the forte amenities presented. In 2007, motorised logistics trade progress into PKT major trade and presently books for about 89 percentages of the PKT's total turnover compared to other products. Additionally the corporation have prolonged its motorised logistics amenities to more than twelve brands such as Auto Bavaria, NISSAN, and Mazda etc.



Picture 5
Automotive Services at PKT
 Source: PKT Group, (2015)

1.2 Problem Statement

As perceived the stakeholder's communities of this PKT organization are mounting and the responsibility is cumulative. Thus, Dato Michael definite to analysis the configuration and contrivance of CSR. Dato Micheal has initiate that the contemporary social responsibility model is not really operative, compared to the other rival organizations. Hence, he obvious to set up new social responsibility model which would be more actual and fit with the stakeholder's community (PKT, 2015). He allocated the CSR division to work out the greatest conceivable Corporate Social Responsibility Model in future. He understood, the organization needs to recognize how the stakeholders see the influences of corporate social responsibility as logistics business person. In this line, he decided to upsurge the subject matter specialists in the CSR sector. He supported for some of his staff to master these sector largely and intensely via publicizing management in post-graduate studies at well advanced Europe countries which are more advanced compared

to Malaysia. In a brief context, PKT CSR is only involved basis elements which is not rely worth for the CSR expenditure. The current pillar of CSR enclosed Community Development which is provide financial aids to the incapacitated, bereaved, poverty other needy person, Education and Skill Enhancement which is emphasis educations program among student and school leavers and third is Sport and Receptions which focus on providing sport facilities, and social sport programs meanwhile Arts & Culture is another pillar which enclosed Sponsorship of R2 for Raja Lawak 5 & Maharaja Lawak competition in terms of paid leave for practice and shooting in promoting sketch comedy. Raja Lawak competition is an ASTRO sponsored Comedian Reality Show aired over channel Astro Prima (105) and Astro Warna (132), and the winners of past 5 seasons shall entitle entry for Maharaja Lawak. The last pillar is Environmental Conservation which is practice of PKT protecting the natural environment on individual, organizational or governmental levels, for the benefit of both the natural environment and humans surrounding their organization. Nutshell, all above pillar basically not connected with stakeholders needs, indirectly against on their practices. Meanwhile Dato Micheal prefers the CSR to be associated with GEN Y concepts too in order sustain longer in logistics market. Besides that, thorough out the interview session sample (respondent) mentioned on the lag of CSR activities at PKT and also drawback on the process of implementation as well as assessment on the activities. By the way, the real meaning of CSR is 'undertaking good things to do well' which stress on stakeholder awareness towards the corporations, action and stakeholders yield as mentioned by Carroll and Shabana, 2010. Thus, in PKT stakeholders feel that CSR encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations should be in a given time with correct

way. Hence, this above expectation and review clearly show that, element of CSR at PKT not fit to the real CSR aspects at organisation based on standard international requirement.

Thus, discussion of the CSR identity of PKT would be of high relevance in connection with building a strong CSR strategy and communication with the stakeholders. However, it is too extensive to involve this aspect, and therefore the main problem statement has been formulated to include the foundation used as a few strategies to facilitate the image-creating processes, and thus leave out a discussion of CSR along with stakeholders.

1.3 Research Questions

The overhead research objective suggests few sub questions which will be guided to methodically move nearer towards conclusion. The theoretical gap illustrated in order to portrait the objectives. Henceforth, below sub questions below are capable to incorporate the two theoretic fields of Corporate Social Responsibility and stakeholder view:

The subsequent questions will cover the research objectives which will be principal for theses research to obtain a solution for the issues faced by PKT.

- I. How do the stakeholders perceive the CSR effort of PKT?
- II. How does the perception of stakeholders effect PKT?
- III. Does the present CSR model and activities of PKT influence effectively in creating value of PKT.
- IV. What will be the new strategic model for CSR at PKT?

1.4 Research Objectives

The purpose of the research is to define and examine the concept of Corporate Social Responsibility and social responsibility forces at work to find out how the key person such as shareholders, employees and customers perceive CSR at PKT. It also targets to offer an image of CSR activities involved by the company. Not only that, also concern about CSR and how CSR can support company to generate add values for the company in terms of stakeholder's judgements. It examines the current progress of CSR in PKT and to produce a planned CSR models in order to advance social responsibility activities and reason the company need to contrivance the new approach via new-fangled CSR Model and aware with welfares the stakeholder will achieve in future.

This research engrossed on the experiments which were cited above lively facing by PKT. The key objective is how CSR is observed by stakeholders and what the community expecting from CSR as well how to advance their CSR by executing new model.

- a) To determine element of CSR perceived by the stakeholders and their expectations from PKT.
- b) To analyse the perceptions that influence on PKT
- c) To determine new model of CSR with existing activities at PKT

1.5 Significance of the Study

If we aware about the ecological effects of the logistics and supply chain of goods, it sources effluences and cause to universal warming (Julia *et al.*, 2010). In freight services books worldwide 9 percentages of CO₂ radiations whereas warehouse and substantial conduct accounts of 7 percentages to the total. The energy expended by the freight increases everyday compared to the energy used for auto mobiles and other transport modes (Ribeiro and Kobayshi, 2010). Henceforth, all the administrations in the universal are working on leasing down Carbon Dioxide emissions from their state economies, and the emissions which is produced by transportation sector will be directed to 65 percentages by 2040 (Commission on Climate Change, 2013). According to Carter and Jennings (2012), the social effects of logistics companies are related with three major activities which are procuring transportation and warehouse management.

At current market, the notion of CSR describe as highlighted and most wanted substance in most of the business segment, particularly in logistics area. This is clearly sign that the corporations assimilating their trade with social responsible acknowledged as sustainable element in commerce. Nevertheless by adding the organisation businesses with CSR activities, the companies would reaches safe and greater grade in the marketplace by its pledges with the community. Corporations include a vital position in the development and welfare of the civilisation as well as surroundings due to reliable on the both elements. Progressively, CSR is primarily to become a practise and this is not only turnover for corporation but also helpful for nearby community. The company's culture to work organised will support to achieve the prospect of the end user point of opinion as

well as they would be able to marketplace their business successfully. CSR will be a bond to the organisation achievement as well as taking care of the public. For long-run through strategies of CSR, commerce partition will be capable to function self-sufficiently as well as pleasantly.

This research focus on the perceptions of stakeholders of logistics organisation at PKT Logistics Group Sdn Bhd (PKT). As stakeholders of a logistics company, in what way they can measure about the CSR. What they provide to the society and surroundings as well as what alterations they want in their organization internally and external. The research also addresses the general purpose of logistics management as an accountable corporate citizen. Besides that, the progression moves towards to discourse these issues and the nonappearance of an overall for building a civilisation which is approachable for social disputes. This research may upsurge the company modest competence in the business sphere by enhanced participant relations. The current research covers the CSR and its influences in the logistics sector at PKT. The research objective to find out the insights of the stakeholders about the CSR programs at PKT.

1.6 Scope and Limitation of the Study

The CSR is an enormously vivacious and multipart idea it is dynamic to elucidate the chief limitation of social responsibility and philanthropy. The generous factor is approximately that is continually disaffected from companies' essential businesses. This research focussed to discover out influence and insight about Corporate Social Responsibility at Malaysia logistics services sector by interview method which carry out

primary data and secondary data to sustain the research. Hence, some of the fact that the researcher feel as drawback to cover during the research is about Multi-National Companies logistics service provider due to the restriction of time. The researcher inadequate in tenure of geographical feature which only covered in Malaysia and compared the company recital amongst the Asian county only. Furthermore, other restriction were minor sample size of interview directed which only with ten interviewee perceptions, a larger sample of interviews would have subsidise for more indulgences into the effect of CSR in the logistics service provider.

As in the further research, reflect that it would be good and inspiring to study Multinational Companies (MNC) that has a superior impact on society by their dull operations. In this case, researcher has deliberate logistics service firms with fewer pledges towards society compared a manufacturing oriented company will have more influences. Hence, a manufacture corporation will have to accomplish more with the straight ecological influence of their plan which can screen on the mentioned activeness.

1.7 Organization of Thesis

The elements of these studies will be divided into five major elements. The elements are Introduction, Literature review, Research methodology, Results/Findings, Analysis & Conclusion. In the Introduction chapter, briefly explain about CSR in Malaysia, impact of CSR in logistics industry, discussion on background and research gap, research aim, research scope as well as limitation. Besides that, literature review carry theoretical framework for the whole chapter. Research Methodology will explain on the

philosophical approach and details, research design and research tools meanwhile Results/Finding focus on the outcome of interview session with PKT stakeholders. Analysis based on correlation between theoretical and findings in order to answer research question. Conclusion focuses more to implications of findings and recommendation.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This literature review chapter focus upon the evolution of CSR, theoretical background of the CSR and Stakeholders and also explains the relationship between those terms in order to support the research objectives and research questions to find out the best possible notion to improve and implement the new CSR structure for PKT. Between, this section also discuss on the factors which affect CSR, ethics aspect as well as critics for CSR and other related term. As a whole, this chapter gives major support for this research aims and objectives.

2.2 The Journey of CSR

Corporations contact towards environmental and society were instigate long before any definition of Corporate Social Responsibility (CSR) was constructed in discussion. Thus the journey of CSR was chronologically arranged starting from the 1950's to 2000's. The following Figure 2.1 clearly explains the chronological journey of CSR research from 1950's to the millennium. This journey broadly explains in next subheadings.

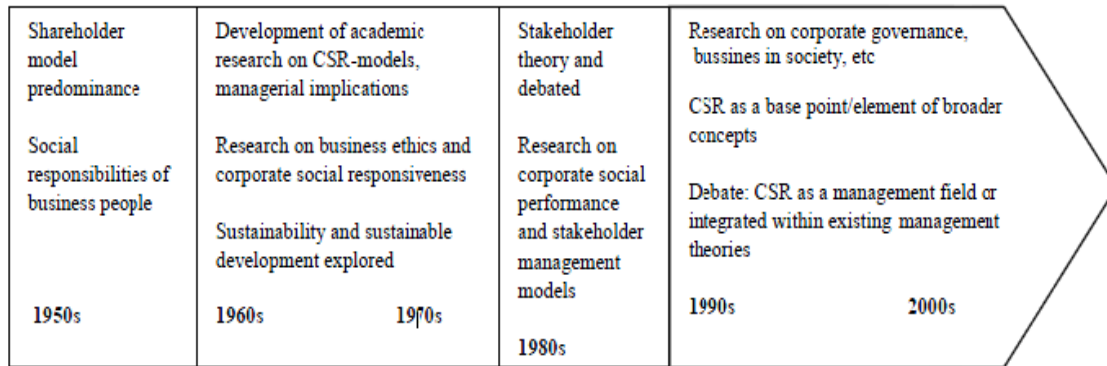


Figure 2.1
Evolution of the CSR Research from 1950's to millennium.
 Source: Claydon, (2011).

The notion of CSR starts as early as 1824. It started with the famous Britain's Cadbury's Schweppes had invention that the Cadbury's Schweppes corporate culture and its idea of philanthropists were, "in nature, good ethics and good business are always together". Based on Carroll (1999), awareness of CSR is surviving in society conjunction with present as well past period in the diverse outward appearance but significantly with same principle. In the case the best example was in England where the Row Rowntree confectionary businesses with a staunch Quaker American tradition introduce the Joseph Rowntree Charitable Trust in 1904. According to JRCT, (2012) the CSR expectation still exists currently mechanism for Quaker ideals such as international integrity and serenity as mentioned in Hemingway and Maclagan (2004). In other point view at America, the originator Andrew Carnegie's, Carnegie Steel Company, 'The Gospel of Wealth' contributes most of his wealth to structure a range of academic institutions and charitable organisations (Fortune, 2012). The Carnegie concept of CSR was developed beside the inception of the consumer and labour movements during that period. Maignan and Ferrell (2004) added, during that time businesses were persuaded to be more humane, ethical and transparent as well as sustainable development, corporate citizenship and triple bottom

line also came to existence. By the way, Carrol (1999) justify official writings and deliberations about CSR transpired in the past 50 years indeed CSR widely acknowledged and applied in developed countries such as United Kingdom (UK) and United State (US). However the circulation and influence of CSR is less effectual in Asean country except Japan according to the research survey percentage of CSR exposure in few countries in Asean (Chapple and Moon, 2003) due to the larger numbers of socially scandals being exposed by the modern business environment. As a consequence, CSR became the domain of public debate when communities facing social issues (Boatright, 1993).

2.2.1 CSR Evolution in 1950's

The notion of corporate social responsibility (CSR) was commence by Bowen (1953) approximately 50 years ago in his ground-breaking book “Social Responsibilities of the Businessman” where he suggested that businesses have the accountability “to practise those policy, to make those pronouncement, or to follow those lines of act which are effective in terms of the values of the society” (Bowen, 1953, p: 6). Anyway Bowen (father of social responsibility) did not promoted CSR as the alleviate for all social infirmity yet it enclose vital guiding principle for businesses to pilot towards the path of social responsibility in the future (Carroll,1999). In 1954, Peter Drucker in his book *The Practice of Management* (Drucker, 1954) incorporates social responsibility as one the eight principle areas in which business purpose should construct. In fact, he trails the same ethical responsibility point of view used by Bowen to identify the emergent necessities for the manger to believe responsibility for the public righteousness. He

declares “it has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, and harmony” (Drucker, 1954, p. 388). Hence Bowen and Drucker constant those objectives in public responsibility must be fix according to current social conditions and political as perceptible by management.

2.2.2 CSR Evolution in 1960’s

In the era of 1960, the CSR literature stretched and focal point on the issue of what CSR actually meant and its significance to business and society (Carroll, 1999; Carroll and Shabana, 2010). David highlights CSR to indicate “businessmen’s decisions and execution take into account for the reasons at least partially beyond the firm’s technical interest or economic interest” (Carroll 1999, p.271 and Davis, K 1960, p.70). Next William C. Frederick’s article “The growing concern over business responsibility” (Frederick, 1960), underline that the curiosity in the dilemma of business responsibility can be elucidate in terms of the crush of laissez faire (the Adam Smith philosophy) as a fiscal order as well a philosophy. Therefore he claim that CSR “entail a public stance society’s human resources and economic enthusiasm to see those resource are applied for broad social benefits and not simply for the private interest of personal and firms” (Frederick, 1960, p. 60), which emphasis legal assurance and economic commitment. Subsequently Friedman (1962) mentions, that CSR are challenging when it refutes the key idea of maximization of profit position by the capitalist system which make as much money for their shareholders as they possibly can. Meanwhile Keith David amend his idea of CSR in 1967 under his article named “Understanding the social responsibility

puzzle” what does the businessman owe to society?”, he mention that “social responsibility broadens a person’s view to the total social system” (Davis, 1967, p.46). End of 1960’s scale of voluntarism which is part of compulsory element in CSR was proposed by Walton (1967). He cites voluntarism in CSR will establish long term relationship with stakeholder as well with measurable economic returns.

2.2.3 CSR Evolution in 1970’s

The CSR evolution trend continue in era of 1970’s with Milton Friedman strengthened previous 1962 theoretical concept by adding the acceptance of laws, free market combination, ethical customs and acceptance of social demand with long-run profit (Friedman, 1970). Therefore according him the social deeds are suitable if the firm’s justified within the firm’s own self- interest. On other contrary, Keith Davis amend back his work in 1967, “Iron Law of Responsibility” (Davis, 1973) emerged social power a must in businesses. He addressed failure in using social power will collapse the firm because competitors will apply it. In a line with CSR execution process, Fitch (1976) stated the firm should able to determine the social harms and fix it meanwhile Sethi (1975) remark about the reaction of social issues and process to handle them within the firm. Next Archie B. Carroll expand a broad framework to illustrate about variety opinion on CSR “The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p. 500).

2.2.4 CSR Evolution in 1980's

Business and social interests come more rapidly and corporation became more approachable to their stakeholders in 1980's, thus researchers in this area pay attention in developing new definition for CSR. Furthermore complementary concepts and themes such as corporate social performance, corporate citizenship, business ethics, stakeholder theory etc were derived (Waddock and Smith, 2000). Meanwhile CSR should be flexible where all interests of the stakeholder are heard and CSR decision making should be constitute CSR behaviours as well (Jones, 1980). Stakeholders concern in CSR was discuss by (Freeman, 1984), where CSR definition: "any group or individual who can affect or is affected by the achievements of the organization objectives" and present another definition of CSR in afford relating business ethics, social responsibility and responsiveness in single hub named 'corporate social responsibility'. In the late 1980's the CSR was coupled together with social and economic interests (Lee, 2008).

2.2.5 CSR Evolution in 1990's

In period of 1990's the concept of CSR has become global endorsed by all citizen in society from corporations and governments to non-governmental organizations and consumers, for example: the World Bank, the Organization for Economic Co-operation and Development, the United Nations and the International Labor Organization have fully sustained with and insistently with CSR activities as well established procedure to persist the progress (Waddock, 2008). In the mid-1990s, the universal infrastructure

potential of the internet and related technologies enhanced the power of institutions to create new force on companies to promote better CSR image and activity.

2.2.6 CSR Evolution in 2000's

The millennium period of CSR emphasized the link between CSR and corporate financial triumph where 70 percentages of worldwide chief executives (CEO) assumed that CSR was fundamental to their companies' profit abundance. This fact suggests that CSR is embryonic into a hub business function that is the key to the corporation general strategy (Vogel, 2005). The real meaning of CSR in the 2000's is 'doing good to do well' which emphasis on stakeholder perception towards the partnerships, action and stakeholders return (Carroll and Shabana, 2010). Therefore, CSR encompasses the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time (Carroll and Buchholtz, 2000).

In current years corporations increasingly operate in a global environment. The globalization of business appears to be an irreversible trend, but there are many opponents to it. Critics suggest that globalization leads to the exploitation of developing nations and workers, destruction of the environment, and increased human rights abuses. They also argue that globalization primarily benefits the wealthy and widens the gap between the rich and the poor. Proponents of globalization argue that open markets lead to increased standards of living for everyone, higher wages for workers worldwide, and economic development in impoverished nations CS (Advameg, 2015). Many large corporations are multinational in scope and will continue to face legal, social, and ethical

issues brought on by the increasing globalization of business. Whether one is an opponent or proponent of globalization, however, does not change the fact that corporations operating globally face daunting social issues. Perhaps the most pressing issue is that of labour standards in different countries around the world. Many corporations have been stung by revelations that their plants around the world were “sweatshops” or employed very young children (Carroll and Shabana, 2010). This problem is complex because societal standards and expectations regarding working conditions and the employment of children vary significantly around the world. Corporations must decide which the responsible option is adopting the standards of the countries in which they are operating or imposing a common standard worldwide.

2.3 The Stakeholder Theory

“A stakeholder of a corporation is an individual or a group which either: is harmed by, or benefits from, the corporation; or whose rights can be violated, or have to be respected, by the corporation” (Crane and Matten, 2007, p. 58). The components of this particular theory illustrate on giving attention to the variety of corporation stakeholders in term of their interest, needs and rights in a business as core method to encourage socially responsible behavior among firms (Maignan and Ferrell, 2004). Consorting to Freeman (1984), different stakeholders might encompass diverse objectives for a CSR program. The fundamental stakeholders are necessary to have constant contribution for the corporation’s endurance. Hence literature on the stakeholder theory divided into three classes specifically, descriptive, instrumental and normative. Descriptive approach pictured about concrete corporate characteristics and behaviour in relationship with their

stakeholders. Thus according to this approach, the stakeholder will play an important role in organizational behaviour forecast, for example in the firm's decision making and values. Meanwhile instrumentals approach focus on the affect that the stakeholder may face in term of firm's value. In this perceptive, stakeholder management philosophy may perhaps result in optimistic outcomes on the accomplishment of corporate performance objective in point view of financial aspect (Cochran and Wood, 1984). The normative approach describe mainly on moral performance and philosophical strategy for the operation and management of corporations in a stakeholder perspective. Basically this approach illustrates what the firms are supposed to execute and the reason for the execution. According Argandona (1998), this approach does require firms develop benefit of all the stakeholders groups especially look upon into moral values variables. For example, organizations are gratified to remake their product/service if consumers experience it to be inadequate. As a result, an organization that proceeds ethically and morally will be reliance by its various stakeholders, consequential with more proficient transactions performance which leads to organization competitive advantage. By the way, a corporation's relationship with various core stakeholders illustrated as zenith concern by the management. Thus, studies on stakeholder's perception of CSR able to assist to verify business cost, benefits and threat as well as to evaluate satisfactory and unsatisfactory corporate behaviors from the stakeholder's observation (Ahmad, 2003).

2.4 CSR Influencing Factors

In the context of globalization, the rising social and economic issues have hoisting new queries as well as anticipations which concerns about governance and social responsibility. Thus, the governments are aggressively concentrating on the companies which have wide resources to solve the social and economic issues. According to Lunt (2001), MNC's are the key factor for the development of economy through employment for local peoples, bringing new technologies, tax payments and involvement in education and health care through charity donations. Similarly United Nations (2000) says that, to a greater extent the firms are distinguishing the significance of their responsibility in society and the original 'bottom line' remuneration of espousing practical approaches to CSR. Indeed, the activities of CSR are well-built in developed economies, particularly in the UK, USA & European corporations of all sizes and all sectors in the business (O'Brien, 2001).

This thesis indicates that the idea of CSR developing through the communications between the values framed by organizations and external authorities (individual, organisation and institutional level). Hemingway and Maclagan (2004) argue on the individual level that, the personnel values of the managers would effectively manipulates the CSR policies. Several studies have observed the influence of directorial type, the public relations function and also fiscal resources and performance on the organizational level of resources. As per the view of Ibrahim et al., (2003) the CSR verdicts are affected by companies directorial type, while external directors seems more concerns as regards flexible components of CSR. Heath and Ryan (1989) argue on the public relations

functions, that the high volume of practitioners were not participates in the making of commercial codes of behaviour. To a certain extent, as per Miles (1987), the upper level management philosophy seems to be critical during the start-up of CSR in an organization. At last, the philanthropic activities were mostly influenced by the corporate resources (Pinkston and Carroll, 1996), where giant companies donating huge money (Waldman et al., 2006). In general, the companies which have more financial presentations are equipped to act in social responsible way. More than a few researchers have observed on the institutional level of CSR that the industry sector of firms influences the attitudes and behaviours allied with CSR (Bhambri and Sonnenfeld, 1998; Lerner and Fryxell, 1988; L'Etang, 1994).

CSR writings ascertain several dynamic forces behind the emerging development towards of CSR idea (Davies 2003; Porter and Kramer, 2002; Johnson, 2003). The main driving forces are such as increasing market pressure which includes customers, employees, or capital markets apply some form of predilection, pressure or signal. The issues of social and ethical, have gained attention and affected the performance of market, besides to the traditional price and brand value (EIRIS, 2001). Next, the growing regulatory pressure starts from government regulations to reporting requirements which initiates necessary standards of business by the companies of all sizes has to tolerate (Davies, 2003). Thirdly, the developed power of communications has drawn consumers and pressure groups like social activists, NGO's and trade unions to explains the activities of firms more efficiently and strategies which may influence firms to act in a social responsible way. Fourthly, the competitive advantage that, the firms consider they could reap the

success by being social responsible citizen. Through this they can develop their brand value in form of corporate reputation (Johnson, 2003; O'Brien, 2001; Waddock and Graves, 1997). Hence, this thesis was structured to understand how CSR is understood in Malaysia, especially in PKT in terms of conceptualization and underlying principle as well as the factors which influenced its structure.

2.5 The Nexus between Corporate Social Responsibility (CSR) and Stakeholder

The basic argument on this relationship is about the issue of CSR initiatives should focus on providing a return to individual stakeholders rather than being company profit oriented. On the contrary, present research designate that CSR ideas are triumphant in generate turn over to the company for cultivate strong and stable as well consistent relationships with stakeholders (Waddock and Smith, 2000). In this case, the question is about how do CSR initiatives help to build relationship between CSR and stakeholder? Therefore Waddock and Smith derived that “being a good global citizen in a relational context means treating well the entire range of constituencies stakeholders who have invested their capital in the business” (Waddock and Smith, 2000, p. 49). Meanwhile according to Maignan and Ferrell (2004), suggest that stakeholder extend the relationship with the firm based upon the degree of CSR scheme concentrate on their imperative beneficial. Moreover, CSR understanding on stakeholder divided into two, the first approach takes the view that manager’s responsibilities is to serve the benefit of shareholders by maximizing profits and illustrate the business image (Friedman, 1970), meanwhile the second approach has been viewed throughout the lens of stakeholder theory that implicit business activity will affect the other group of stakeholder such as

customer, employer, supplier, community etc, thus CSR will be the platform to engage relationship between firm and its surrounding stakeholders (Branco and Rodrigues, 2007). Next, Post et al., (2002) portray stakeholders as the society and body that supply to an organization's wealth-creating programs (social ethics) and also address as risk-bearers in point view of CSR. Branco and Rodrigues explain expanding the social responsibility that "regardless of any stakeholders pressures, actions which lead to things such as the conservation of the earth's natural resources or bio-diversity preservation, are morally praiseworthy" (Branco and Rodrigues, 2007, p.5).

Basically, shareholders will look for high return on their investment, enormous profit as well demanding share prices and continuous corporation growth. Thus, if those objectives fail to achieved shareholder will pressure the management team passing through the shareholders' committee. Therefore, shareholders have developed few steps in the perspective of CSR, and the function of Socially Responsible Investment (SRI) funds can be address in this particular case. By the way SRI funds mainly focus on social and environmental factors investment which takes into account about financial potency when selecting the companies which to invest by shareholders (Palmatier et al., 2006). According, survey done by Transfair USA "suggest that 78 percentages of US consumers prefer to purchase products/service allied with a cause/charity/social responsibility regarding which they concern and those particular consumers would be willing to pay additional for such a product/service because they prefer those element as add values. In the case of Asean continent consumer has been reported that the amount of people bearing in mind an organizations social responsibility/cause as "important" when

selecting a product has risen from 15 percentages in 1998 to 28 percentages in 2001 (Said et al., 2009). These indicate the strong bond of nexus among current global consumer in conjunction with CSR initiatives to attract more potential customer for the firm business and customers as core stakeholder influencing CSR initiatives (Oppewal, 2006).

2.6 Theories underneath the Concept of Corporate Social Responsibility (CSR)

So far this study has described the construction of CSR as a part of business, society, building standards of behaviour with all stakeholders ought to obey, to get a positive impact, and higher ethical values and a productive approach. This section merges the different theories which are underpinning the practice of CSR practices in business.

2.6.1 The Conventional Observation of CSR Theories

Milton Friedman well known protector of the classical doctrine for the role of business in society, argued in his 1967 book entitled “Capitalism & Freedom” and in 1996 seminal “The Social Responsibility of Business to Increase Its Profits” that the vision of having organizations which broaden its social responsibilities that go ahead gratifying the needs of stakeholders is fundamentally a delusion of the free economy nature. As per Friedman, the social responsibilities activities are originally hide behind the self-interest at a distance from some social responsible activities like contribution to education, donation for charities. Simply says, Friedman believes the organizations engage social responsible activities only those will be profitable and beneficial to them and not as voluntary or philanthropically. This is similar to the view of Adam Smith, ‘The Father of Economics’

says that “a businessman is pilot by invisible hand to encourage an end which is neither part of his vision, nor it is always an inferior for the society which was not effectually than when he really means to promote it, I have never seen much good done by those who affected to trade for the public good” (Friedman, 1996, p.6). Consequently, the idea of Adam Smith’s ‘invisible hand’ is proved as opposite self-interested behaviour with protecting the wellbeing of society which is not a part of any businessman’s intention. In link to this, Boatright (1993) says “to operate invisible hand efficiently without the help of business corporations during the facing of issues with externalities, inequalities and instability, requires the remaining society to show its capability to respond the conditions of the invisible hand”. Lantos (2001) utter, “If the company making profit, obviously its employees will get hike in their wages; hence the company will grow higher which leads to hire more populace and contribute to society in the shape of paying taxes”. In the conventional observation, economy and business not only considered the well-being of the society and environment, but also justified the fundamental rights of shareholders. Hence, Friedman (1996) conventional view as having the momentous effect of pinching the stockholder’s money during business is going beyond profit maximization; this is not in the interest of shareholders. Therefore, based on this view, corporation’s spending their money to gain the social ends is a form of taxation without any authority. Likewise, for a business to pursue social responsibility programme is parallel to taxing the customers and workforce. As a result, they exercise organizational resources for social responsibility programmes, this may diminish the business profits, or increase price of the product, or both, and it becomes disadvantageous to organizations (Pikston and Carroll, 1996)

Being explained the conventional observation of CSR theories in this heading, the next sub headings broadening the restrictive of CSR canon, through the help of different CSR theories. Theories such as the instrumental, the social contract, and the legitimacy and stakeholders theories explain the nature and purpose of the CSR. These theories are mandatory to explains organization's duties in society and mitigate the need for the organization's engaging in CSR.

2.6.2 The Instrumental Theory of CSR

The term Instrumental theory or Strategic CSR theory has designed to view CSR as a 'strategic tool' for an organization which intends to achieve its economic goals along with the philanthropic nature of CSR goal (Greenfield, 2004). This theory doesn't completely contradict to the conventional view, that the companies chooses CSR for good image, competitive gain or other strategic aspects, devoid of jeopardizing the awareness of the its primary stakeholders by being charitable (Husted, 2003). As per Husted (2003), during 1990's, the higher officials of the large public limited companies started to assist CSR as competitive strategic weapon and guarantee value for its stockholders. So, CSR is delivers both social and economic benefit for society and companies respectively. Also, the reputation through the CSR will increase the value of the company and generates the long-term profitability and protect its competitive advantage (Windsor, 2001). Burke and Logsdon (1996) mention, the instrumental theory provides a breakthrough to measure the payback of CSR in more broaden way, rather than simply looking only the parallel between the contributions and profit. On this view, previous studies clearly show the positive connection between the social responsibility

and financial recital of corporations (Goll and Rasheed, 2004). The relationship was explained through a number of factors such as better resource competitiveness, lower transaction costs, performance and motivation, quality improvement in employees and customer loyalty and goodwill. Therefore, the preference of the long-term investors is the company which has good social performance which will give favourable results for long-term risk and return.

2.6.3 The Social Contract Theory of CSR

This Social Contract Theory is designed to orbit around the central issue of “how to link the corporate and society”. It is trying to illustrate the valid rationale behind the linking of individual to society, as well as that every individual is balanced in the idea that they will perform according to their own interest. Steidlmeier (1992) says, the social bond is disturbed by companies indirect obligations and resembling the social bond between citizens and government. The keystone of the theoretical doctrine of CSR is the theoretical build for social contract theory (McGuire et al., 1988). To this, Shocker and Sethi (1973) suggest their observation of social contract theory that, all the social organizations and business operates through the social contract, expresses or implied, therefore its growth and endurance are based on the liberation of some socially advantageous ends to society and the allocation of economic, social and political payback to groups from where it obtains its supremacy. Simply says, both business and society benefit from the set of rights and mutual responsibilities by the social contract. In general, society expects firms to continue its business, at the same time it has high expectation of social responsible manner from firms through what they are doing. Thus proves that the

company which failed to fulfil the expectations may lose their market power. According Boatright (1993), organizations are engaged in two types of social obligations. Firstly, affirmative duties where a company needs to chip in dynamically in community activities. Secondly, the negative conjunction where the firm must be responsible for the damage happened by their own activities. Hence, the firms need to take precautionary action to avoid negative conjunction. This is considered as a 'minimum moral level of conduct' which is what the laws require from organization to perform social activities (Friedman, 1996). As a hypothetical construct, the social contracts are rather unclear (Deegan, 2002). Therefore, amongst the managers, the perception on the different possible terms in the social contract will be varying. Also, the social values and societies preference will change due to the time, so the contract needs an alteration based on the time (Tomer, 1994). Through guidelines of the above, the firms can be supportive for local communities and activities. But, this idea cannot give a clear view of their involvement in CSR. In this view point commercial benefits are high lightened rather than social benefits, as mentioned in the Instrumental theory, which highlights 'the company reputation and to secure a market place and an idea of a license to operate. This notion of license to operate is equal to the concept of legitimacy of the business operations (Davies, 1997). In other words, the social contract is unswervingly connected with concept of legitimacy theory. So to recognize the concept of social responsibility acutely the legitimacy theory would be discussed in the following subheading.

2.6.4 The Legitimacy Theory of CSR

The legitimacy theory is designed to response various environmental force, including political, economic and social forces through CSR. Basically, legitimacy means that the level which corporate activities congregate with members of the society. According to the legitimacy theory, if the company wants to continue and grow its business as well as survive in market, the performance of the company needs to be well and undertake different social responsible activities. Firms can possibly embrace the CSR to gain profit and hold power and legitimacy (Deegan, 2002). As mentioned earlier the perceptions of the society play a vital role in organization market place and therefore if the company fails to satisfy the expectations of the society, it will withdraw their organization contract and ends it operation. Several previous research studies, predominantly in corporate social reporting, have implemented the legitimacy framework in their studies whether the firms can use some social revelation to legitimize their continuation within society (Milne and Patten, 2002). The legitimacy theory is underpinning the idea that the organization business operates through the social contract, and it is very important for organizations to disclose any kind of social information for society to awareness about the firms CSR efficient.

2.7 Summary

In this chapter researcher has presented with related literature review and previous research on the development journey of CSR since beginning of 1950s until the current state of it. Researcher also discussed on the relationship between CSR and Stakeholders in terms of the influencing aspect of CSR also with theories based on CSR with

stakeholders which are the conventional observation of CSR theories, the instrumental theory of CSR, the social contract theory of CSR and the legitimacy theory of CSR. Researched has derive and build the aspects through the theories which help to be the input for the recommendation part.



CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This part will contribute the review on the techniques of research is directed and describe the manner is functional to build the contextual of this research to range the conclusions. It comprises diverse research tactics such as methodological and scientific approach which gives the latent to originate the conclusion. The research design of this research is qualitative research. In this research, semi-structured interviews were emphasized to gather the findings with the purpose to support this research. By the way, to examine the data of the research findings, Kvale's (1997) method were applied which encompasses seven stages of the data collection and analyzing mechanism for this research. Additional, the most significant factor of the research is trustworthiness in form of conformability, transferability, creditability as well as dependability.

Based on Yin (2011), the model of Malhotra and Birks for 'the research method is the platform for the few research design, which endorses to start research with gathering and analyzing the primary data, than persist with the quantitative or qualitative or study. The researcher have discussed above, that this research based on qualitative method and the semi structured interviews which have been gained from the shareholders, employees and customers of PKT cater in term of shareholders, employees and customers concerning their involvement and

awareness in the framework of CSR to support the research. The subsequent subheadings describe the topics researcher has deliberated in this paragraph.

3.2 Research Framework

The theoretical framework is the main mechanisms for the research which identify and describe how the research is directed and its drawback, as well as deliver supervisory to discover out diverse procedural tactics. It would also supportive to find out which data is mandatory and method to be used for collection and analyses (Easter by-Smith *et al.*, 2011).

In the conjunction with this, the development of two research models inside the social discipline described as social constructivism and positivism, both are two excesses of the research patterns which have been functional by the practice academics from both graduate schools (Easterby-Smith *et al.*, 2011). In trade research aspects, the researchers have been accessible to an extensive range of the theoretical notions in overall particularly within the notions of social responsibility and stakeholders. The collective view is that objective truth are presentable and the thoughtful of social hypothesis is spoiled by the researchers outline and the background in which the notions were functional. Consequently, the perception of CSR and stakeholder could be human formations which mainly start from social world and it must be acknowledged as ideas below continuous change and expansion. From side to side the above discussion the researcher established a mutual frame of positions and a collective an important

thoughtful of CSR, stakeholders' insights for at national logistics business as well as this company.

Social constructivism past 50 years become increasingly prevalent and partly moved into the main flow of social science (Easterby-Smith *et al.*, 2002). The theory of social constructivism is nearly related in the interpretive paradigm. The interpretive paradigm assumes about the nature of social science which is fall in the subjective approach and involves as a nominalise position on the ontological discussion and anti-positivistic position in the epistemological debate, as well as a voluntaristic view about the human nature and an ideographic approach in the methodological discussion (Easterby-Smith *et al.*, 2002). The following figure 3.1 clearly explains the scheme for analysing conjecture about the nature of social science (Burrell and Morgan, 1979).

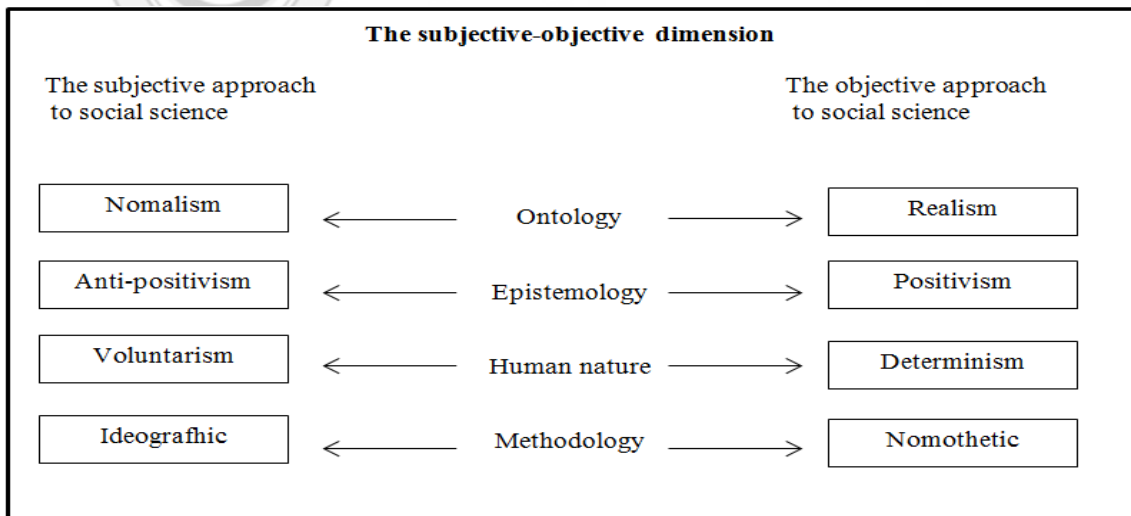


Figure 3.1
A scheme for analysing assumptions about the nature of social science
 Source: Burrell and Morgan, 1979

This research has implemented the fewer fundamental epistemological and ontological models; therefore information is primary and leading subjective social construct. Nevertheless, the hypothesis is exaggerated by the consistencies and the connection among the essential and its elements. In the procedure of information creation, state-of-the-art ideas are added in the already existing stock of data. These can be topmost to the justification that the notion of corporate social responsibility and stakeholder awareness are humanistic establishments that are primarily happens in globally. Though, inside the two pitches of monotonies and associations are presumed to form significance as well supply conception of information. The implication of this information formation is assumed as an lasting process where the researcher of this research progresses the concepts which identify the contrivances being researched.

3.3 The Research Design

In this section, researcher explained well on the research design applied with the strength and weakness of this methodology. This study is elucidated broadly under the requirement of an explorative design. The main reason because, there are some substances in the context of CSR and stakeholders' insights and impacts of CSR in the logistics industry and Malaysia particularly in the study of PKT are unidentified and the problems are inexperienced. This research also has the features of the descriptive design, since researcher has drawn in the literature review about the theories of the CSR and Stakeholders. Accordingly to the literature review, this research needs to sustenance

philosophically in a line with pragmatic. Hence, researcher can make a difference that the explorative part as an inductive and meanwhile descriptive part as deductive.

In addition to this, researcher are implementing the data collection tool which is semi-structured interview from the stakeholders of PKT to acquire their perceptions about the impacts of CSR and its programs as well the structure of the CSR model via CSR. “Qualitative interviews vary from highly consistent formats where interviewees response the same, very precise questions, to a more open-ended construction that allows for individual considerate and options to be related” (Yin, 2011). Ultimately, based on these proofs, the researcher outlines this research plan for an explorative design with the sustenance of deductive method. In this research, qualitative research methods are valuable in providing rich descriptions of complex phenomena; tracking unique or unexpected events, illuminating the experience and interpretation of CSR events by actors with widely differing stakes and roles, giving voice to those whose views are rarely heard, conducting initial explorations to develop theories and to generate and even test hypotheses and moving toward explanations.

3.4 Operational Definition

This research operates within few aspects of pillar which being heart of research such as CSR, stakeholders, PKT and logistics industry. Below are the aspects contributed to research.

3.4.1 CSR

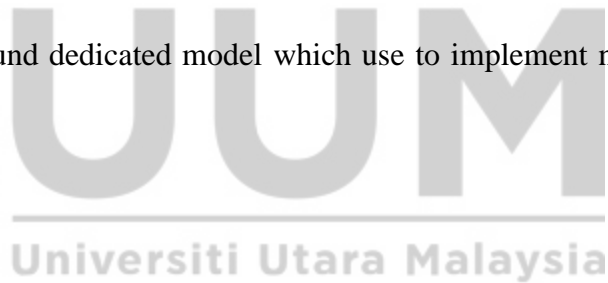
It refers to the factor of corporate conscience, corporate citizenship or responsible business in a form of corporate self-regulation integrated into a business model. The substance included in the studies alike CSR activities and models.

3.4.2 Stakeholders

It refers to the person with an interest or concern in something, especially a business. In this research, stakeholder will be shareholders, employees and customers of PKT.

3.4.3 CSR Model

It refers to the strategy around dedicated model which use to implement new pillars for CSR activities at PKT.



3.5 Instrumentation

The instrumentation applied for the research based on the Kvale (1997) instrumentation which engages a lessening of longer interview transcripts into more abbreviated phrase. The method of Meaning Condensation was selected in order to make the composed empirical data reachable and affability while working with it and competent to discover parallel or distinction in the qualitative data substance.

3.6 Data collection

In qualitative research, the researcher should make sure that the triangulation is built into the research design. Two or more methods of data collection should be used in the research meanwhile semi-structured interviews in this research are based on the use of an interview guide. This is a written list of questions or topics that need to be covered during the interview session at PKT. These semi-structured interviews in this research contribute in term of fairly open framework and allows focused, conversational, and two-way communication. The semi structured interview conducted are more stronger in term of providing the researcher with flexible information regards the CSR activities at PKT and the flow progress on the implementation. Besides, less time is needed to prepare, conduct, transcribe and analyses a semi-structured interview for scientific research.

3.6.1 Primary Data

The researcher has designated to work out on face to face semi-structured interviews. The face to face semi-structured in this research allow for personal communication and make it possible to gather more information about CSR at PKT. The research interview is a general term for several types of interviews. The semi structured interview assist with the flexible mode to support look for the data. In order to collect primary data. In order to this, primary data demanded as collection of data for the initial point, particularly for the particular

research objective (Saunders *et al.*, 2003). The pro these interviews allow the researcher to adjust questions sets, build the explanations aspect as well as restate questions if required. Nevertheless, geographical limitation and a large sum of possessions mandatory to perform interviews meeting. Example of resource usage activities such as traveling expenditures and leadership for the researcher in order to restrain biases (Sekaran, 2003). Beside that the set of questionnaire (Appendix A) for this research imitative with primary data source and in a line with the research questions and research objective.

3.6.2 Secondary Data

In this research, secondary data which appealed is the data that previously have been collected for a different research background (Saunders *et al.*, 2003) is vital, the researcher has applied written identifications from the firms, such as companies' annual reports, articles, flyers, journals brochures, and presentations print-screen. Those secondary data was positive in a line to get an essential understanding of the company (profile and monetary strength) and the company's core business line.

Besides that, additional and related external data was collected from electronic/digital sources, presented under "References". In the research, the researcher has also make use the documentary as secondary data resources, which contain of written documents such as newspapers, journal, articles, magazines as well as published books (Saunders *et al.*, 2003).

3.7 Sampling

In PKT the total staffing based on the strength of 527 people located in several branches across Malaysia, Korea and France and approximately with 200 customers actively engaging with mentioned service provider meanwhile approximately 123 are non-active customers at PKT. The top management of PKT is based on the share partners and directors with decision making authority and middle management with admiral authority. In this research the sample selected based on the decision making authority for the strategy implementation at PKT. Hence, the sample able to produce the accurate and reliability details on the CSR. The interviews take place around PKT HQ and customer's office around Klang and Kuala Lumpur. The sample of respondent as per below.

Table 3.1
Research Sample

No	Name	Position	Company	Stakeholders
1	Dato S.K Tio	Chairman	PKT	Shareholder
2	Dato Micheal Tio	CEO	PKT	Shareholder
3	Datuk Jabilah Baba	Chairman	PKT	Shareholder
4	Dr. Sharon	General Manager- Research & Development	PKT	Employee
5	Ms.Siti Norida	Deputy General Manager, Research Assistant Centre Asia Logistic Studies	PKT	Employee
6	Mr. Hansen The	General Manager, Transportation Department	PKT	Employee
7	Mr. Rajan	Senior Manager Head of ICT Department	PKT	Employee
8	Mr.Badrul Shah	Procurement Manager	MacFood	Customer
9	Mr.Samson	Logistics Manager	Peugeot Automobiles (NASIM)	Customer
10	Mr Rahim	3PL Manager	Golden Arches	Customer

Above respondent sample clearly illustrate about sampling based three shareholders who is Dato S.K Tio, Dato Micheal and Datuk Jabilah Baba. They were the core respondents and decision makers for the CSR activities at PKT and the interview session refer to them based on decision maker aspects. Followed by shareholders, four employees were interviewed on upper level management. The interview session based on execute level of CSR activities at PKT and approximately 15-20 minutes duration of interview allocated for each employee. The customer of PKT selected from MacFood, NASIM and Golden Arches who is their core customer on contributing 60 percentages revenue of PKT. PKT providing them with total logistics services including air and a sea freight, custom clearance, warehousing as well transportation. During customer interview session, the input are based on their understanding about PKT CSR and beneficial return to them.

3.8 Data collection procedure

In the qualitative research, the most recognized method to reach and gather data mostly through interviews which is either structured or semi structure technique. Moreover, a structured interviews done by questioning preset questions that an interviewee must conform without differing into new directions or topic during interview session. In this method the interviewee required to tolerate consistency or reliability where the question will be in repeat mode to observe the reliability level of sample.

Following, the semi structured interview manner without preset or prearranged questions. The researcher purpose to get an in-depth examination of a particular subject, *Saunders et al.*, (2003) mentioned that this variety of interview comprises formal structured and informal method which permit the respondent to answer accordingly as well as diversion into new topic or feedback is accepted.

In the thesis, the researcher has conducted face to face interview which is one of the method of semi structured questions to collect the data at the PKT HQ and customer's office. The set of questions in this thesis divided into three scope targeting shareholders, employees and customers of PKT. The set of questions are based on structured interviews where it will be narrow down to get immediate answer from the interviewees without confusing them. The set of questions also focusing highlight on main points of the topic and researcher justify that semi structured interviews generate qualitative data through the use of open statement questions. This allows the interviewees to discuss in some depth, choosing their own words. This helps the researcher develop a real sense of a person's understanding of a situation at PKT.

According to Bryman and Bell (2011), the reason semi structured question been choose for the thesis also because semi structured are more flexible as questions can be adapted and changed depending on the stakeholders answers. The researcher justify that a structured interview would have been too precise and

constricted as well as failed to discover topics throughout the interview session meanwhile semi-structured interviews carry less hazard of mislaying focus and capable to highlight key points of the subjects which fit well for the research.

Additionally, for methodical outcome the researcher has applied the Kvale (1997) seven steps through the interview progression which are illustrating the Theme, Plan, Interview, Transcription, Analysis, Verification and Report. Before interview session conducted, researcher has formulate the intention of the research and how the research to be conducted. Researcher planned the study to develop an overview of the entire research before start up with the interview. Interviews are carried out by researcher based on the interview guideline. This is followed by transcribing the oral conversation to the written text form. Analysis, Verification and Report where in the analysis part the material from the interviews are analyzed. Kvale (1997) differentiates five main approaches to analysis; condensation, categorization, narrative, interpretation and ad hoc which help put the research meanwhile during the verification process the concept that are closely related to verification are generalizability, validity and reliability. The study will now be related to these three concepts. The final stage on report, researcher presented the interviews is along with related research articles and other conclusions in the result and discussion section in this research.

3.9 Technique data Analysis

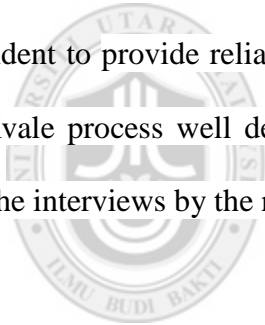
The researcher selects to use semi-structured interview as the data collection technique. The semi-structured interview guide provides a clear set of instructions for interviewer and can provide reliable, comparable qualitative data. Moreover, the interviewer and respondents engage in a formal interview as well as the interviewer develops and uses an “interview guide” (list of questions and topics that need to be covered during the conversation, usually in a particular order). Besides that, the interviewer follows the above mentioned guide, but is able to follow topical trajectories in the conversation that may stray from the guide when researcher feels this is appropriate.

Research select semi-structured interview as data collection platform because questions prepared ahead of time and allows the interviewer to be prepared and appear competent during the interview. It's also allow informants the freedom to express their views in interviewees own terms and provide reliable, comparable qualitative data (Bernard, 1988)

3.10 Summary

In this chapter, researcher has discussed the different methodological approaches. Researcher has refined a similar edge of references and collective the important understanding of CSR, stakeholders' insights in Malaysian logistics business particularly in PKT. This research is build based on the knowledge and subjective social construct more compare to the radical ontological and epistemological assumptions. In order for the reader to understand, researcher has applied the explorative design that could help to explore more on little understood issue and improve fundamental ideas about it. In addition to this, descriptive design has been used in theories of CSR and stakeholders

which explained in literature review. Furthermore, semi structured interview is selected by researcher to gather the information from interviewees as researcher could explore deeply into the research topic and to get understand thorough the answers provided by interviewees. As discussed earlier both primary and secondary data has been used because both are essential. In order to conduct the interview, researcher chooses the main stakeholders from PKT who are three shareholders, four employees and three customers of PKT. In order to, conduct the face to face interview, researcher prepared set of semi structured questions to gather the data. The technique of collection done by researcher via informal interview via with the respondent. In this session, researcher applied topical trajectories to avoid any irrelevant data for this researcher. Basically, researcher prefer respondent to provide reliable, comparable qualitative data during the interview session. The Kvale process well defined on the practice data collection with the data obtained from the interviews by the researcher in order to evaluate it accordingly.



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CHAPTER 4

FINDINGS

4.1 Introduction

This chapter will be discussing on data analysis which will be focusing on output of interview results. The below subheadings address clearly on stakeholders insight to generate recommendation and conclusions.

4.2 Shareholders' perceptions

PKT shareholder sample will be 3 key people which Dato Micheal, Datuk Jabilah Baba and Dato S.K Tio act as chairman. They are the three sample act as decision maker for the whole management team at PKT.

4.2.1 Shareholders' perceptions about the stakeholders of PKT

When the researcher requested about the stakeholders, Dato Michael mentioned:

“PKT’s most important stakeholder’s is customer and employees and the firm exists with the vision of “Serve with passion”.

He too endorsed that when the company services have made an influence upsurge more stakeholder, but the company mainly look after on their customers as stakeholders. He brief that, currently the stakeholder civic stresses the firms to accomplish trade with citizen responsible concern. He also specified that,

“I guess that many people do concern about how things are done and not just the consequence but how you reached the consequence”.

Though, he uttered that the request of the stakeholders are fairly dynamic with the reason the team surviving in a seriously rival market. He said that PKT underline some optimistic instructions and principles and they have obligation on the rules. Dato Michael strained that they are trying to integrity their accountability to society via good activities, because it's all grounded on belief and assurance. Further he mentioned that

“If the firm can be able to draw the attention of more stakeholders due to their responsibility on stakeholders demands they would be really grateful”.

Likewise, when the researcher requested about the stakeholder, Datuk Wira Jalilah Bhaba stated:

“The shareholder (as the stakeholders) and customers and employees are very important stakeholders”.

She strongly have faith and very important that the employee of the organization to feel their employer is actually accountable and being part of community. In the view of employer, she have very strong that,

“It's beneficial to the firm when they contribute something to the society”.

Moreover she potted about society and stakeholders that,

“Without acknowledging the demand of stakeholders, they could be seen as a money making law firm which is the only care about making money and it is a common picture for PKT if they didn't respond to the demand of stakeholder's interest”.

Alike to both interviewee, Dato S. K. Tio mentioned:

“The core of PKT stakeholders is customers and employees”.

He also stated that *PKT* is not manufacturing anything in the plant, rather it is disturbing service, and hereafter it's very significant to treasure them. He also stated that,

“I would say that the younger generations are more aware about the role of corporations and how they need to perform to the demand of stakeholders”.

Henceforth the stakeholder and community are vigorous to the organization.

4.2.2 Shareholders' perceptions about CSR and its effects:

During the researcher conversed about the CSR and its effects in logistics business, Dato Michael mention:

“When compared to the western countries logistic industry, the impacts of CSR are far behind and it'd like, ‘a child is learned only to saunter’ and there are more to learn to become a grown up men”.

Currently, the ongoing government executed strong laws concerning the CSR mainly for logistics and supply chain sector over committees and associations for monitoring purpose. He further said,

“In recent years, he has seen positive impacts in terms of CSR through corporate”.

It can be occurred from end to end rivalry between organization, people consciousness about the CSR, laws, and business ethics as platform for competitive edge,

Rendering to Dato Michael's opinion, CSR means

“An effort to serve society and stakeholders as well as being a pay-off from the organization to stakeholder community”.

He further mentioned that *PKT* has leading various CSR programme for community and stakeholders formally from couple of years at their head office. Through the events or

programs based on CSR he has realized an optimistic influence for stakeholders as well as society at same time. It stimulates the firm development very much when linked to the prior reports. He further declare that CSR is isolated department which is monitor and control by HR and Social Media division. Further he mentioned that he have contributed in all the CSR doings directed by PKT. Rendering to him

“Each ends every stakeholders of the company need to taste the fruitiness of the CSR and its benefits”.

Likewise, the researcher converse roughly the same context, Datuk Wira Jalilah Bhaba stated

“CSR is a fast growing concept in Malaysia, predominantly in the logistic industry, when compared to other developed countries in Asia”.

The cause behind is that attractiveness of the company. She further said that utmost of the businesses believe that

“Having CSR in their firms is secure way to keep their market position”.

In the point of chairman at PKT, she have contributed numerous CSR events piloted by the company dedicated to stakeholders and society as well environment. Conferring to the feedback of Datuk Wira Jalilah Bhaba CSR means

“The bridge between the corporate and its stakeholders, which fulfills the demands of both ends and creates trust and confidence among those ends”.

Next, when the researcher conversing CSR and its influences, Dato' S.K. Tio mentioned that

“CSR is an instrument which helps to rebuild the demands of the social and organizational aspects such as society and environment and stakeholders, in return it will fulfill the demands of the organization in positive manner”.

As a creator or godfather of PKT, in current years he has realized an cumulative consciousness in the CSR sector paralleled to the past years particularly in the logistics business. He justify that the CSR made constructive influences on stakeholders and surrounding community of PKT,

“However there is also a possible for negative impacts while conducting CSR activities in society as well environments and even stakeholder”.

4.3 Employees' perceptions

Employees at PKT of this research are the middle management staffs who make non-executive decisions. They are Dr Sharon, Ms Siti Norida, Mr Hansen and Mr Rajan who given their insight about research input.

Next to the shareholders' perceptions in the above section, researcher found out the employees' perceptions on stakeholders and CSR in order to use these experiential in research analysis part and discussion to support the conclusion.

4.3.1 Employees' perceptions about stakeholder's of PKT

The researcher start employees interview minutes with Dr Sharon, General Manager Research & Development of PKT who explain that

“PKT stakeholder such as shareholder, employee and customer has a curiosity in PKT logistics operation”.

As employee she stated employee position as support pillar in moving forward company idea and operation into actuality and make income according to shareholders projection.

She determine,

“Customers as main stakeholders who need to care as gold asset and provide them with anteing oriented services via their organization philosophy and PKT have three everyday jobs which are making revenue, assure employees and be socially responsible”.

The subsequent response was from Ms. Siti Norida who is Deputy General Manager, Research Assistant Centre Asia Logistic Studies, who stated

“Stakeholders of the main organization is a corporate community in a line controlling PKT strategic objectives by construe and manipulating both internal and external environments and resources”.

As part of management team she mention

“PKT do enroll in stakeholder management process and controlling which planned and guide the stakeholder with underlying principle to avoid any misconduct. She added according from PKT stakeholder matrix customer and employees of the organization contain high impact of influence with their business turnover”.

Mr. Hansen Teh as General Manager, Transportation Department of PKT mention

“Stakeholders are the group which involved in their organization projects and interested to be part of PkTian family”. The main key player in stakeholder community is customer and mention ‘customers always right’ were his marketing department tagline. “We in marketing department emphasis customer analysis tools in our work system with to identify and recognize customer’s needs and wants, authority, general relationship and information delivery on time because we believe there is only one boss who customer”.

Mr. Rajan as Senior Manager Head of ICT Department added for researcher interview by mentioning

“Stakeholder is power supplier that helps turn PKT ideas into realities and delivers the technology and expertise that will help them to perform the job more efficiently and effectively”.

He added,

“PKT are coming up with new ideas to cultivate strong and stable as well consistent relationships with stakeholders focusing employees group for the organization success. He said that PKT are now stabling the concept of “Always treat your employees exactly as you want them to treat your best customers”.

4.3.2 Employees' insights about CSR and its influences

When the researcher talk over about the CSR and its influences in logistics business with Dr Sharon , she specified

“Past couple of years CSR measured as outstanding idea which occupied in current business society especially logistics and shipping firms as competitive elements in Malaysia”.

She mentioned,

“PKT being CSR and have massive contribution in term of positive consequence via these idea where the management provide financial support to the disabled, orphaned, scarcity stricken without discrimination in terms of race, nationality or religion oriented”.

She added that now CSR being lesser part in the management structure under observation of Human Resource and Social Media (Talent Hunter) associates.

“In the progress to make as separate division for further effective functioning of CSR ideas”.

“I have participated in the most of PKT CSR programs and feel when my firm has CSR activities; we are more conceited of and dedicated to the organization because our personal identities are partly tied up in the firms that we work for. If my firm is helping the world, I am too, so my relationship with the company reflects positively on me and makes me feel good about the work I do for the company”.

Ms. Siti Norida's insight was CSR is being emphasized in logistics companies as a surviving substances particularly among Shenker Logistics, Tamadam Malaysia and remaining mostly MNC forwarders. She justified

“PKT a line with CSR and contribute extremely positive by present the poor ones with chance they need to succeed in life by way of sponsoring education and talent ornamental activities to be self-dependent and away from poverty line”.

She too remark CSR structure is under work in progress status and currently park under Dato Michael (MD) surveillance to make it as isolate division soon as it were shareholders peculiar request to maximum corporate image without any bias. Beside Ms. Siti specified

“She was in charge as committee in few CSR activities of PKT and personally feel that she started to rate the corporate image highly and those positive images increase her commitment in PKT”.

Similarly Mr. Hansen Teh reveals,

“CSR is rapidly increasing and presume that management is having the responsibility to acquire pronouncement for the firm donate to the wellbeing and interest of both logistics business and society in Malaysian”.

He cited PKT is being energetic in CSR laterally in 2011 and the organization looking forward to institute CSR department independently which is currently maintained and monitored by Human Resource and Social Media department to circumvent any form of bias. He also further said that;

“CSR PKT have positive and negative contribution where the positive portion were PKT able to promote and sponsor sport related activities, fundamentals culture and arts of Malaysian in between the negative impact was in term of finance funding which increase yearly incorporated with CSR initiatives”.

As personal undertake he feel the good action of an organization through CSR inspire employee to deliberate their firm with surrounding communities as well as convert to be faithful staff for PKT.

Mr. Rajan, point out CSR program such as,

“The Sea of Pineapples initiatives have contributed in term of environmental preservation and pollution free surrounding the campus area. He also added the firm has five pillar of CSR which is community and development, education and skill enhancement, sports, arts and culture as well environmental conservation”.

The substances are currently under my direction and reinforced by HRM colleagues”, he finished. He indicate trade is the monetary engine currently, thus CSR is being alteration platform to assist nature as well the stakeholder community in order to sustain in the business sector.

4.4 Customers’ perceptions

In this area, researcher initiate out the customer’s perception on stakeholders and CSR in order to use these experiential in research analysis and discussion to draw the final conclusion. The sample of customer are taken from external division of PKT and those

samples are Mr. Badrul, Mr. Samson and Mr. Rahim who work closely with PKT warehousing and custom clearance division.

4.4.1 Customers' perceptions about the CSR and its effects

When the researcher discuss about the CSR and its effects, Mr. Badrul Shah Procurement Manager of MacFood Malaysia, who is one of the firstborn customer of PKT held that they are doing trade with PKT since last 33 years. Their foremost business is import and export of food and beverages-F&B (raw material). Ultimately they need very much assistant of logistics company alike PKT to move their goods. Hence, during the search for Logistics Company they found PKT due of their excellence of service, honesty and the main preference for customers as PKT key policy.

According to Mr. Badrul Shah, CSR is

“The photocopy which reflects the organizations real face”.

It is the finest approach for firm to portrait their accountability on environment, society and stakeholders. He cited; in the interview session that, PKT trying level best to demonstrate their accountability on society, environments, academic and sports, and. At current the CSR of PKT is trying to spectacle their responsibility in the society and surroundings as well as their stakeholders. He said that as a customer they have acknowledged many welfares from the CSR of PKT. He justify that

“The way they are proposing their responsibility on them is creating the thought to have become more and more business with them”.

He said that their concern having the trade dealing with other corporation than PKT, but

“PKT is independence and excellence in what they are doing and their responsibility on social, environment and customers which leads them to become an example for other companies in their industry”.

Additionally he mentioned they continuously encourage the CSR programs of PKT and it will endure in upcoming from their company.

Correspondingly, Mr Samson, Logistics Manager of Peugeot Automobiles who is one of the important customers of the organization since 2006 mentioned about CSR and its effects during interview session with the researcher,

“At present CSR is very important to all the organization, especially being a corporate citizen we have more responsibility than other on society and environment”.

In the point of Mr. Samson,

“CSR is a factor which links the society and business corporation together. It also explains the organizations attitude about their stakeholders, society and environment”.

At current, the awareness of CSR is cumulative in terms of implementation at each firms due to the environmental and social problems. While paralleled to western countries, eastern countries CSR act and its awareness are almost 30 years behind them especially the position development nation is in initial stage.

Consequently Mr. Rahim, 3PL Manager of Golden Arches, which is having business since 2007, mentioned about the alike subject that,

“CSR is the focal point between the organization and the social portion”.

Today, CSR has aggregate mindfulness among the civilization and companies compared to the past years at Malaysia. The CSR at Malaysia has the diverse sense when related to other countries in Euro. He stated that, ‘CSR is nothing but give and take strategy.

As per to him,

“The present CSR of PKT is service oriented and whatever they are doing for people would give value and profit for them indirectly, even though their motive is different”.

He also stated that the CSR programs at PKT upsurges their public relation and proves their responsibility on society which indirectly make the proud about PKT and continue their business relationship with PKT.

4.5 Stakeholders’ Expectations

This area visibly clarifies the perceptions of stakeholders on CSR and its impacts to stakeholders. It is also describe the insights on the business ethics and competitive advantage to sustenance the main objectives of the research. Table 4.1 below illustrate the stakeholders’ expectations.

Table 4.1
Stakeholders' expectations towards CSR at PKT

Area of Expectations	Stakeholders' Expectation (Shareholders', Employees' And Customers')
CSR	<ul style="list-style-type: none"> • Need to have formal structure for CSR of PKT • Need to form the steering committee in all the branches for CSR • More and more philanthropic projects should be conducted in future • No financial oriented CSR activities. (May be in future). It should be service oriented. • CSR plans aligned with general strategic plans • Integrating the partner concerns and made tie up with them for conducting projects. • Need to follow the tradition of the PKT • Need to follow the company rules and regulations always. • Social work creates commitment amongst stakeholders and society • CSR target should be on less privileged • CSR in product and services • CSR philanthropic projects only mentioned in annual report • No advertisement for successful projects • All the information must be on the PKT website regarding CSR • It should be integrated with the PKT structure • Evaluation measures should be conducted for each project
Stakeholders	<ul style="list-style-type: none"> • Customers and Employees should be more important. Likewise, shareholder is also important. • Stakeholders proud about the PKT's and themselves while doing the projects and make other proud as well. • Stakeholders should understand that nowadays people decides what the corporation should do. • Be attractive for new employees as well as new customers. • Be active and service oriented while doing philanthropic projects.
Business Ethics	<ul style="list-style-type: none"> • Need to be always first, when the society and stakeholder necessitate. • Needed code of conduct, explicit and implicit. • Need to work highly responsible for good behavior of customer companies in society • Always should be ethically conscious. • All the stakeholders should always be treated ethically.
Competitive Advantage	<ul style="list-style-type: none"> • Always be "Excellence in execution. • Should be customer focused. • Develop relationship between institutional and personnel • Be independence • Need to have reputations of being or having best organizational layers in the world. • Need to utilize the people knowledge openly minded • Need to have the ability to offer comprehensive set of services in wide range of business.

4.6 Summary

This chapter is to discuss on the data analysis and the findings based on the research carried. The research conducted with the involvement of ten interviewees who are the stakeholders of PKT (shareholders, employees & customers). Based on the findings of this research, generally it shows there are four areas of expectations based on the effect of CSR among stakeholders. The major area is the CSR itself where stakeholders looking forward to have the formal structure of CSR of PKT. The second aspect discussed was the stakeholders where they do expect to give them more important as they are proud of PKT and themselves during participating in projects and make others proud too. In addition to this, business ethics also considered into the expectation where all stakeholder should always be treated ethically. Competitive advantage is also another area of expectation where the stakeholders looking forward for add value during process of going through interaction among them which can be deliver via CSR platform if PKT able to adapt it into the new model of CSR at the organization.

CHAPTER 5

CONCLUSION & RECOMMENDATION

5.1 Introduction

In this final chapter researcher discussed about experimental findings of this research which responded the research question as well as fit the research purpose. Researcher has presented the new-fangled strategic model for CSR implementation at PKT and its aspects which are concerning on the PKT stakeholder's opinion. In order to sustenance this suggestion, researcher also present the theoretic outline which includes stakeholder, CSR, business ethics and competitive advantage and also the connection between these those phases to support new CSR at PKT.

5.2 Conclusion

On evaluation process the philosophical notions into CSR at PKT, most of the philosophies not actually enlighten about the locus and awareness of the CSR at PKT. Rendering to the findings of the research, PKT is serving to the conviction of responsibilities meanwhile it's aware of the moral values programs conducted by them. In other hand, there is a slight difficult aspect between the stakeholder and perceptive about CSR and also has exposed competitive advantage as well as business ethics substance of PKT via CSR. Ultimately there is a break-thru in how these theories differentiate present CSR at PKT, due lack to participate stakeholders perception on CSR, business ethics and competitive advantage at PKT. This will recompense off in high sum

inside the company due to the numerous stakeholder focus. This obviously shows that the societies' attention has not meaningfully transformed into to do somewhat good for civilisation, indeed what has really altered is the prospect for people or business person to combine the trade philanthropic conduct. Therefore it's strong indicated that the stakeholder's pressure grounds influence to corporate responsibility while the companies can get supplementary possible advantage over those forces by stakeholders.

In overall conclusion, the stakeholders have less impact towards the CSR effort at PKT and not really increasing the involvement of the stakeholder due to the factors of the programmes. The programmes designed currently not really into transforming the stakeholder interest. The present CSR model and activities mostly in creating the brand value rather responsibility approachable among the stakeholder. The new model strategic well required by the stakeholder with the element of legal, ethical, charity as well economical for the company. The further recommendation chapter briefly explain on this framework and model of future CSR pillar at PKT.

5.3 Recommendation

The research result clearly demonstrate that there is direct relationship between stakeholders and PKT which CSR can be the bond among these two variables. Nevertheless, there is also relationship among competitive advantage and business ethics and same subject which is CSR being as connector between these two variables. Henceforth at PKT, CSR influence a key part in linking these forces and direct them in a accountable way for stakeholders and surrounding communities. While the researcher

link this to research purpose, it endure clear that there is zero direct profit or return from their philanthropic plans. As an alternative, the income has been ancillary over enlarged stakeholders' assurance towards PKT. Consequently, the researcher considers that the existing CSR is good as an establishment point of period but to endure for long-term, the structure of CSR need to be modify.

In this point, PKT ought to unify its CSR participation with strategic policies, grounded with the business ethics and competitive advantage as stakeholder required. They should also gain the advantages of their CSR commitment by constructing it superficially noticeable and publicizing their determinations in order to brace the company competitiveness. The researcher trust that CSR can establish a resource of competence that centrals to generate optimistic image which drive to achievement of competitive advantage and business ethics as add values in the company. In this point, businesses need to deliberate that their charitable sustenance is something more than their stakeholder's can superiority about their company. PKT is being a bench mark and marking a good illustration of liable trades and in that enlightenment it is not immoral to outwardly promote their commitment to community and stakeholders. Noticeably, there is thin line between attraction and publicity but if there is anything that preceding company misconduct has taught, it is the essential to have good business specimens that civilization can feel pride of it.

CSR develop ethical business behavior and competitive advantage as well as respectable public relation among surrounding communities. Social obligation forms constant

sustenance, therefore by following social ideas it is potential to get paybacks which make social alignment more justifiable and profitable. CSR can be perceived as the association among these two ideas, which in antiquity has appeared uncertain. The researcher validate that ethical business and competitiveness are connected and representatively overlaps each other via corporate social responsibility platform.

This research has exposed that CSR today is slightly beneficial for firms by accumulative brand image of the business, satisfying stakeholders' requirements and that the fundamental reasons to be involved in social projects are based on the business people keen to do respectable deeds. Thus, business ethics and competitiveness which usually are reflected as two opposite fundamentals which match each other permitting companies to be dynamic, from a return on investment (ROI) viewpoint and social contributive by being ethically mindful. Basically, CSR must view as the central point between stakeholder interest and business ethics and competitiveness and as well as instead of four diverging concepts which connected under the roof of CSR as shown in following Figure 5.1 portrait relationship between CSR and stakeholders and competitive advantage as well as business ethics.

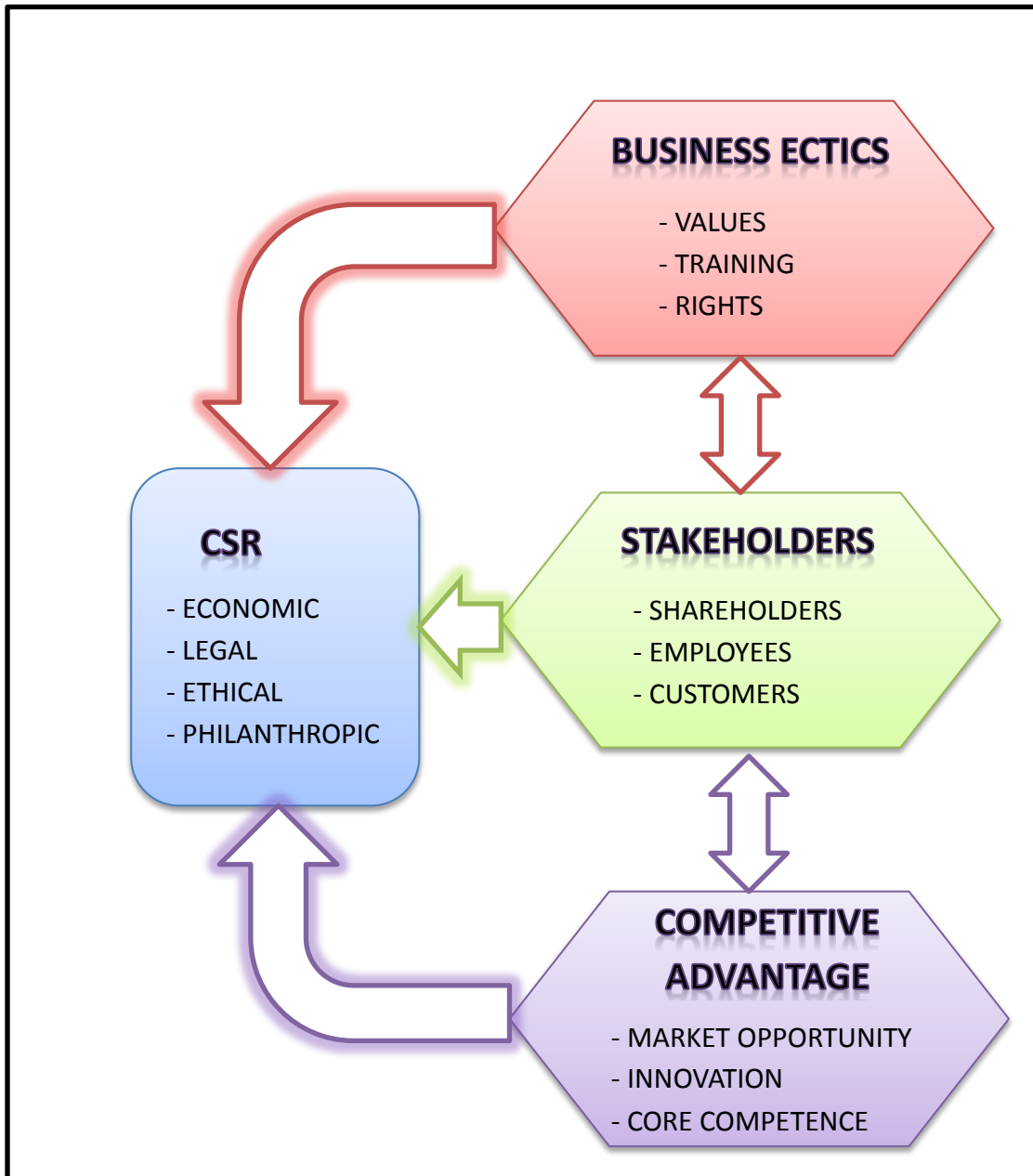


Figure 5.1
Process of CSR at PKT
 Source: Researcher own creation, (2015)

The above diagram demonstrated that the CSR is the vital point among which links the diverse variables in single hub. The each forces consuming assured factors and features. These factors are very much vital for any business or firms to get triumph. Hence, it is very vibrant that CSR is much desired for current business scenario particular in logistics

sector locally. Moreover, in PKT the CSR had set a magnificent prospect to demonstrate the organization as example of corporate citizen. On the other hand, they need some alterations in term of structure of CSR programs which is the objective of this research too. According to the stakeholder's opinion and the notion of philosophies, the researcher intended a new strategic model for PKT, which is given in the following figure 5.2 the new strategic CSR model for PKT.



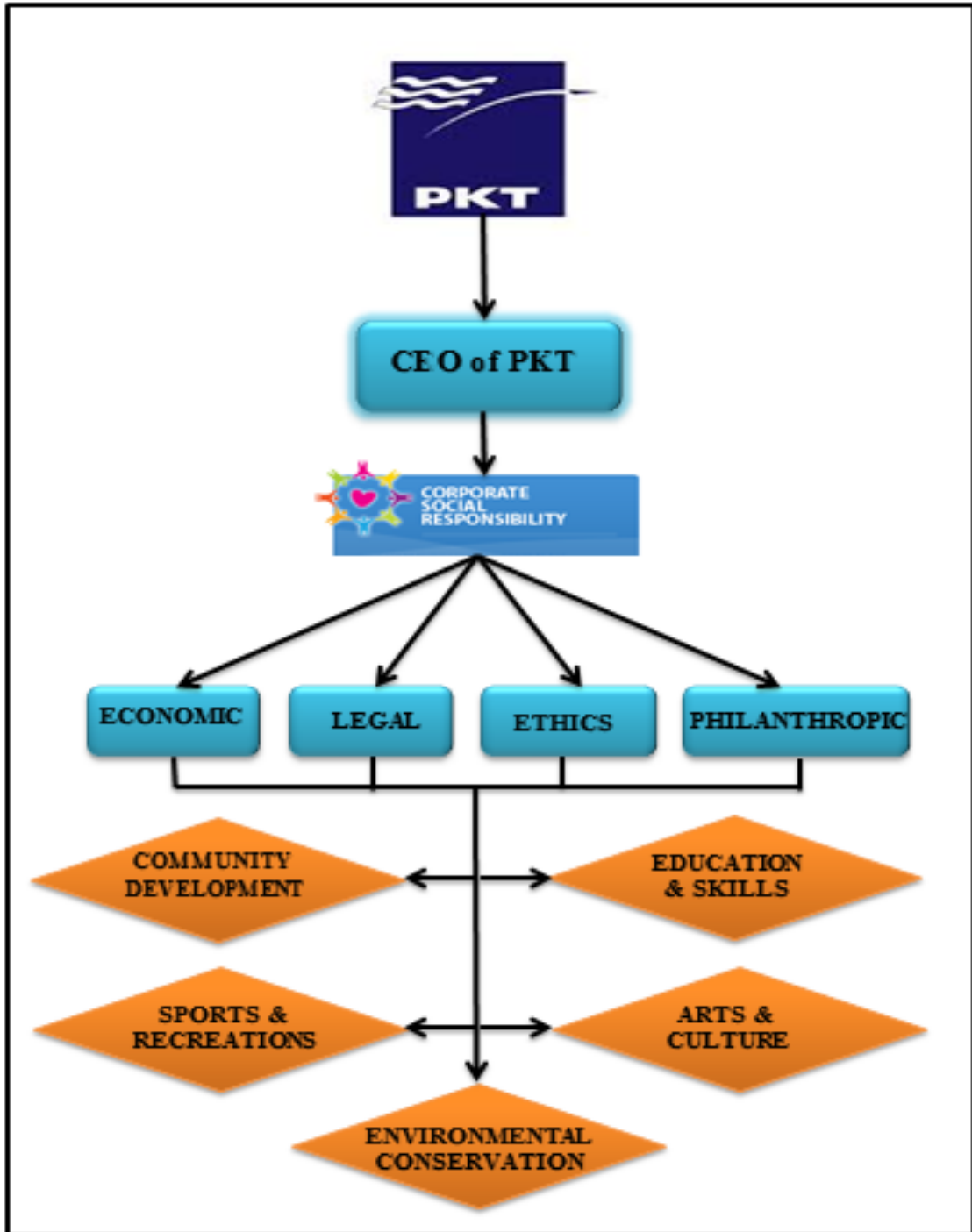


Figure 5.2
The new strategic CSR model for PKT Logistics Group
 Source: Researcher own creation, (2015)

The contemporary CSR model at PKT presently not incorporated with the structure of the PKT and it is organized by Human Resource and Social Media Division, where there is deficiency of operative monitoring system in CSR programs since particular division workload is more. Thus, this innovative strategic CSR model Figure 5.2 will support PKT to assist own people and society with accountable manner and successfully. This model grounded on the theoretical background of Carroll's Model which is deliberated in the literature review chapter as well as in the stakeholder's perceptions on CSR. The key facets of this model is each and every programs or event will conducted by the PKT's CSR need to stress on the business economic, ethical, and philanthropic well as legal, aspect in the activity they going to do in future. For example PKT can to carry out activities such as OSHA alertness in warehouse, Green House, which are being related with the fundamental business and support the employees too. The CSR at PKT should be incorporated with the structure of PKT and act under the observation and direct control of CEO which is a line with Burke and Longsdon (1996) said about centrality monitor in CSR stratagems implementation. By applying this the PKT can increase more attention of stakeholders and surrounding society and ultimately increase the brand image of the firm. Nevertheless, this will drive to gain a competitive edge in the business arena. Henceforth 'the CSR is the bond which joins surrounding society and PKT together and delivers benefits for mutually parties.

5.4 Summary

The new conceptual framework of CSR and suggested CSR Model able to stimulate new dimension at PKT in term of fresh CSR program and practice which able to lead stakeholders' satisfaction fully as the whole framework and model developed through stakeholders input on how the CSR should be at PKT. Besides that, the suggested model also emphasis on separate management division (reporting to CEO) for implementation and monitoring task which were really free-bias as well as in a line with stakeholders need for the CSR at PKT.



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