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# **Corporate Social Responsibility Strategy Applied in Malaysia and Jordan**

**Project paper**

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## ***DECLARATION***

*This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions.*

Abdalhaleem Yahya Ahmad Taamneh



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## Abstract

Although the concept of corporate social responsibility (CSR) has been promoted for decades and is commonly employed by corporations' worldwide, agreement on how CSR should be defined and implemented remains a contentious debate amongst academia, businesses and society. This gap is challenging for corporations because they are constantly being required to maintain societal standards while generating financial returns. This paper aims to study how Malaysian and Jordanian corporate sectors are practicing CSR in their business operations. The CSR activities in Malaysia and Jordan still are not advanced since both are developing country. There should be more voluntary enforcement along with governmental enactment.

The purpose of this study is to investigate the impact of (CSR) on companies' performance. It will somehow contribute to the economic development of the firm and the country as well. This paper empirically investigates the current companies' performance in Malaysia and Jordan in relation to CSR activities, and analyses Malaysian and Jordanian companies that practice and realize Corporate Social Responsibility reports. This study suggests Malaysia to apply share value theory to strengthen CSR practice since they have mission 2020 to be economically developed. From the digest from Malaysian CSR practice Jordan should also practice share value theory in their CSR performance. In both countries, an index should be implemented to measure the CSR practice to ensure their financial growth. This study is exclusively a descriptive research in nature, and it is purely based on the information obtained from both primary and secondary data. This study prescribes both countries to execute share value concept in order to develop their CSR strategy.

## Chapter One

### 1.1 Introduction

Corporate social responsibility means the deliberate activities undertaken by a company to manoeuvre an economic, social and environmentally sustainable approach. It is imperative to ensure that the actions of a company do not harm the interest and welfare of the society at large rather should support in the fight against inflation.

Throughout the years, CSR and its impact on a company's prosperity has been the subject of much scholarly level headed discussion and feedback.<sup>1</sup> The old deduction is that if anyone does profits, he can do this positive social and environmental stuff; however, the author of this paper thinks that the genuine theory of sustainability is synonymous with interdependence. It's not about philanthropy; it's about the way whether anyone does the correct things in the society, the society will do the correct things for him. If he does the correct things for the society, he'll have more grounded business, so he can profit. It is not about kind of deigning view which is very imperative. It's about interdependence as opposed to making adjustment. It's about common reliance or interdependence, instead of philanthropy. It's fundamental.<sup>2</sup>

Researchers are encouraging companies to consider the sum spent on CSR as speculation than costs. The organizations have also understood the multifaceted advantages of CSR, and they are giving careful consideration to consolidate in all circles of business methodologies. Companies

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<sup>1</sup> Foote, J., Gaffney, N., & Evans, J. R. "Corporate social responsibility: Implications for performance excellence", *Total Quality Management*, 21(8) (2010):799-812.

<sup>2</sup> Kurucz, E. C., Colbert, B. A., & Wheeler, D., "*The Business*", *The Oxford Handbook Of Corporate Social Responsibility*, (2008):83.

are utilizing CSR to fortify its associations with various stakeholders, including customers, investors, government, suppliers, and employees. These reinforced connections guarantee organizations least clashes with partners and most extreme dependability from all stakeholders.<sup>3</sup>In contrast, CSR has gone through general degree to everywhere throughout the world, including Malaysia. CSR has pulled in a considerable measure of consideration in Malaysia recently. The Malaysian Prime Minister has utilized CSR as a component of his budget changes. More importantly, Bursa Malaysia<sup>4</sup> has also set out a belligerent structure for recorded organizations in Malaysia to consider CSR more in depth. Likewise, in Jordan, some companies are directly or indirectly involved in one or more socially responsible activities, such as environmental protection, use of energy saving programs, or employees' rights. CSR in Jordan is usually driven by improved international and local antagonism due to liberalization; concerns for effectiveness and efficiency. However, there is a growing governmental concern on CSR<sup>5</sup>because in Jordan the company law 1997 that guides the company and the Amman Stock Exchange has enacted rules and regulations on CSR. Apart from this, under this enactment there is a lack of monitoring and motivational organ in Jordan to accelerate the CSR practice that society demands.<sup>6</sup>CSR has moved from philosophy to reality, and many think of it as vital for companies to characterize their parts in the public arena and apply social and moral measures to their organizations.<sup>7</sup>

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<sup>3</sup> Ali, I., Rehman, K. U., Ali, S. I., Yousaf, J., & Zia, M., "Corporate social responsibility influences, employee commitment and organizational performance", *African Journal of Business Management*, 4(12), (2010):2796-2801.

<sup>4</sup> The Malaysian stock exchange.

<sup>5</sup> M. Ararat, "Corporate Social Responsibility across Middle East and North Africa", (Faculty of Management, Sabanci University, 2006), Draft available at SSRN: <http://ssrn.com/abstract=1015925>

<sup>6</sup> M. Ararat, "Corporate Social Responsibility across Middle East and North Africa", (Faculty of Management, Sabanci University, 2006), Draft available at SSRN: <http://ssrn.com/abstract=1015925>

<sup>7</sup> Lichtenstein, S., Nguyen, L., & Hunter, A., "Issues in IT service-oriented requirements engineering", *Australasian journal of information systems*, 13(1) (2007).

The purpose of this study is to investigate the impact of (CSR) on companies' performance if it can, it will somehow contribute to the economic development of the firm and the country as well. This paper empirically investigates the current company laws and other regulations regarding CSR and their implementation in Malaysia and Jordan in relation to CSR activities, and analyses Malaysian and Jordanian companies that practice and disclose Corporate Social Responsibility reports (e.g. environmental, economic and social reports). This study is exclusively a descriptive research, and it is purely based on the information obtained from both primary and secondary data.

## **1.2 Problem Statement**

The idea of Corporate Social Responsibility (CSR) has become a forgotten practice which is not fully under the controls of any official laws or legitimate bodies, and it is seen more as a custom that an organization ought to hone and comply. However, for organizations, it remains amazingly new since there is a lack of monitoring and organizational body to employ it to the company. There is also a lack of motivational section of an organisation to encourage the companies regularly to exercise more CSR activities. However, company always tries to make more profit rather than ensure CSR to fix the gap created by the governmental establishment. Most of the companies exercise CSR just to ensure their business images to the public. To make publicity, a company wants to highlight CSR activities rather than to follow the rules and regulations regarding CSR. Thus it can be treated as marketing policy. The Corporate Social Responsibility (CSR) covers wide range duties, and there is no trade off on the importance of the term. It comes out of the need to address wrong corporate conduct with respect to social issues or issues which don't straightforwardly affect on main concern of the business. Matters such as, incorporate

environmental, labour and human right abuse indirectly related to the organization mostly occur in developing countries. Corporate Social Responsibility is acknowledged as the intentional demonstration business which take up to address these issues. Many interrelated codes, rule and activity advance are received by enterprises to demonstrate that they are devoted to social duty.<sup>8</sup>

Many corporate substances consider any company's business objective is to give esteem and motivation to its shareholders. Therefore, profit oriented companies or organizations are not charitable bodies although infrequently it is to their greatest advantage to bolster benevolent exercises. Moreover, sometimes companies or associations do certain exercises that Governments ought to embrace, not realizing that in the meantime, organizations are in charge of national Economic improvement by enhancing the personal satisfaction of the entire workforce and their families too.<sup>9</sup> The social effects of all shapes and sizes enterprises are turning into an imperative issue in business administration. A terrible social effect, truth be told, could build the company's hazard, could prompt wrong relationships with numerous partners and could influence corporate notoriety. As a rule, the outcome is a reduction in company's value and in some cases, the end of the organization itself.<sup>10</sup> It is expressed that those organizations have motivating forces to take part in stakeholder management by undertaking socially dependable exercises, and giving broad and instructive exposures is one such practice. Accordingly, this paper attempts to fill the gaps in the observational investigation of the effect of CSR on corporate execution.

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<sup>8</sup> Adefolake, o, Adeleke, *Corporate Social Responsibility of multinational corporations in developing countries*, Cambridge university press, New york (USA) (2012).

<sup>9</sup> Mohamed, M. B., & Sawandi, N. B., "Corporate Social Responsibility (CSR) activities in mobile telecommunication industry: case study of Malaysia", *European Critical Accounting Conference*, Scotland, UK, (2007).

<sup>10</sup> Fiori, G., Di Donato, F., & Izzo, M. F., "Corporate Social Responsibility and Firms Performance-An Analysis on Italian Listed Companies", (2007). Available at SSRN 1032851.

It is accounted for that strangely, in spite of the learning and awareness issues, the major parts of the Malaysians and Jordanians are set up to move to a moral and ethically measurement of organization framework.<sup>11</sup> The question now is that how enforceable and powerful the usage of the CSR arrangement is among these two nations. That is the reason the issue of CSR remains weak until today.<sup>12</sup> Based on the above issues, this exploration work attempts to discover the weaknesses of the accompanying inquiries that what extent organizations in Malaysia and Jordan include in CSR exercises and whether the CSR exercises add to the upgrade of Companies' execution.

### **1.3 Research Questions**

In order to answer the research problem, it is helpful to answer first the following research questions:

1. What is the scope of CSR applied in Malaysia and Jordan?
2. What are similarities and dissimilarities of practicing CSR in Malaysia and Jordan?
3. Which strategy should be used in Jordan comparing to Malaysia?

### **1.4 Research Objectives**

The objectives of this research are as follows:

- To determine the scope of corporate social responsibility.
- To examine the legal framework of CSR in Malaysia and Jordan.
- To suggest the appropriate CSR mechanism learned from Malaysian law to be used in Jordan.

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<sup>11</sup> Lipunga, A. M., "Corporate Social Responsibility Reporting by Commercial Banks in Annual Reports: Evidence from Malawi", *International Journal of Business and Social Research*, 3(9) (2013).

<sup>12</sup> Lo, B. C. W., & Yap, K. L. are Malaysian companies ready for corporate social responsibility?.

### **1.5 Research Methodology**

To collect the information and data, this study uses both primary and secondary sources, such as legislation, journals, brochures, articles, books, newspapers, reporting, and web-side too. This paper empirically investigates the current companies' performance in Malaysia and Jordan in relation to CSR activities, and analyse Malaysian and Jordanian companies that practice and realize Corporate Social Responsibility reports.

### **1.6 Sources and Materials**

This study collects the information and data from both primary and secondary sources.

### **1.7 Scope of Research**

The objectives of this study are more focused and apparent in scope, and this study elucidates the corporate social responsibility in Malaysia and Jordan and how it is applied by the companies. Furthermore, this study discusses the laws providing recourse to CSR in certain cases, including economic and social related cases. This study explains relevant Acts of Malaysia and Jordan, such as company law in order to get proper knowledge of CSR execution.

### **1.8 Limitations of the Research**

This study has limited scope since it has both time and resource constrains, and this may have impact on the outcomes of the research. This study discusses the corporate social responsibility and its applicability by the companies. There are other possible responsibilities that are not be elaborately discussed in the study and which may have exogenous effects on the relationships of the study.

### **1.9 Importance of Research**

The corporate social responsibility is a very important topic now days. At present common people are not conscious about the CSR so much. And they have no any knowledge or idea of

CSR. So if the knowledge of CSR explored in the community in Malaysia and Jordan than the company participation in economic development will be strengthens especially in Jordan the government relies on the private sector to solve many social issues like poverty, unemployment and environment issue. When everyone will be known with the CSR they never suffer a problem but they may overcome any social responsibility.

## Chapter Two

### 2.0 Literature Review

#### 2.1 Corporate Social Responsibility in general

The idea of corporate social responsibility (CSR) requires a long discussion because of its varying history. Previously, there have been hints of proof in the business group that demonstrate their attentiveness toward society in general. Though there are numerous meanings of CSR accessible in the literature, we fixate our consideration on most recent ideas of CSR. As indicated by Richardson, Welker, and Hutchinson (1999), CSR practices can be characterized as optional activities embraced by organizations that are expected to advance their social issues.<sup>13</sup>

Joyner, Payne and Raiborn, notice that CSR has classes of financial, lawful, moral and adaptable exercises of a business element as adjusted to the qualities and desires of society.<sup>14</sup> They significantly include that CSR is the fundamental desires of the organization regarding activities that appear as the shield of general wellbeing, public security, and environment. Keeping this idea into consideration, they clarify that models and morals has impact at the level of a firm's apparent social duty that is affected by societal exercises, ideals or standard. Currently, CSR can

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<sup>13</sup> A.J. Richardson, Welker M, Hutchinson I.R., "Managing Capital Market Reactions to Corporate Social Responsibility", *International Journal of Management Research (IJMR)* (1999): 17- 43.

<sup>14</sup> B.E. Joyner, Payne. D, Raibom C.E, "Building Values, Business Ethics and Corporate Social Responsibility into the Developing Organization", 113 – 131.

be characterized in relation with all parts of business exercises so that the effects of these exercises are fused into each corporate arrangement.<sup>15</sup>

Consequently, keeping the written meaning of CSR into context, it can be inferred that CSR is the proceeding with commitment taken by business associations to bolster their moral ideas and social investment in the public arena, add to financial improvement, sponsor altruistic projects, and propel the nature of the workforce, more particularly the growth of administrations. Moreover, Freeman and Liedtka<sup>16</sup> contend that CSR can propel ineptitude by driving the managers to get themselves apprehensive in zones beyond their mastery, which is equivalent to attempting to repair society's evils.

Even, the subject of social duty bookkeeping has been created over the previous decade.<sup>17</sup>

"There has been a strong ascent in the volume and flourishing of corporate social admission by bigger companies in the course of the most recent two decades".<sup>18</sup>

Waenkaeo and Ussahawanitchakit<sup>19</sup> paddle that associations need moral and bookkeeping supposition which builds up their duty to society. Recently, the organization's capacity in the public arena has considered to be as significant as its part in connection to its stakeholders.

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<sup>15</sup> M. Ogrizek, "Forum Paper: "The Effect of Corporate Social Responsibility on the Branding of Financial Services", 215-228.

<sup>16</sup> R.E. Freeman & Liedtka, J, "Corporate Social Responsibility: A Critical Approach," *Business Horizons*, July-August (1991): 92-8.

<sup>17</sup> R.M. Haniffa and Cooke, T.E. "The impact of culture and governance on corporate social reporting", *Journal of Accounting and Public Policy*, Vol. 24 (2005): 391-430.

<sup>18</sup> J.L. Smith, Adhikari, A., Tondkar, R.H. and Andrews, R.L., "The impact of corporate social disclosure on investment behavior: a-cross-national study", *Journal of Accounting and Public Policy*, Vol. 29 (2005): 177-192.

<sup>19</sup> K. Waenkaeo and Ussahawanitchakit, P., "Social responsibility accounting and firm survival: evidence from ISO 14000 businesses in Thailand", *Journal of International Business and Economics*, Vol. 11 No. 3 (2011): 56-85.

Besides, "rather than just having a fiscal obligation before its stakeholders, we are moving towards a circumstance where an organization has a social duty before its stakeholders".<sup>20</sup>

Lee and Park<sup>21</sup> contend that it is critical to decide the result of corporate social responsibility (CSR) on the economic execution of organizations. Lin<sup>22</sup> expresses that the relationship amongst CSR and money related execution is one of the preeminent issues and research themes in the glade of social duty today. Not only the idea of CSR has been perceived by people in general but also it has additionally been accounted by organizations.<sup>23</sup> From a profit-looking company's perspective, intimation and compensation of interests in socially scruples exercises are noteworthy matters to be considered, in demanding, as financial execution.<sup>24</sup>

As per Kang<sup>25</sup>, few reviews have been done to discover the impact of CSR exercises on money related execution. CSR could optimistically affect an association's appearance.<sup>26</sup> Haji<sup>27</sup> contend that organization could accept diverse CSR techniques to establish a decent long-term organization image. Lee and Park<sup>28</sup> bolster such a view. Likewise, they contend that associations declare their CSR exercises to toughen their association with government and society. Wu and

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<sup>20</sup> J.V. Calafell, Gutierrez, S.M. and Lopez, A.S. , "Social responsibility and accounting: a possible binomial", *International Advances in Economic Research*, Vol. 12 (2006): 125-130.

<sup>21</sup> S. Lee, and Park, S.-Y., "Do socially responsible activities help hotels and casinos achieve their financial goals?", *International Journal of Hospitality Management*, Vol. 28 (2009): 105-112.

<sup>22</sup> Lin, C.-H., Yang, H.-L. and Liou, D.-Y., "The impact of corporate social responsibility on financial performance: evidence from business in Taiwan", *Technology in Society*, Vol. 32 (2009): 56-63.

<sup>23</sup> S. Lee, and Park, S.-Y., "Do socially responsible activities help hotels and casinos achieve their financial goals?", 105-112.

<sup>24</sup> Y. Inoue and Lee, S., "Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries", *Tourism Management*, Vol. 32 (2011): 790-804.

<sup>25</sup> H.K. Kang, Lee, S. and Huh, C., "Impacts of positive and negative corporate social responsibility activities on company performance in the hospitality industry", *International Journal of Hospitality Management*, Vol. 29 (2010): 72-82.

<sup>26</sup> C. Linthicum, Reitenga, A.L. and Sanchez, "Social responsibility and corporate reputation: the case of the Arthur Anderson Enron audit failure", *Journal of Accounting and Public Policy*, Vol. 29 (2010): 160-176.

<sup>27</sup> A.A. Haji, "Corporate social responsibility disclosure over time: evidence from Malaysia", *Managerial Auditing Journal*, Vol. 28 No. 7 (2013): 647-676.

<sup>28</sup> S. Lee, and Park, S.-Y., "Do socially responsible activities help hotels and casinos achieve their financial goals?", 105-112.

Shen<sup>29</sup> express that the appropriation of CSR by organizations could be favourable for both large scale and smaller scale execution. As to full scale execution, organizations could contribute significantly to edify the earth and social qualities. As far as concerning miniaturized scale execution, organizations could increase their own status and connect quality workers. CSR could likewise upgrade the organization's part in enhancing social prosperity, which could optimistically affect stakeholders.<sup>30</sup> Nevertheless, CSR includes costs, which could apathetically influence the organization's aggressive position.<sup>31</sup> In addition, managers act to risk benefits and the prosperity of stakeholders, and they think about any social action prohibited from their own destinations.<sup>32</sup> Also, investigating of the express relationship among CSR and economic execution for some variables could determine a fair relationship.<sup>33</sup> Hence, consideration on the relationship amongst CSR and an organization's money related execution have conceded indeterminate outcomes.<sup>34</sup> As per Inoue and Lee<sup>35</sup>, over a hundred reviews have encountered the relationship amongst CSR and corporate financial performance (CFP). Moreover, the writing has conceded blended arrangements of results, tallying positive, negative, or nonpartisan connections, and this manner exhibits no concurrence on regardless of whether high CSR development prompts enhanced CFP.<sup>36</sup>

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<sup>29</sup> M.W. Wu and Shen, C.-H., "Corporate social responsibility in the banking industry: motives and financial performance", *Journal of Banking and Finance*, Vol. 37 (2013): 3529-3547.

<sup>30</sup> Lin, C.-H., Yang, H.-L. and Liou, D.-Y., "The impact of corporate social responsibility on financial performance: evidence from business in Taiwan", 56-63.

<sup>31</sup> B. Scholtens, "A note on the interaction between corporate social responsibility and financial performance", *Ecological Economics*, Vol. 68 (2008): 46-55.

<sup>32</sup> H.K. Kang, Lee, S. and Huh, C., "Impacts of positive and negative corporate social responsibility activities on company performance in the hospitality industry", 72-82.

<sup>33</sup> S. Lee, and Park, S.-Y., "Do socially responsible activities help hotels and casinos achieve their financial goals?", 105-112.

<sup>34</sup> Lee and Park, "Do socially responsible activities help hotels and casinos achieve their financial goals?" 107.

<sup>35</sup> Y. Inoue and Lee, S., "Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries", 790-804.

<sup>36</sup> Inoue and Lee, "Effects of different dimensions of corporate social responsibility on corporate financial performance in tourism-related industries", 798.

There is growing enthusiasm for the ethical exercises of companies, or corporate social responsibility (CSR), in both the scholastic and non-scholarly universes:

"...there is a developing concentration both by business on CSR furthermore by society on the activities of business."<sup>37</sup>

CSR has multi-disciplinary aspects. Discussion on the subject will be exemplified step by step, and the subjects encompass the business world<sup>38</sup>, lawmakers<sup>39</sup>, and the media<sup>40</sup>. Researchers chart out the subject in different branches of knowledge: accounting; law<sup>41</sup>; marketing<sup>42</sup>; economics<sup>43</sup>; political hypothesis<sup>44</sup> and by those worried with business ethics.<sup>45</sup>

As indicated by Archie B. Carroll, the majority of the academic writing on CSR is deliberated by American research.<sup>46</sup> As indicated by the productive American author on CSR, Harold Bowen is "The priest of corporate social responsibility".<sup>47</sup> In 1953, Bowen distributes the 'Social

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<sup>37</sup> L. Moir, "What do we mean by corporate social responsibility?", *Corporate Governance* 1 (2):16-22, (2001).

<sup>38</sup> FTSE (2001) *FTSE4Good: Global investment, global improvement*: <http://www.ftse4good.com> [Accessed 12 July 2001]. L. Ross, "Corporate governance: history, practice and future. Executive summary", London: CIMA Publishing, 2000.

<sup>39</sup> Hewitt, P. Rt. H., "The Guardian and The Observer Conference: Business and Society -Roles and Responsibilities", 2001: <http://www.dti.gov.uk/ministers/speeches/hewitt090701.htm> [Accessed 11 September 2001].

<sup>40</sup> T. Macalister, "Charity survey a wake up call, says CBI chief", *The Guardian*, 6 November: 2.D. Roberts and Hunt, B., "C&W faces revolt over bonus scheme: telecommunications options plan angers investors", *Financial Times*, 21 July/22 July: 14, 2001. BBC Radio 4, "Analysis", 22 November. London, 2001.

<sup>41</sup> L. Whitehouse, "Research proposal: corporate social responsibility - a comparative study", Law School, The University of Hull, 2001.

<sup>42</sup> S. Adkins, "Cause related marketing: who cares wins", (London: Heinemann Butterworth, 1999a). S. Adkins, "The wider benefits of backing a good cause", (Marketing, 2 September: 20-21, 1999b).

<sup>43</sup> G. Kell, and Ruggie, J. "Global markets and social legitimacy: the case of the 'global compact'". In: Drache, D., (Ed) "The market or the public domain? Global governance and the asymmetry of power", (London: Routledge, 2001)321-334. A. McWilliams and Siegel, D., "Corporate social responsibility: a theory of the firm perspective", *Academy of Management Review*, 26 (1), (2001):117-127.

<sup>44</sup> D. Held, "Globalization, corporate practice and cosmopolitan social standards", *Contemporary Political Theory* 1 (1):59-78, 2002, J. Moon, "Business Social Responsibility: a source of social capital?", *Reason in Practice* 1 (3):35-45, 2001.

<sup>45</sup> P.W. MacLagan, "Management and morality", (London: Sage Publications, 1998).

<sup>46</sup> A.B. Carroll, "Corporate social responsibility", *Business and Society* 38 (3) (1999):268-295. L. Whitehouse, "Research proposal: corporate social responsibility - a comparative study", *Law School*, The University of Hull (2001). See the *Journal of Marketing*, *Journal of Business Ethics* and *Business and Society*.

<sup>47</sup> A.B. Carroll, "Corporate social responsibility", 268-295.

Responsibilities of the Businessman'; despite the fact that Carroll calls for attention to that there are "references to a worry for social duty" in the 1940's. In 1946, Fortune Magazine has already overviewed "businessman" about their social errands. Carroll and considerably sooner than this, Mary Parker Follett have expounded "the idea of service as expressing man's altruism".<sup>48</sup>

In literally term, altruism is characterized as "sacrificial sympathy toward the welfare of others".<sup>49</sup> Leaving aside the subject of how "selfless" a benevolent bearing might be (there is some civil argument over the significance of altruism<sup>50</sup>), the view of CSR can be connected with authoritative goodwill. Hence, as a respectably limited definition, CSR could be depicted as a contemporary day show of the idea of humankind, that is: "to advance the welfare of others, especially by giving cash to great aims".<sup>51</sup> In any case, the writing on CSR unfolds the conflicting understandings concerning what CSR is and what it locks in.

In his article distributed in 1999, Archie B. Carroll does survey of fifty years of American research on CSR, from the 1950's to date. The article incorporates a wide range of terms: social obligation, (corporate) social responsiveness, corporate social performance (CSP), corporate citizenship, corporate liberality, community relations, public uprightness, public arrangement, social issues administration and corporate social approach method. "Sustainability" can be added to this rundown, and it has clear widened dimension, from a worry principally cantered around environmental issues to a more most recent walled in area of other social issues, for example,

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<sup>48</sup> M.P. Follett, M.P. "How must business management develop in order to become a profession?", In: Fox, E.M. and Urwick, L., (Eds), *Dynamic administration*, (London: Pitman. 1973 (Paper originally presented in 1925): 103-116.

<sup>49</sup> *Concise Oxford Dictionary*, 10th edn, (Oxford University Press, 1999).

<sup>50</sup> P.W. Maclagan, P.W. *Management and morality*, 1998.

<sup>51</sup> *Concise Oxford Dictionary*.

human rights<sup>52</sup>, in the endeavour for a maintainable general economy. Each one of these terms abridge the idea of an obligation to society; however, the CSR writing is not obvious, particularly how broadly "society" is characterized as far as the extent of the community to which the organization is, or ought to be, responsible. While Carroll calls for attention to that: "Corporate citizenship might be generally or nearly imagined", the level of corporate commitments by all accounts for the most part is limited to the commitment in the nearby community or inside the firm itself, instead of a misgiving for CSR in a worldwide structure. In addition, this is not amazing when one considers the sequential setting of the greater part of the writing being investigated in Carroll's paper, that is, research directed pre-globalization. However, the clarification of CSR at the "local" level proceeds with a late article distributed in the UK's Guardian daily paper.<sup>53</sup> This highlights UK organizations' poor confirmation of providing philanthropy and community projects. The term corporate social obligation is utilized across the board; in any case, the subject of the article is bound to a contention of the aftereffects of an evaluation of "corporate community involvement".<sup>54</sup> In reality, Moon's examination has led among 2,200 Australian organizations, and it is likewise centred on business interest in the nearby community.<sup>55</sup> How extensively CSR is deciphered by UK-based corporations is the subject of an alternate paper, in terms of development. Dough puncher takes an exchange unionist's perspective on CSR and examines it in the condition of the prosperity of representatives and "the power relationship in the working environment." The International Confederation of Free Trade Unions (ICFTU) demands that corporate code of conduct rules need

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<sup>52</sup> J. Elkington, 'Sustainable development – what is it?', <http://www.sustainability.com/philosophy/what-is-sustainable-development.asp> [Accessed 14th October 2002].

<sup>53</sup> 2001.

<sup>54</sup> P. Murphy, Top companies leave charities in the cold, *The Guardian*, 5 November: 1, 2001.

<sup>55</sup> J. Moon, Business Social Responsibility: a source of social capital?, *Reason in Practice* 1 (3) (2001):35-45.

to incorporate "the privileges of freedom of affiliation and aggregate dealing".<sup>56</sup>The nook of workers' prosperity, then (while not a worry limited to trade unions), shows a more extensive comprehension of CSR than one is exclusively worried with generosity inside the local community group and presents of the idea of stakeholder theory.

As indicated by Maclagan, CSR is

"a discrete label appended to speculations of the business-society relationship" and he proceeds with that;

"Corporate social duty might be seen as a method in which administrators take good faith for distinguishing and pleasing the prosperity of those influenced by the association's activities."

He backs Carroll's partner perspective of CSR, contending that all partners are inquirers on the moral bearing of the organization. As per sources referred to in Carroll:

"A socially capable firm is one whose administrative staff balances a differences of interests. Rather than decided just for greater benefits for its stockholders, a capable attempt likewise considers representatives, providers, merchants, nearby groups and the country."

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<sup>56</sup> J. Baker, *OECD conference on corporate social responsibility , "Freedom of association and CSR"*: 2001. <http://www.oecd.org/pdf/M00003000/M00003662.pdf> [Accessed 23 November 2001].

In the similar vein, it appears that CSR can't be deciphered solely as corporate movement bound to the neighbourhood group because a significant part of the writing appears to propose and include such issues as the rewards given to the managers of inadequately performing organizations, for example, Arriva trains, or the working states of outsider plant representatives.

An extra inconsistency connected with the writing focuses upon whether CSR ought to be wilful, or not. For instance, Wood alludes to "how society concedes and takes away corporate authenticity" and refers to this as one of three fundamental standards of CSR, which incorporates fines from governments given to those thought to be careless.<sup>57</sup> As per Carroll:

"The CSR firm ought to attempt to make a benefit, adjust the law, be moral and be a decent corporate national".<sup>58</sup>

In Carroll's view, being a decent corporate non-military personnel incorporates socially capable activities. He recognizes four parts that should be available all together for a business to claim it is socially feasible. These are monetary, legitimate, moral and charitable duties.<sup>59</sup> Magnanimous duties are portrayed as "absolutely deliberate".

Seemingly, surpassing the necessities of the law is likewise a quality of the CSR writing:

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<sup>57</sup> D.J. Wood, "Corporate social performance revisited", 691-718.

<sup>58</sup> A.B. Carroll, "Corporate social responsibility", 268-295.

<sup>59</sup> A.B. Carroll, A.B. Business and society: ethics and stakeholder management. 3rd edn, (Cincinnati: Southwestern Publishing, 1996).

"Corporate social responsibility alludes to administrations' impulse to set strategies, settle on choices and trail courses of act far off the necessities of the law that are attractive as far as the qualities and targets of society".<sup>60</sup>

This view is supported by Baker who proclaims "CSR is not consideration and it must be more than simply complying with the law."<sup>61</sup> The question emerges as which activities including which stakeholders ought to be intentional and which ought to be authorized by law.

Moreover, the meanings of the degree of CSR develop to shift as far as contrasting levels of a corporate vow to CSR; that is, regarding the level of stakeholder support. Sen and Bhattacharya portray "numerous conceptualizations of CSR", consolidating an assortment of levels of corporate promise and elucidation of the thought. This extents from the neo-established or Friedmanite perspective of constraining social duty to the expansion of shareholder esteem, and this is done through the organization reacting to what society sees as the organization's duties (a hasty position, conceivably provoked by buyer look into, with a view to dealing with the corporate picture), to a more extensive view; that says the association ought to take a "proactively capable" part in connection to social obligation, paying little heed to open observation and surpass open desires.<sup>62</sup> The not-for-profit organization Business for Social Responsibility (BSR) concurs with the last perspective:

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<sup>60</sup> D. Mosley, Pietri, P.H. and Megginson, L.C., *Management: leadership in action*, (Harper Collins, New York, 1996.)

<sup>61</sup> J.Baker., *OECD conference on corporate social responsibility*, 2001.

<sup>62</sup> S. Sen and Bhattacharya, C.B. "Does doing good always lead to doing better? Consumer reactions to corporate social responsibility", *Journal of Marketing Research* 38 (2) (2001):225-244.

"CSR is characterized as working a business in a way that meets or surpasses the ethical, legitimate, business and open prospect that society has of business."<sup>63</sup>

The Confederation of British Industry (CBI) characterizes CSR as takes after;

"Corporate Social Responsibility obliges organizations to concede that they ought to be openly mindful for their financial execution as well as for their social and environmental proof. Broadly, CSR incorporates the level to which organizations ought to embrace human rights, majority rules system, community advancement and manageable improvement goals everywhere throughout the world."<sup>64</sup>

Nevertheless, their utilization of "ought to" seems to indicate the CBI's view that CSR should be deciphered by associations which concur with the think feature of CSR, and it ought not to be recommended by the legislature. The CBI's position on CSR has all the earmarks of being equivocal:

"The CBI respects the development made by many organizations on CSR, for example, the appropriation of implicit rules and the production of social and environmental insight adjacent to their yearly records. However, business battles requirement of a predictable type of activities, trusting organizations can best meet the test of social obligation by constructing activities in light of their very own assessment careful conditions. The CBI is additionally worried about the developing nervousness on business to address persecution and other politically responsive subjects in many parts of the world. Such

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<sup>63</sup> Business for Social Responsibility *Introduction to Corporate Social Responsibility*: <http://www.bsr.org/BSRResources/WhitePaperDetail.cfm?DocumentID=138> [Accessed 3 May 2002].

<sup>64</sup> Confederation of British Industry (2001 a) Issue Statement: Corporate Social responsibility: <http://www.cbi.org.uk/home.html> [Accessed 23 November 2001].

desires are not really absurd but rather ought not be permitted to divert organizations from their inside mission of making lavishness through beneficial speculation."<sup>65</sup>

As the CBI's central goal may be "to make and keep up the conditions in which business in the UK can compete and thrive",<sup>66</sup> the exchange offer for the CBI is aligned with the consistent quality among the legislatures of biased administrations all together for its individuals to have entrée to worldwide markets, apparently in the case of supporting human rights imagination. This view recommends that the CBI does not hold the 'proactively capable view'<sup>67</sup>, but rather it may bolster the receptive or image administration "responsive" level of responsibility to CSR, and this is alluded above.

Consequently, it appears that the contrasting elucidations of CSR include fluctuating degrees of duty to CSR. Acceptable organization has chosen to take a position on CSR; most likely, they would need to ask themselves "how far do we go?" This is in terms of Sen and Bhattacharya's 'different conceptualizations' where an enterprise subscribes to. Some would take up the rules on "supportability" from the Global Reporting Initiative, such as an NGO in a joint effort with the United Nations<sup>68</sup>, the United Nations Global Compact, or the OECD Guidelines for multinational undertakings. A question is raised what are the ways the parameters are set inside an organization that includes CSR. That is, the manner in which the term is translated by associations and the stakeholders are incorporated.

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<sup>65</sup> Confederation of British Industry.

<sup>66</sup> Confederation of British Industry (2001 b) *Membership*: [http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae/c4091c45074a613e80256723003c609f?](http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae/c4091c45074a613e80256723003c609f?OpenDocument) Open Document [Accessed 13 May 2002].

<sup>67</sup> S. Sen and Bhattacharya, C.B. "Does doing good always lead to doing better? Consumer reactions to corporate social responsibility", 225-244.

<sup>68</sup> Global Reporting Initiative "*A common framework*", <http://globalreporting.org/AboutGRI/Overview.htm> [Accessed 6th December 2001], 1999.

## 2.2 Directors, Shareholder, and Creditors and the CSR

Generally, company law has been solely related to the relationship amongst directors and shareholders. Directors might have the administration and supervision of the issues of the organization, and they may legitimately practice each one of the forces of the organization with the exception of such matters that are coordinated by a general meeting of the organization.<sup>69</sup>

The shareholders have appointed their forces of administration to executives with the trust that the directors rehearse corporate destinations for their advantage. Nonetheless, these routines administer and idea of company law regarding director's obligations, and their association with shareholders is debatable. The present ways to deal with Company law concerns that the laws need to permit or even include executives to have considered to other more extensive contemplations and interests. There are requests for the appreciation of the cases of the organization workforce, its clients, providers and creditors and generally, the neighbourhood group and the national interest.<sup>70</sup>

Director's administrative obligations to run through corporate goals are achieved by the forces presented to them by the organization's articles and memorandum of association. They additionally start controlling the common law and fiduciary obligations, including director's obligations to act bona fide in light of a legitimate concern for the organization. To grasp corporate social duty in the wider destinations would incorporate checking on the organization's key points and giving the authority with a specific end goal to execute the points. This would facilitate administering the administration of the business. In contrast, the board's activities are

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<sup>69</sup> Originally this phrase was reflected in Section 90 of the Companies Clauses Consolidated Act 1845. Section 90 was later replaced by what became Article 80 of Table A in the Companies Act 1948.

<sup>70</sup> Aishah Bidij, "Corporate Social Responsibility (CSR) Framework for Malaysian Public Listed Companies", *Jurnal Undang-Undang Dan Masyarakat*. pp 176-189.

liable to laws, direction and the approaches acknowledged all in all meeting. Shareholders' parts are basically related with observing director's powers and obligations. They are viewed as proprietors of the organization while the directors have been attested as specialists of the organization.<sup>71</sup> Since shareholders are the proprietors of the organization, they could instigate executives to seek after positive targets, including benefit boost.<sup>72</sup> Professor Dodd<sup>73</sup> recommends that company law ought to gaze the trusteeship of corporate managers as stretching out to nestle the interests of the representatives, clients, and others. A. Berle brings up that the lawful troubles<sup>74</sup> included would make the entire application dysfunctional. He expresses that when the trustee impulse of the corporate administration and arrangement of shareholders are weakened or wiped out, the administration gets to be, for all reasons, done. He repeatedly mentions that the main thing that can be left out holistically is the massing of the groups to affirm their private claims by compelling or taking risks. He expressed this not in an accordance with law or organized government but rather to a movement of the financial common war.<sup>75</sup> With regards to this aspect, Professor Sealy also allocates the same sceptical view as Berle. He competes that without some method of legally ordered priorities between the diverse groups that assert to have recognition as part of the corporation's venture, there is no way in which any such claim could be absolutely imposed. In fact, Professor Sealy argues that to the extent directors' duties to cuddle the interest of employees and the comparable group is equivalent to refute any efficient role for the law and the courts. Furthermore, he states that the notion ceases to be

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<sup>71</sup> *Lennard's Carrying Company Ltd v Asiatic Petroleum Co Ltd*. (H.O.L)(1915) AC 705, per Viscount Haldane held that a corporation is an abstraction. It has no mind of its own any more than it has a body of its own. Its active and directive will must consequently be sought in the person of somebody who for some purpose may be called an agent but who is really the directing mind and will if the corporation, the very ego and centre of the personality of the corporation and under the direction of the shareholders in the general meeting,

<sup>72</sup> Aishah Bidij, "Corporate Social Responsibility (CSR) Framework for Malaysian Public Listed Companies".

<sup>73</sup> "For whom are corporate manager trustees?", 45 *Harv. L.R* 1145 (1932). This article was written in response to Berle "Corporate powers as powers in trust", 44 *Harv. L.R* (1049).

<sup>74</sup> Berle, "For whom corporate managers are trustees; A note".

<sup>75</sup> Berle, "For whom corporate managers are trustees; A note".

permissible, and that company law lacks proper enforcement dealings.<sup>76</sup> Therefore, as far as creditors are troubled with any changes to amplify and fortify the concept of corporate social responsibility in the corporate governance structure might increase the position of the creditor. The writer is of the opinion that reforms aimed at increasing the shareholder's voice in the company would also defend the creditor. A strong shareholder voice would be practical to creditors since this would persuade a non-negligent management although creditor and shareholders may have different interests and a strong shareholder voice might depress directors to act in ways that are incoherent with creditors' concern. For example, creditors may have trepidation that directors will use loans for riskier business enterprises than those the creditors have expected. Shareholders, in distinction, may feel comfortable that decisions for projects with higher gearing are executed or superior risks in chase of upper returns. However, one feature of corporate social responsibility that is relevant would be the upgrading in the supply of information and disclosure. One example is the creditor's representation on the board. More meticulous rules on confession would be necessary if banks have demonstration on the board, and this would certainly aid creditors in situations where the company has monetary trouble.<sup>77</sup>

Consequently, the enhance in the use of non-executive directors and better dependence on audit committees might also support creditors as, to a certain extent, these mechanisms would act as a monitoring principal so that any acts of mismanagement and reckless disregard of the creditors can be lessened or at least minimized. Thus, it is hoped that corporate governance through corporate social responsibility will make possible the imposition of assured rules and a wider conservatory of duties on directors who can embrace creditors' protection. This will certainly

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<sup>76</sup> Aishah Bidij, "Corporate Social Responsibility (CSR) Framework for Malaysian Public Listed Companies".

<sup>77</sup> Aishah Bidij, "Corporate Social Responsibility (CSR) Framework for Malaysian Public Listed Companies".

augment creditor's right which at present is not sufficiently secluded under the statutory provisions of the company's legislation.<sup>78</sup>

## 2.3 CSR Worldwide

### 2.3.1 A Contested Concept

As Jeremy Moon has called attention to, CSR is an entangled idea to bind. It overlies with other such originations as corporate citizenship, economical business, environmental obligation, the triple main concern, social and environmental duty, business morals and corporate obligation. It is much related as far as its corporate environment as well as far as its countrywide surroundings. In addition, CSR is an adequately challenging idea. Along with these lines, any importance will basically be tested by the individuals who wish to challenge the span and utilization of any release of CSR.<sup>79</sup>

Within the research writing, there subsists three discernible "schools" of contemplated corporate social obligation. These schools might be recognized as the neoliberal, neo-Keynesian, and radical political economy approaches.

In describing CSR, neoliberal writers shield see it vitally as the affirmation of a course of action of think techniques, codes or governs, began and driven by the organization. For example, the

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<sup>78</sup> Aishah Bidij, "Corporate Social Responsibility (CSR) Framework for Malaysian Public Listed Companies".

<sup>79</sup> Jeremy Moon, *'Government as a driver of corporate social responsibility'*, University of Nottingham, International Centre for Corporate Social Responsibility, Research paper Series. No. 20, 2004.

Australian Treasury, in consistence with the Joint Parliamentary Inquiry on CSR, describes CSR as 'an association's management of the fiscal, social and environmental impacts of its activities'.<sup>80</sup>

The neoliberal discusses CSR as 'all things considered shares the view verbalized':<sup>81</sup>

'there is one and just a single social commitment of business-to use its advantages and partake in activities wanted to augment its advantages in light of the fact that it stays inside the measures of the redirection, which is to state, interfaces in open and free test without misdirecting or fraud'.

A significant part of the talk about CSR in business and administration distributions parts this supposition. For instance, the neoliberal columnist Janet Albrechtsen writing in an Opinion piece for the Australian daily paper as of late composes:

“The essential imperfection with corporate social obligation, and why it is a rearward stride, is the fundamental ground that private enterprise and organizations have something to act naturally cognizant about, that they should justify their reality by going in investigate of some higher moral reason. This disgrace confronted private enterprise is an unfriendly advancement. The thought squeezed by advocates that the pursuit of private benefit is incongruous with an open decent does not hill up. How quickly we overlook that Adam Smith knew some things about the human view. Smith called attention to that "it is not from the graciousness of the butcher, the brewer or the dough puncher that we anticipate our supper, however from their respect to their own particular self-intrigue."<sup>82</sup>

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<sup>80</sup> Australian Conservation Foundation , Submission to the Australian Government, Parliamentary Joint Committee on Corporations and Financial Services Inquiry into Corporate Social Responsibility, 2005. ([www.aph.gov.au/senate/committee/corporations\\_ctte](http://www.aph.gov.au/senate/committee/corporations_ctte)).

<sup>81</sup> Milton Friedman, in the *New York Times*, September 13, 1970.

<sup>82</sup> Janet, Albrechtsen, 'This business of moral coercion is just a hoax'. *The Australian* 29 March, 2006.

Notwithstanding, while this viewpoint drives some neoliberal observers to the view that CSR is basically a nonsensical interference into and imperative on business' main role, most neoliberal followers who take part in CSR talk propound the view that while Friedman is fundamentally right, the selection of CSR strategies by organizations can be clear and favourable over the long haul. Moreover, regardless of the wavering possibility that exists about the idealistic part of CSR in benefit making, it can be viewed as a critical protective way to deal with minimizing dangers from negative government impendance, horrible media scope and customer or stockholder response to corporate conduct. However, even here, the neoliberal suspicion is that CSR is a frivolous as a constituent of corporate approach in its best case scenario.<sup>83</sup>

Neo-Keynesian methodologies tend to mishandle a more wide definition which relates that all the more clearly observes the dynamic part of the affiliation's 'accessories', and perhaps likewise the state which is in terms of the significance of corporate social commitment. Furthermore, CSR is all around depicted as an approach that is handled immediately by affiliations and with no outside bearing by either accessories or the state. For instance, the European Union's (EU) Green Paper *Promoting an European system for Corporate Social Responsibility*<sup>84</sup> lays out corporate social duty as 'an idea whereby affiliations join social and environmental worries in their business operations and in their dealings with their stakeholders on an intentional prelude'. The Certified General Accountants' Association of Canada paper, *Measuring Up: A Study on Corporate Sustainability Reporting in Canada*<sup>85</sup> portrays CSR as 'an affiliation's commitment to working in a monetarily, socially, and environment valuable way while it sees the premiums of

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<sup>83</sup> Ray Broomhill, "Corporate Social Responsibility: Key Issues And Debates", Dunstan paper, No. 1/2007.

<sup>84</sup> 2001.

<sup>85</sup> 2005.

its stakeholders, including cash related powers, clients, delegates, business partners, local communities, the environment, and society allowed to move around voluntarily'.<sup>86</sup>

The neo-Keynesian talks around CSR that varies from the neoliberal point of view in substantial ways. Firstly, there is an affirmation that corporate conduct occasionally can have apathetic effects through market setback, corporate absence of awareness or intentional technique. These worries are imitated in neo-Keynesian CSR talk in terms of the crash of companies' environmental approaches, work environment hones and the social and financial results of corporate exercises.<sup>87</sup>

Thus, neo-Keynesian investigations focus on very disparate purposes on the backdrop of the advancement of CSR procedures, numbering and keeping away from issues brought on by liberated corporate practices, guaranteeing natural and social supportability and achieving other appealing social and monetary objectives. Besides, neo-Keynesian examinations and talks of CSR have repetitive extra tendency to engage the possibility of a positive part for the state in the extension and control of CSR execution.<sup>88</sup>

Ways of dealing radical political economy get much more noteworthy position under CSR on various issues. All "schools" of thought in these level headed discussions, obviously, hold regulating aspects about the part of business in similar fashion and companies in demand in the public arena. Nevertheless, key political economy examinations all the more transparently express an altogether different arrangement of suppositions about the continuation and mishandling the corporate power worldwide, national and neighbourhood economies. Worldwide enterprises are viewed as having huge power which is frequently employed cruelly in their own

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<sup>86</sup> Ray Broomhill , "Corporate Social Responsibility: Key Issues And Debates".

<sup>87</sup> Ray Broomhill , "Corporate Social Responsibility: Key Issues And Debates".

<sup>88</sup> Ray Broomhill , "Corporate Social Responsibility: Key Issues And Debates".

particular self-interest over and again at the cost of society and environment. Supporters of intentional CSR are considered as without huge political economy investigation, and all along these lines neglect completely to acknowledge and join a sensible perspective of the power structures that subsist in the public arena and its financial surroundings. Thus a larger portion of the arrangements and practices that have been urbanized to support CSR are seen as an immature, clumsy and deficient. Moreover, key political examiners not just are sceptical about the effectiveness of CSR projects, but on the other hand, they are concerned that self-administrative and intentional CSR arrangements are more than once purposely planned by enterprises to repulse consideration far from outside direction and control of corporate execution control and to ensemble and to have honesty about different exercises that are socially and environmentally horrible.<sup>89</sup>

Numerous extremist gatherings and other people who embrace radical evaluation of CSR methodologies, transparently decrease deliberate CSR and supporter a substitute system that is usually depicted as 'corporate responsibility'. For instance, in the Australian Joint Parliamentary Inquiry on CSR, The Public Interest Advocacy Center (PIAC) utilizes the term 'corporate responsibility' to signify 'considering companies capable and faithful for the social and environment effects of their choices and practices. This includes the effects, both immediate and indirect, on human rights, work rights, the community and the environment'.<sup>90</sup>

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<sup>89</sup> Ray Broomhill, "Corporate Social Responsibility: Key Issues And Debates".

<sup>90</sup> Australian Conservation Foundation, 2005.

## 2.4 A Brief History of CSR

Rhys Jenkins contends that, while the present rush of enthusiasm for corporate social responsibility (CSR) dates from the mid-1990s, it is just another showing of 'an old level headed discussion over the relationship amongst business and society'.<sup>91</sup> Since the growth of the organization in the late nineteenth century, this question has come to the fore, through periods 'when the force of companies is in the predominance and periods in which society endeavours to standardize the development of corporate power'.<sup>92</sup> In those periods when companies have turned out to be liable to open rebuff and endeavours at direction, they have endeavoured to re-set up their authenticity by embracing CSR-style systems.<sup>93</sup>

In the late nineteenth century, the presence of expansive partnerships and the time of the Robber Barons in the US prompted to the improvement of the counter trust development. In response, companies accentuated corporate duty and kind heartedness to demonstrate that government regulation is repetitive.<sup>94</sup> Nevertheless, in the 1930s, the Great Depression delivers a moment wave of control and prompts to Roosevelt's New Deal in the US and nationalization and direction by the after war Labour government in the UK.<sup>95</sup>

Jenkins takes note of that amid the late 1970s; another rush of concern about developing social and environmental impact of transnational corporations (TNCs) in the after war time prompts the third time of expanded endeavours to standardize corporate movement. A progression of

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<sup>91</sup> Rhys Jenkins, "Globalization, Corporate Social Responsibility and poverty". *International Affairs*. 81(3) (2005): 525-540.

<sup>92</sup> Jenkins, "Globalization, Corporate Social Responsibility and poverty".

<sup>93</sup> Ray Broomhill, "Corporate Social Responsibility: Key Issues And Debates".

<sup>94</sup> Judith Richter "Holding Corporations Accountable: Corporate Conduct, International Codes, and Citizen Action", (Zed Books, London, 2001).

<sup>95</sup> Jenkins, "Globalization, Corporate Social Responsibility and poverty".

disclosures about the exercises of US organizations has framed incredible anxiety. For instance, it is known that the US Company ITT has been included in endeavouring to oust the fairly chosen Allende government. All the more by and large, US partnerships starts comprehensively misusing the economies of new-built nations everywhere throughout the world. Surprisingly, the control of corporate development has turned into a worldwide issue with endeavours inside the UN to dispatch sets of principles for the action of TNCs. Corporations and governments contradict endeavours at compulsory control of TNC exercises, proposing self-direction as a choice. The International Chamber of Commerce, speaking to major TNCs, has propelled its Guidelines for International Investment in 1972, and various expansive US organizations acknowledge sets of principles. Various other polygonal understandings additionally show up in the 1970s supported by the ILO, the UN, the OECD and other intercontinental associations.

Worldwide change amid the 1980s and the ascent of neoliberalism have prompted to an impressive move far from state independence in both shaping and generating nations. This inclination is reflected across the country geared at strategies towards TNCs through an amazing shift far from direction of their exercises to 'intense contest to attract foreign express investment.'<sup>96</sup> The expanded portability of capital has empowered TNCs to 'use administrative contrasts between states by (re)locating (or undermining to move) their creation offices in nations with more positive administrations'. Bendell contends that by the 1980s it gets to be distinctly evident that the different multilateral activities and assertions that have been presented in the past decade are doing close to nothing or nothing to handle corporate power.<sup>97</sup>

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<sup>96</sup> Jenkins, "Globalization, Corporate Social Responsibility and poverty".

<sup>97</sup> Bendell, Jem, "Barricades and Boardrooms: A Contemporary History of the Corporate Accountability Movement". UNRISD Technology, Business and Society Programme Paper. Number 13, 2004.

In 1990s, feedback of corporate practices become visible to all. An arrangement of corporate shock develops in the US. Numerous environmental tragedies are brought on by worldwide partnerships. Comprehension of the utilization of sweatshops and child work in emerging countries has pulled in the convergence of community activists in developed societies. The 1990s period, accordingly, sees a tremendous advancement in common group activism which guides both challenges against, and meets with organizations.<sup>98</sup> The order for more prominent social obligation originates from an extensive variety of assets tallying global trade unions, advancement of NGOs, human rights associations and environmental gatherings. Enterprises are again compelled to respond to terrible presentation adjoining their exercises. Corporate social duty talk and projects show up to a limited extent as an expressive response to these weights.<sup>99</sup>

## **2.5 CSR measurement**

An incredible pledge of business, scholastic, and government writing on CSR only takes it for building up that CSR procedures of all diversities will be intentional. Any type of business direction is, obviously, a debilitating presence to the neoliberal approach. However, this is an issue that neoliberal observers are compelled to talk about since pressure frequently emerges for government to control or to either support or substitute wilful CSR measures embraced by enterprises. A noteworthy topic of a significant part of the CSR talk emerging out the business community is the quarrel that directing CSR is either unfavourable or shaky. For instance, the Melbourne based Business Community Intelligence introduces the perspective of the Director for Policy for Chartered Secretaries that ordering CSR introduction would submit CSR

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<sup>98</sup> Jem, "*Barricades and Boardrooms: A Contemporary History of the Corporate Accountability Movement*".

<sup>99</sup> Ray Broomhill, "Corporate Social Responsibility: Key Issues And Debates".

pointlessly.<sup>100</sup> A parallel view is embraced by the Australian Parliamentary Joint Committee on Corporations and Financial Services in June 2006 in its report: Corporate Responsibility:

Overseeing Risk and Creating Value. The key supposition of the report expresses:

The council forcefully underpins progress effective linkage in the intentional advancement and wide acknowledgment of corporate obligation. The council has framed the view that mandatory ways to deal with controlling executive's obligations and maintainability introduction are not appropriate. Ensuing the proposals of this report, the council assumes expanding association by enterprises in corporate obligation activities. This would block any prospective moves towards a necessary approach.<sup>101</sup>

In addition, between the individuals who stamp from a liberal or neo-Keynesian ideological point of view, there is typically an 'underestimated' supposition that CSR activities will be deliberate. Furthermore, within the neoKeynesian pundits' positions, there are the individuals who inquiry whether wilful CSR projects and exercises by organizations are satisfactory to ensure whether the advantages of CSR are accomplished or government control of corporate exercises is fundamental. For instance, Marta de la Cuesta González and Carmen Valor Martinez bring up the issues: should CSR be moved toward just on a deliberate premise or would it be a good idea for it to be supplemented with a mandatory administrative structure, and what sort of government mediation is more successful in encouraging CSR among organizations? In connection with investigating, the level headed discussion between defenders of the intentional case and the obligatory case for CSR, and essentially breaking down existing global government-drove

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<sup>100</sup> Judith Fox, 'CSR in perspective'. *Business Community Intelligence*. February: 22-23, 2006.

<sup>101</sup> Australian Government (2005) *Giving Australia: Research on Philanthropy in Australia*. Canberra: Commonwealth of Australia, Parliamentary Joint Committee on Corporations and Financial Services (2006). *Corporate Responsibility: Managing Risk and Creating Value*. Canberra: Commonwealth of Australia.

activities to advance CSR among organizations are observed, and they contend for a more pragmatic government position in CSR related issues. Hertz contends that administrations require both to enhance civil and market rule of companies; furthermore, they help toughen the corporate law.<sup>102</sup> While civil or market-based types of direction have had some result in directing hostile social corporate exercises, this paper contends that the outcome is basically restricted. What is ended up being more useful is rather the risky aspects of procedures. However, in spite of the proof, 'the pattern among government approach producers has been to induce companies to wilfully self-manage'. Nevertheless, Herz cautions that approach creators seek after this end 'at the risk of outer stakeholders as well as of multinational organizations' and contends that corporate control is to "our" greatest advantage.<sup>103</sup>

Bob Jeffcott and Lynda Yanz of the Maquila Solidarity Network watch the points of interest and restrictions of deliberate sets of accepted rules which have well-known as labour benchmarks, and working conditions in purchaser products ventures have declined in the mix of exchange progression and globalization, and change of generation and portion. They contend that 'there are sensible grounds to be skeptical about the viability of voluntary codes of conduct, prevalently if there are no arrangements for free confirmation and laborer and outsider dissensions, or straightforwardness in the observing, check and remediation forms'.<sup>104</sup> Notwithstanding, they likewise differ that wilful codes require not be viewed as a choice to state control, but they can really backup and fortify the administrative part of the state. Their suppositions contain the following accompanying focuses:

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<sup>102</sup> N. Hertz, "Corporations on the Front Line", *Corporate Governance*, 12(2)(2004): 202-209.

<sup>103</sup> Hertz, "Corporations on the Front Line", 209.

<sup>104</sup> Jeffcott, Bob & Lynda Yanz, "Codes of Conduct, Government Regulation and Worker Organizing: Are voluntary codes of conduct a privatized alternative to state regulation?", Maquila Solidarity Network, 2000; (<http://www.maquilasolidarity.org/resources/codes/bluebooklet.htm>).

- In the time of globalization and trade progression, wilful codes have the benefit of broadening the apparatus of work principles transversely national limits, crosswise over administrative purviews and along worldwide corporate supply chains;
- Corporate acknowledgment of ILO principles through voluntary codes could, in this manner, toughen the power of the ILO and the potential for worldwide work rights authorization instruments;
- Whether codes and worldwide inspection and accreditation frameworks reinforce labourer arrangement or offer organizations a paternalistic choice to have unions relies on an incredible arrangement on how unions and NGOs mediate in these procedures;
- The collaboration of multi-partner codes of conduct, especially when such transactions are definitive and kept up by national governments, can possibly achieve common society/private segment assent on least work measures.

Kolk and van Tulder fundamentally watch the productivity of deliberate corporate codes of conduct by an investigation of child labour codes created by six worldwide pieces of apparel organizations. Largely, the investigation shows that corporate codes are fundamental; by all account not the only instruments for tending to child labour.<sup>105</sup> Sandra Polaski gives an account of an imaginative strategy test in Cambodia, and it connects the improvement of labourers' rights with expanded requests and market permission for the results of the nation's article of clothing production lines. The arrangement begins with the US-Cambodia Textile Agreement which remunerates Cambodia higher piece of clothing fare amounts into the US advertisement as a by-product of enhanced working conditions and work directions. She presumes that the

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<sup>105</sup> A. Kolk and R. van Tulder, "The Effectiveness of Self-regulation: Corporate Codes of Conduct and Child Labour", *European Management Journal*, 20(3) (2002): 260-271.

understanding's proficiency has relied on a narrow minded part for the ILO, 'going about as a passive consent screen and government association, keeping some clothing makers from free-riding on others' enhancements'.<sup>106</sup>

Tony Royle proposes that "hard" types of legitimate direction, (for example, national law and EU law) ought to be 'bulked up' to be more effective because quasi legal rules, (for example, ILO codes) are obviously lacking. In addition, 'without the great affirmation of businesses, private code of conduct and other employer driven arrangements like CSR are not liable to be of any genuine esteem in protecting, not to mention enhancing, employees' representation rights, pay, and working conditions'. Royle recommends that it not just the thought of stakeholders' raunchiness idealistic; however, it additionally 'sits uneasily with monetary balance and the need to return greatest fleeting increases to shareholders'.<sup>107</sup>

### **2.5.1 Stakeholder Theory**

A convincing contention behind the inspiration of firms to put resources into CSR programs originates from the area of stakeholder theory.<sup>108</sup> Stakeholder theory recommends that authoritative survival and achievement is dependent upon fulfilling both its financial (e.g., benefit boost) and noneconomic (e.g., corporate social execution) goals, and this is addressed by the requirements of the organization's different stakeholders.<sup>109</sup> Early research in the region of stakeholder administration characterizes a stakeholder in an association as any cluster or person

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<sup>106</sup> Sandra Polaski, "Combining Global and Local Forces: The Case of Labor Rights in Cambodia". World Development. 34(5) (2006): 919–932.

<sup>107</sup> Tony Royle, "Realism or idealism? Corporate social responsibility and the employee stakeholder in the global fast-food industry", *Business Ethics: A European Review*, 14(1) (2005): 42-55.

<sup>108</sup> Argandona, A., "The stakeholder theory and the common good", *Journal of Business Ethics*, 17(9/10), (1998):1093–1102. Freeman, R. E., "Strategic management: A stakeholder approach", Marshfield, MA: Pitman Publishing Inc., (1984). Post, F. R. "A response to the social responsibility of corporate management: A classical critique", *Mid-American Journal of Business*, 18(1), (2003):25–35.

<sup>109</sup> Pirsch, J., Gupta, S., & Grau, S. L., "A framework for understanding corporate social responsibility programs as a continuum: An exploratory study", *Journal of Business Ethics*, 70, (2007):125–140.

who can influence or is influenced by the accomplishment of the association's destinations.<sup>110</sup> Essential stakeholder bunches comprise of shareholders and speculators, workers, clients, providers, open substances, for example, governments or other open associations that set laws and administer monetary business,<sup>111</sup> and exchange affiliations and ecological community.<sup>112</sup> As indicated by Savage, Nix, Whitehead and Blair, auxiliary stakeholder are different and incorporate the individuals who are not straightforwardly occupied with the association of monetary exercises but rather can affect or are influenced by the association.<sup>113</sup> Stakeholder theory proposes that organizations are propelled to widen their targets to incorporate different objectives notwithstanding benefit augmentation. In view of this hypothesis, many organizations hold onto a CSR program as an approach to advance socially dependable activities and arrangements and to adequately react to stakeholder requests.<sup>114</sup> Motivation for fulfilling stakeholder requests originates from the way that tends to partner needs, and that can be associated with an association's survival, financial prosperity, upper hands, and the improvement of trust and devotion among its focused on clients.<sup>115</sup>

### 2.5.2 Share value Theory

Michael Porter and Mark Kramer present the idea of shared value theory. They conclude that the corporate strategies and practices upgrade the assertiveness of an organization while at the same

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<sup>110</sup> Freeman, R. E., “*Strategic management: A stakeholder approach*”, .Marshfield, MA: Pitman Publishing Inc. (1984).

<sup>111</sup> Clarkson, M. E., “A stakeholder framework for analyzing and evaluating corporate social performance.”, *Academy of Management Review*, 20(1), (1995): 92–118

<sup>112</sup> Donaldson, T., & Preston, L. E., “The stakeholder theory of the corporation: Concepts, evidence, and implications”, *Academy of Management Review*, 20, (1995):64–91

<sup>113</sup> Savage, G. T., Nix, T. W., Whitehead, C. J., & Blair, J. D., “Strategies for assessing and managing organisational stakeholder”, *Academy of Management Executive*, 5(2), (1991):61–75.

<sup>114</sup> Maignan, I., & Farrell, O. C. “Corporate social responsibility and marketing: An integrative framework”, *Journal of the Academy of Marketing Science*, 32(1), (2004): 3–19

<sup>115</sup> Mitchell, R. K., Agle, B. R., & Wood, D. J., “Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts”, *Academy of Management Review*, 22(4), (1997):853–887

time the strategies propel the social and financial conditions in the communities where the organization offers and works. Porter and Kramer contend that all benefit is not equivalent. Benefit involving shared value empowers society to progress and organizations to have rapid growth. They anticipate that consolidating societal issues into technique and operations is the following significant change in relation to administration. They also attest that shared value models speak to nothing, not exactly the following advancement of private enterprise. Recently, Shared Value (SV) has picked up validity, authenticity and energy as another method for performing business. The idea is presently grasped by large portions of the world's driving companies, like Nestle, Intel, Unilever, The Coca-Cola Company and Western Union. The structure and language of shared value has spread rapidly beyond the private division to governments, NGOs, common society and the scholarly community.<sup>116</sup> Michael Porter distinguishes CSR and SV, and that is in the following:

- CSR is on a very basic level about taking assets from the business, and putting those assets in a decent corporate national: reusing, offering cash to social causes, providing details regarding social and natural effects, and drawing in representatives in community works.
- Shared Value is about the changing of how the centre business works—system, structure, individuals, procedures and prizes—with a specific end goal to convey triple main concern returns.
- The key refinement is that CSR is about accomplishing something different from the business, and SV is about coordinating social and natural effect into the business, utilizing that combination to drive monetary esteem.

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<sup>116</sup> Michael Porter and Mark Kramer, "Creating Shared Value," *Harvard Business Review*, January-February 2011.

- Forward intuition organizations need to be a piece of the answer for handling the mind boggling issues confronting communities, nations and domain. Organizations and workers realize that beneficent gifts are imperative. Thus, they need to grow their engagement so that their main plans of action enhance the prosperity of individuals and the planet, lessen or kill negative externalities, and procure a benefit.
- Multinational organizations in Europe and the U.S. are gradually and consistently increasing their CSR and SV that endeavours on complex worldwide issues; organizations in the BRICS and outskirts markets are quickly leading the pack on national and territorial issues of yearning, neediness, imbalance, unemployment and environmental change. These developing business sector organizations are holding onto Shared Value as a brilliant, economical and productive plan of action.<sup>117</sup>



## 2.6 CSR in Malaysia

### 2.6.1 CSR practice in Malaysia

Any corporation's business target is to offer esteem and care to its shareholders. Thus, benefit arranged enterprises or associations are not considerate associations although in some cases, it is their greatest advantage to manage altruistic activities. In addition, sometimes corporations or associations hold out positive exercises that legislatures ought to embrace the execution even though they are not government agencies. It is worthwhile for the companies to tolerate such socially dependable activities. Corporate social responsibility (CSR) is characterized as

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<sup>117</sup>Carol Moore, "Corporate Social Responsibility and Creating Shared Value: What's The Difference?", *Heifer International*, 14 May, 2014.

categories of financial, legitimate, moral and optional exercises of a business element as it gets changed to add to the measures and the possibility of society.<sup>118</sup> CSR is additionally the proceeding with commitments by any business association whereby they underline the ethical components in their administration and general authoritative structure.<sup>119</sup> Meanwhile, organizations are equipped with principles for national monetary advancement by enhancing the estimation of the life of the entire workforce and their families as well.<sup>120</sup> In Malaysia, a rapidly developing nation, the business environment is typically portrayed by overwhelming business undertakings; a lawful domain goes for respectable practices with respect to organizations, and mutual desires that organizations ought to be more moral and socially responsible. Along with that, in developing nations the associations ought to be more feasible; in this manner, the issues of client administration and satisfaction are of substantial importance. Therefore, in basic leadership forms, organizations attempt to dodge activities that may abuse any control or apathetically affect their notoriety with a specific end goal to avoid consumer disappointment.<sup>121</sup>

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<sup>118</sup> B.E. Joyner, Payne. D, Raibom C.E, Building Values, Business Ethics and Corporate Social Responsibility into the Developing Organization. *Journal Of Developmental Entrepreneurship*. Vol 7 (2002): 113 – 131. D.A.L. Coldwell, “Perception and Expectations of Corporate Social Responsibility: Theoretical Issues and Empirical Findings”, *Journal of Business Managerial*, (2000): 49- 54. J.E. Grunig, “A New Measure of Public Opinions on Corporate Social Responsibility”, *Academy of Management Journal*, Vol 22, No 4 (1979):738-764.

<sup>119</sup> A.J. Richardson, Welker M, Hutchinson I.R., “*Managing Capital Market Reactions to Corporate Social Responsibility*”, 17- 43.

<sup>120</sup> W.F.Abbott, Monsen R.J,“On the Measurement of Corporate Social Responsibility: Self Reported Disclosures as a Method of Measuring Corporate Social Involvement”, *Academy of Management Journal*, Vol 22, No 3 (1979): 501-515.

<sup>121</sup> Mudzamir Bin Mohamed and Norfaiezah Binti Sawandi , “Corporate Social Responsibility (CSR) Activities In Mobile Telecommunication Industry: Case Study Of Malaysia”, Faculty of Accountancy, Universiti Utara Malaysia

## 2.6.2 Factors Influencing Involvement in CSR in Malaysia

The primary part of business is to deliver products and enterprises that align with societal yearnings and needs. This is indicated by Coldwell<sup>122</sup>, and he says that a business only contributes completely to a general public in the event that it is profoundly accomplished, exceptionally beneficial and has social-oriented diagram. In light of the writing meaning of CSR, CSR practices does not cease to exist after some time or space. Social prospect and requests for particular sorts of CSR have fluctuated after some time and are dependent on the strategies of the organization.<sup>123</sup> A review by Windsor<sup>124</sup> demonstrates that social obligation is accomplished when the enterprise fits in with the current standards and prospect of social execution in a given society. Since CSR practices are generous and open, the probability that a specific organization will take part in CSR will likewise rely upon the attributes of the business and administration. According to J. Richardson, Welker, and R. Hutchinson<sup>125</sup>, an organization may adopt a proactive strategy on an ethical issue in the absence of particular weights, for that organization to act, more specifically it is wilful. In addition, it is feasible for organizations with widely known CSR related issues to procure not an activity concerning these issues. A firm or associations size may be connected with the level of social contribution. A review by Smith<sup>126</sup> mentions that substantial assembling organizations concerned in refining and compound creation are more intently observant for ecological execution than organizations in different ventures. This is

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<sup>122</sup> D.A.L. Coldwell, "Perception and Expectations of Corporate Social Responsibility: Theoretical Issues and Empirical Findings", *Journal of Business Managerial*, (2000): 49- 54.

<sup>123</sup> Richardson, Welker M, Hutchinson I.R., "Managing Capital Market Reactions to Corporate Social Responsibility", 33.

<sup>124</sup> D. Windsor, "The Future of Corporate Social Responsibility", *International Journal of Organizational Analysis*, Vol 9, No 3, (2001): 225-256.

<sup>125</sup> Richardson, Welker M, Hutchinson I.R., "Managing Capital Market Reactions to Corporate Social Responsibility", 38.

<sup>126</sup> M.S. Smith & Alcom D.S., "Cause Marketing: A New Direction in the Marketing of Corporate Responsibility", *Journal of Services Marketing*, Vol 6, No 4 (1991): 21-37.

because of the way that overwhelming assembling organizations are proclaimed to be more hazardous to the environment and natural surroundings.

In addition, a causal impact exists between business size and industry on the measurement of social exposure.<sup>127</sup> This connection demonstrates that the size impact is most evident in delicate enterprises. For instance, substantial firms in the oil and gas industry will probably embrace CSR practices than little firms in that industry. Thus, no size impacts are evident in low-effect enterprises, for example, retailing or financial services. Joyner, Payne, and Raiborn<sup>128</sup> likewise analyse small and bigger associations, and the outcomes clarify that smaller business appear to better comprehend the issues of corporate social obligation than bigger organizations. They similarly recognize the manifold inner and outer components that would bring about anomaly in the moral execution of small and big organizations. On the contrary, a review by Thompson and Smith<sup>129</sup> reveals that small companies have not been urged to disregard social activism, and they are asked to mull over rather keep away from the reckless execution. CSR is likewise preferential by the morals of the firm or associations. Moral inspiration can direct the business or association to make the best choice without any outer weight or administrative point of confinement. Joyner, Payne and Raiborn<sup>130</sup> find out that individuals consider organizations as untrustworthy when truth be told; they for the most part press for the evaluation of morals in joint working. They refer to various variables that legitimize their position, and one of the elements is society that expects the

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<sup>127</sup> A.C. Tilt , “The Influence of External Pressure Groups on Corporate Social Disclosure”, *Accounting, Auditing & Accountability Journal*, Vol 7, No 4 (1994): 47- 72.

<sup>128</sup> B.E. Joyner, Payne. D, Raibom C.E, “Building Values, Business Ethics and Corporate Social Responsibility into the Developing Organization”, 113 – 131.

<sup>129</sup> J.K. Thompson & Smith H.L , “Social Responsibility and Small Business: Suggestions for Research”, *Journal of Small Business Management*, (1991):30-44.

<sup>130</sup> B.E. Joyner, Payne. D, Raibom C.E, “Building Values, Business Ethics and Corporate Social Responsibility into the Developing Organization”, 113 – 131.

moral conduct of the business when it speaks out loudly against improper work or environmental policies.

According to Ogrizek<sup>131</sup>, business pioneers are beginning to concede a portion of the market benefits and high remuneration for organizations who set up an entire CSR arrangement. This implies that a business with a solid stance in corporate duty will pull in top fitness and notoriety. Thus, the greater part of the respondents in a review by Zabid and Saadiatul<sup>132</sup> does not agree that business pioneers who have a lot of social impact should not associate social exercises that may expand their social power. It demonstrates that the political power might have an immediate association with the organizations' social motivation. Efficiency or economic execution likewise has an influence on CSR. A review by Cochran and Wood<sup>133</sup> finds out the inner industry amasses; the money related variable that most aptly corresponds with CSR is resource age, and the review also mentions that oversight of these variable outcomes is in a false relationship amongst CSR and economic execution. In contrast, firms with senior resources have brought down CSR evaluations.

Aupperle, Can-oil, and Hatfield<sup>134</sup>, attempt to find out the relationship between social association and benefit, and they report it as a hopeful relationship. Meanwhile, Abbott and Monsen<sup>135</sup> express that there is no positive confirmation that there is a reasonable connection in any course between corporate social exercises and investigated benefits; for instance, it seems persuading

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<sup>131</sup> M. Ogrizek, "Forum Paper: The Effect of Corporate Social Responsibility on the Branding of Financial Services", *Journal of Financial Services Marketing*, Vol 6 (2002): 215-228.

<sup>132</sup> Md Zabid Abdul Rashid, Saadiatul Ibrahim, "Executive and Management Attitudes towards Corporate Social Responsibility in Malaysia", *Corporate Governance*, Bradford, 2002.

<sup>133</sup> P.L. Cochran & Wood R. A., "Corporate Social Responsibility and Financial Performance", *Academy of Management Journal*, Vol 27, No 1 (1984): 42-56.

<sup>134</sup> K.E. Aupperle, Carrol A.B, Hatfield J.D, "An Empirical Examination of the Relationship Between Corporate Social Responsibility and Profitability", *Academy of Management Journal*, Vol 26, No 2 (1985): 446-463.

<sup>135</sup> W.F. Abbott & Monsen R.J, "On the Measurement of Corporate Social Responsibility: Self Reported Disclosures as a Method of Measuring Corporate Social Involvement", *Academy of Management Journal*, Vol 22, No 3 (1979): 501-515.

that CSR is negatively connected with productivity in the short run. According to McGuire, Sundgren, and Schneeweis<sup>136</sup>, CSR is a main corporate obligation which comprises of corporate basic leadership, the relationship of the company's social and good concerns with monetary execution. The issue that shows up here is the connection between the association's social obligation and their money related execution. A hypothetical diagram is utilized as a part of the examination in view of stock markets results, and it does delineate any relationship between monetary execution and the association's social inclusion. In contrast, utilizing the bookkeeping based presentation, the relationship is built up. With a specific end goal to defeat the constraint of this technique, the propagators utilizes execution as a part of controlling contamination as an alternative measure. Corporate social duty can be accomplished if the firm trusts the impact prior to its execution and ought to be focused on speculatively and exactly.

### **Social Factors in Malaysia**

Malaysia is a Muslim-dominated nation with a solid Asian legacy, as a result, the qualities, convictions, standards and understanding of the importance of occasions of Malaysians will be particularly different. For instance, what might be appealing or appropriate in Malaysia may not unavoidably be so in Finland. However, for quite some time, there have been concentrated endeavours by generated Western countries to propel their social qualities and convictions into creating countries, for example, Malaysia.<sup>137</sup> Endeavours by creating domains in demanding their disparities are for the most part forgotten about as being backward or imbued in religious

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<sup>136</sup> J.B. McGuire, Sundgren A., Schneeweis T, "Corporate Social Responsibility and Firm Financial Performance", *Academy of Management Journal*, (1988): 854-872.

<sup>137</sup> Banerjee, S. B., & Lindstead, S., "Globalization, multiculturalism and other fictions: colonialism for the new millennium?", *Organization*, 8(4), (2001): 683-722.

fundamentalism.<sup>138</sup> Indeed, even Malaysian researchers have emphatically differentiated the "comprehensiveness" of Western societal statutes.<sup>139</sup> However, divergences in social qualities and convictions are not only reasons for political abuse, as was recommended by Manan.<sup>140</sup> Reasonably, they are deliberately demonstrated. Gupta, Hanges and Dorfman exhibit a brief review of different inquiries about in more than fifty years, and they are all by Western researchers. The researches concern the aspects that constantly tip to social dissimilarities among individuals from various parts of the world. They additionally have settled that social orders far and wide can be gathered into ten particular social bunches, each with its own elite mix of qualities and convictions. The question comes to the fore about the ways of the contention of the "comprehensiveness" of social qualities and convictions that are close by these discoveries. The propagators argue against that it doesn't.<sup>141</sup>

These distinctions are accommodated into the administration approach of Malaysians too. Malaysian directors are reported to receive customary Asian qualities with accentuation on trust and cohesiveness within their working units.<sup>142</sup> Also, the complexities from the social issues are further misrepresented in Malaysia because of its multi-ethnic formation. Regrettably, disregarding endeavours by the Government to fashion a really 'Malaysian race', ethnicity stays basic – and at times, unstable – issue in Malaysian culture.<sup>143</sup> Truly, there might be a few similitudes. Generally, every ethnic entity has its odd arrangement of qualities and convictions.

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<sup>138</sup> Donnelly, J., *Human rights and Asian values: A defence of Western' universalism*, In Bauer, J. and Bell, D., (Eds), *The East Asian Challenge For Human Rights* (Cambridge University Press, 1999), 60–87.

<sup>139</sup> Manan, W. A., "A nation in distress: Human Rights, authoritarianism, and Asian values in Malaysia", *SOJOURN: Journal of Social Issues in Southeast Asia* 14, no. 2, (1999):359-381.

<sup>140</sup> Manan, W. A., "A nation in distress: Human Rights, authoritarianism, and Asian values in Malaysia", 359-381.

<sup>141</sup> Gupta, V., Hanges, P. J., & Dorfman, P., "Cultural clusters: Methodology and findings", *Journal Of World Business*, 37(1) (2002):11-15.

<sup>142</sup> Kennedy, J. C., "Leadership in Malaysia: Traditional values, international outlook", *The Academy of Management Executive*, 16(3) (2002):15-26.

<sup>143</sup> Shamsul, A.B., "Many ethnicities, many cultures, one nation: The Malaysian experience", *UKM Ethnic Studies Paper Series No.2*, Malaysia:KITA (2008).

Already these dissimilarities have been controlled and kept out of the national discussion. Thus, accelerated by sharp political affiliation and supported by the social media, there has been a rift in the conflict of qualities between the real ethnic clusters. Thusly, in receiving an establishment for their CSR, Malaysian firms should know about two issues in perspective of Malaysia's social landscape. The first is that the majority of the CSR speculations that have been proposed throughout the years emanate from the West. In doing so, they may not fit into the Malaysia's social setting. Furthermore, this is firmly associated with the first, and that is the basics of regularizing CSR speculations, in light of social qualities, convictions, and ethical quality which may encroach on the sensitivities of the Malaysia's multi-racial society.

### **Economic Factors in Malaysia**

From financial observation, Malaysia is becoming country confident to join the positions of developed countries of the world by the year 2020. This speaks with the standards of the 'Vision 2020' arrangement propelled in 1991, which has since served as the country's outline for broader perspective. Vision 2020 requires a holistic form of development in Malaysia as it incorporates financial and social conditions. Among its key destinations is the arrangement of an elite Malaysian society. The key aspects concerns one that is financially solid as well as minding and even-handed too.<sup>144</sup> Towards achieving this end, the business segment has been set apart as the foremost driver. In doing so, CSR has one probability by which the business part can contribute to the uplifting of the prevalent life standard for Malaysians itself. This is additionally imitated in

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<sup>144</sup> Mohamad, M. *The way forward*, Speech to the Malaysian Business Council, Kuala Lumpur, Malaysia (1991). Retrieved from: <http://www.pmo.gov.my/?menu=pageandpage=1904>.

the Silver Book, which has situated CSR as methods for firms to ameliorate upper hand while adding to social and ecological issues.<sup>145</sup>

Moreover, Vision 2020 more likely requires a fare arranged economy.<sup>146</sup> This would imply that Malaysian firms need to influence clients abroad, particularly those in developed nations in the West since the West have moderately better acquiring power. Normally, in doing such, Malaysian firms would need to strive with multinational enterprises and set up their brands. In connection with the event that Malaysian firms are to have a possibility of wresting clients away to support them, so their business systems must imitate the present developing patterns in advertising and client conduct. One such key inclination is CSR. Both insightful reviews and market-based studies demonstrate that clients in the West have a solid propensity for firms with high CSR inclusion.<sup>147</sup>

Many firms in the West have made CSR as a key purpose of depiction, all together emerging out of their opposition.<sup>148</sup> In addition, a fare situated economy would likewise imply that Malaysian firms cannot depend only on residential ventures rather local firms would need to hotspot for assets from the West to help them develop and grow up. In addition, CSR components fundamentally, as Socially Responsible Investment (SRI) have developed eminently to the point that it is currently viewed as traditional in contributing circles.<sup>149</sup> SRI is firmly identified with the execution of CSR as its exceptionally premise is in connection to how a firm oversees social and ecological parts of its business, next to its business operations. It is not unexpected that the Bursa

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<sup>145</sup> S.R. Abdulrazak and Fauziah Sh. Ahmad, "The Basis for Corporate Social Responsibility in Malaysia", *Global Business and Management Research: An International Journal*, Vol. 6, No. 3 (2014).

<sup>146</sup> Mohamad, M. *The way forward*, Speech to the Malaysian Business Council, Kuala Lumpur, Malaysia (1991).

<sup>147</sup> Bonini, S.M, McKillop, K, & Mendonca, L.T., "What consumers expect from companies", *The McKinsey Quarterly*, 2, (2007):11-17.

<sup>148</sup> Porter, M.E., & Kramer, M. R., "The big idea: creating shared value", 6.

<sup>149</sup> Sparkes, R., & Cowton, C. J., "The maturing of socially responsible investment: A review of the developing link with corporate social responsibility", *Journal of Business Ethics*, 52(1), (2004): 45-57.

Malaysia is propelling its 'Environmental, Social and Governance Index', hoping to draw in SRI from everywhere throughout the world to the amount of US\$34 trillion.<sup>150</sup> This would just be conceivable if Malaysian firms take part in CSR activities that are fundamentally sound.

### 2.6.3 CSR reporting in Malaysia

Previously corporate scope generally has tended to concentrate on monetary data to investors. The wilful introduction of ecological effects and activities in organization yearly reports has turned out to be broad among associations, maintaining a commitment to extend their environmental obligations outside regulatory consistence.<sup>151</sup> Consequently, organizations wishing to react to this expanded open apprehension about CSR may utilize the yearly report as a method for declaration.<sup>152</sup> Nielsen and Thomsen<sup>153</sup> express that in some European nations, including Denmark, governments, and policymakers prescribe that association ought to write about their social and environmental exercises in relationship with the general annual report.<sup>154</sup> Claims for cleanliness and duty from associations working is allinclusive, and that has pushed them to put corporate social responsibility (CSR) compositely. Data on environmental and social issues is normally imparted by organizations either as a segment in their yearly reports or stand-alone reports. Stand-alone reports are printed copy only.

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<sup>150</sup> ABN, *Bursa Malaysia confident Environmental, Social and Governance Index will attract socially responsible investments* (2013, October 25). *ABN News*. Retrieved from: <http://news.abnxc.com/2013/10/bursa-malaysia-confident-environmental-social-and-governance-index-will-attract-socially-responsible-investments/>

<sup>151</sup> Goliath, "Corporate Social Responsibility: HR's Leadership Role," *Research Quarterly*, 2004, available from: [http://goliath.ecnext.com/coms2/gi\\_0199-3516518/Corporate-social-responsibility-HR-s.html](http://goliath.ecnext.com/coms2/gi_0199-3516518/Corporate-social-responsibility-HR-s.html)

<sup>152</sup> Nik Nazli Nik Ahmada, Maliah Sulaiman b, and Dodik Siswantoro, "Corporate Social Responsibility Disclosure in Malaysia: An Analysis of Annual Reports of KLSE Listed Companies", *IJUM Journal of Economics and Management*, 11, no.1(2003).

<sup>153</sup> A.E. Nielsen & Thomsen, C. "Reporting CSR – what and how to say it?", *Corporate Communications: An International Journal*, Vol. 12 No. 1(2007): 25-40.

<sup>154</sup> CF. the Danish law on Organizational Annual Reporting of 2002.

A few associations have liked to convey their social approach and conduct their corporate sites, utilizing isolated and conflicting ideas for comparable issues.<sup>155</sup> This is as Internet-based simply or, most commonly, gives printed version of organized forms and also is added on the Internet.<sup>156</sup> From a review, experts find out that 98 percent of U.K-based organizations, 85 percent of the U.S. organizations and 56 percent of the Australian organizations have CSR divulgences in their yearly reports. Around 80% of FTSE-100 organizations now give data about their ecological execution, social effect, or both.<sup>157</sup>

In Malaysia, the reporting of CSR in the yearly reports is still in process. An ACCA<sup>158</sup> report entitled "The State of Corporate Environmental Reporting in Malaysia"<sup>159</sup> CSR in Malaysia is in full swing.<sup>160</sup> Obviously, this inclination will relentlessly turn into a standard format in the coming years as the Kuala Lumpur Stock Exchange (KLSE) has provided the insight that recorded organizations will do likewise. According to the specified version by the CEO of KLSE, they are investigating and creating a CSR articulation in their yearly report.<sup>161</sup> Organizations in Malaysia have drawn out their yearly reports more distantly than the conventional reporting by fusing components of environmental, social, product and employee data.<sup>162</sup> Yusli Mohamed Yusoff<sup>163</sup> remark that great CSR performances empower business manageability and increase the value of capital markets and also the remnants of organizations.

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<sup>155</sup> Nielsen & Thomsen, C. "Reporting CSR – what and how to say it?", 33.

<sup>156</sup> C. Adams & Zutshi, A. "Corporate Social Responsibility: Why Business Should Act Responsibly and be Accountable," Australian Accounting Review, 2004. available at [http://findarticles.com/p/articles/mi\\_qa5395/is\\_200411/ai\\_n21361571](http://findarticles.com/p/articles/mi_qa5395/is_200411/ai_n21361571)

<sup>157</sup> K. Amaeshi & Adi, B. C. "Corporate Social Responsibility as Deinstitutionalization of Corruption in Developing Economies: A Case Study of Nigeria. beyond CSR?," Business, Poverty and Social Justice Conference 22 May 2006, National Liberal Club, London.

<sup>158</sup> Association of Chartered Certified Accountants, Malaysia.

<sup>159</sup> Published in early 2002.

<sup>160</sup> Goliath, "Corporate Social Responsibility: HR's Leadership Role".

<sup>161</sup> Bursa Malaysia, 2007.

<sup>162</sup> Bursa Malaysia, 2008.

The environmental reporting at some point known as "green reporting" is one of the surfaces of deliberate social reporting incorporated into the monetary articulations. Fundamentally, CSR includes discussing the organization's activities with its partners and accepting their criticism constructively. In similar vein, it can be said that an organization can have a dynamic and applicable CSR vision.<sup>164</sup> Reporting of CSR exercises does have repayment from various perspectives.<sup>165</sup> The advantages vary from helping partners on CSR execution, indicating esteem included in annual up-gradation, aiding an interior methodology to assess, observing and annexing reporting CSR. Finally, CSR reports contain investor connection toward teaching the speculators and understanding its importance. Different types of deliberate social reporting incorporate esteem add explanations, corporate social duty, and responsibility exposures.<sup>166</sup>

Assuming that CSR can be unpredictable to specify, interchanges are critical to demonstrate the nature of such duties<sup>167</sup> and proffer a method for assessing the full effect of doing business.<sup>168</sup> Generally, considering the overall population's perspective, it is seen that there is a path which decides an organization's participation in corporate socially capable activities about social, ecological consistence, and other benevolence practices. In the US, Generally Accepted Accounting Principles (GAAP) gives directions regarding the revealing of organization economic data within the general populace sphere.<sup>169</sup> Nonetheless, there is no administrative prerequisite in Malaysia for public-listed organizations to reveal data, identifying their CSR

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<sup>163</sup> Chief Executive Officer of Bursa Malaysia.

<sup>164</sup> Bursa Malaysia, 2008.

<sup>165</sup> OWW Consulting Malaysia, 2008.

<sup>166</sup> Zauwiyah, Salleh & Junaini. "Determinants of Environmental Reporting in Malaysia," *International Journal of Business Studies*, Vol 11, No. 1 (2003): 69-90.

<sup>167</sup> S. Macleod, "Why Worry about CSR?," *Strategic Communication Management*, Vol. 5 No.5 (2001):8-9.

<sup>168</sup> B. Ramasamy & Ting, H. W, "A Comparative Analysis of Corporate Social Responsibility Awareness," *The Journal of Corporate Citizenship, ABI/INFORM Global*, (2004): 109.

<sup>169</sup> J.L.Holcomb, Upchurch, R. S. & Okumus, F. , "Corporate Social Responsibility: What are top Hotel Companies Reporting?" *International Journal of Contemporary Hospitality Management*, Vol. 19, No. 6 (2007).

action.<sup>170</sup> Similarly, it is noticed that in Malaysia, there are currently no bookkeeping principles for revealing CSR data. In the inadequacy of such guidelines, CSR divulgences in Malaysia would be totally wilful in nature. Consequently, organizations have full prudence as to its yearly report exposure.<sup>171</sup>

#### **2.6.4 Would a CSR Index in Malaysia Really Work?**

Corporate Social Responsibility or CSR has pulled in a considerable measure of fixation in Malaysia recently. The Malaysian Prime Minister has utilized CSR as a major aspect of his budget changes. Bursa Malaysia has additionally rested out a forceful structure for recorded organizations in Malaysia to get CSR more liberally.

The questions arises how we would know whether organizations have great CSR performs or not. In different countries, organizations can join a CSR Index, for example, FTSE4Good<sup>172</sup> or the Dow Jones Sustainability Index.<sup>173</sup> This permits speculators knowledge into organizations which have great CSR.

The posed question is whether there is entirely great CSR happening in Malaysia. Some latest research and daily paper articles propose that there is more CSR in Malaysia than individuals' expectation, so doubtlessly the main trouble is in finding a CSR rating for Malaysian organizations. Hopefully we will get a clearer thought of how CSR in Malaysia is truly forming.

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<sup>170</sup> Ramasamy & Ting, "A Comparative Analysis of Corporate Social Responsibility Awareness", 109.

<sup>171</sup> Nik Nazli Nik Ahmada, Maliah Sulaiman b, and Dodik Siswanto, "Corporate Social Responsibility Disclosure in Malaysia: An Analysis of Annual Reports of KLSE Listed Companies", (2003).

<sup>172</sup> FTSE4Good is a responsible investment index designed to help investors identify companies that meet globally recognized corporate responsibility standards.

<sup>173</sup> The Dow Jones Sustainability World Index was launched in 1999 as the first global sustainability benchmark.

Maybe we could then have a CSR Index in Malaysia, and that would give us a chance to track share outlays in Socially Responsible Investments in the Malaysian market.

Bursa Malaysia, the Malaysian Stock Exchange has outlined a CSR system for listed organizations in Malaysia. The site<sup>174</sup> characterizes CSR as follows:–

"To begin with, let us investigate what CSR implies. It is not about how a firm spends money, but rather about how the firm profits."

## **2.7 Corporate Social responsibility in Jordan**

### **2.7.1 CSR practice and Reporting**

Jordan is a small nation with limited common assets. Recently, destitution and unemployment have turned out to be most imperative issues that challenge Jordan, with around 14.2 percent of the nation's populace in greater need starting 2008.<sup>175</sup> The unemployment rate as well remains high with around 18 percent in 2010. As the Jordanian Government is not able settle these issues, the legislature has centered its fixation around the part of the private segment to go before the Jordanian economy; as a result, it diminishes destitution and unemployment.<sup>176</sup> The Jordanian private division has a good faith to interface in understanding maintainability issues identified with need, unemployment, and other social concerns.<sup>177</sup> One method for accomplishing this is

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<sup>174</sup> Busra Malaysia Berhad, Available at: <http://bursa.listedcompany.com/news.rev/id/22778>, Accessed on 20 Dec, 2016.

<sup>175</sup> Department of Statistics (DOS), *Jordan Statistical Yearbook*, Department of Statistics, Amman (2011).

<sup>176</sup> K. Elian, "Role of Corporate Social Responsibility in alleviating poverty in Jordan: an exploratory study", *International Journal of Business and Social Research*, Vol. 4 No. 3 (2014): 87-105

<sup>177</sup> R. Al-Hamadeen and Badran, S., "Nature and determinants of CSR disclosure: experience of the Jordanian public shareholding companies", *European Journal of Business and Management*, Vol. 6 No. 13 (2014).

through sustaining and executing CSR practices and reporting devices that help firms to satisfy their obligations towards society and the environment.<sup>178</sup>

Finally, the administrative underwriting of enactment and regulations charges Jordanian associations to unveil social and environmental reporting in their yearly reports. A case of such a law is the Environmental Protection Law 1996, which is authorized to ensure the lack of noted submission of organizations with its environmental control measures. Another imperative stride is the Securities Commission Law of 1998, which requires recorded organizations to reveal data about social and environmental issues in their yearly reports. In 2004, the Jordan Securities Commission issues the "Directions for Issuing Company's Disclosure, Accounting, and Auditing Standards". This implies that the top managerial staff report must contain data about the organization's part to environmental security and local community facilities. The Securities Commission also has issued a guide for the arrangement of yearly reports. These aid to oblige organizations to clarify (in detail) the organization's commitment to local community services and the protection of the local community services (if any), posting the greater part of the administrations that the organization gives. They do subsidize local community services and the safeguard of the environment, and those are stated obviously in the following:

“The Company makes no commitment to the administration of the local community and the fortress of the environment. In 2009, the Jordan Securities Commission issued the corporate administration code for organizations recorded on the Amman Stock Exchange (ASE), which obliges organizations to uncover social and environmental data in their

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<sup>178</sup> R. Gray., Owen, D.L. and Adams, C., “*Accounting and Accountability: Changes and Challenges in Corporate and Social Reporting*”, (Prentice-Hall, London, 1996).

yearly reports. This is secured under Chapter 5<sup>179</sup>, Article (5) that expresses: "The Company must reveal its lead with respect to the local community and environment".<sup>180</sup>

In Jordan, investigation on CSR divulgence is limited.<sup>181</sup> Thus, the dominant parts directed in Jordan till date have focused on analysing the impact of corporate attributes on CSR.<sup>182</sup> The majority of these reviews have utilized substance examination to decide the degree of CSR. The discoveries bring up the attention that the most acknowledged revelation subjects are HR and inclusive community while the ecological issue has the minimal exposure among these reviews. Past reviews reveal that the level of CSR exposure remains similarly low. For instance, Al-Khadash<sup>183</sup> finds out that 26 percent of the organizations do not have any type of social and ecological exposure in their yearly reports. Suwaidan<sup>184</sup> finds out that in exclusive sense, three organizations get revelation scores of more than 30 percent of CSR divulgence items. The review by Abu-Baker and Naser<sup>185</sup> analyses the level of CSR of Jordanian recorded organizations in 1997 and states that Jordanian organizations accomplish an inclined normal of 0.45 pages that

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<sup>179</sup> Disclosure and Transparency.

<sup>180</sup> Jordan Securities Commission, 2009.

<sup>181</sup> H.A. Al-Khadash, "The accounting disclosure of social and environmental activities: a comparative study for the industrial Jordanian shareholding companies", *Abhath Al-Yarmouk Journal: Humanities and Social Sciences*, Vol. 19 No. 2 (2003): 21-39. Y.F. Jahamani, "Green accounting in developing countries: the case of UAE and Jordan", *Managerial Finance*, Vol. 29 No. 8 (2003): 37-45.

<sup>182</sup> N. Abu-Baker and Naser, K., "Empirical evidence on corporate social disclosure (CSD) practices in Jordan", *International Journal of Commerce and Management*, Vol. 10 Nos 3/4 (2000): 18-34. H.A. Al-Khadash, "The accounting disclosure of social and environmental activities: a comparative study for the industrial Jordanian shareholding companies", 21-39. M.S. Suwaidan, Al-Omari, A.M. and Hadad, R.H., "Social responsibility disclosure and corporate characteristics: the case of Jordanian industrial companies", *International Journal of Accounting, Auditing and Performance Evaluation*, Vol. 1 No. 4 (2004): 432-447. K.N.K. Ismail, and Ibrahim, A., "Social and environmental disclosure in the annual reports of Jordanian companies", *Issues in Social and Environmental Accounting*, Vol. 2 No. 2 (2008): 198-210. R. Al-Hamadeen, and Badran, S., "Nature and determinants of CSR disclosure: experience of the Jordanian public shareholding companies", *European Journal of Business and Management*, Vol. 6 No. 13 (2014).

<sup>183</sup> H.A. Al-Khadash, "The accounting disclosure of social and environmental activities: a comparative study for the industrial Jordanian shareholding companies", 21-39. Y.F. Jahamani, "Green accounting in developing countries: the case of UAE and Jordan", *Managerial Finance*, Vol. 29 No. 8 (2003): 37-45.

<sup>184</sup> M.S. Suwaidan, Al-Omari, A.M. and Hadad, R.H., "Social responsibility disclosure and corporate characteristics: the case of Jordanian industrial companies", *International Journal of Accounting, Auditing and Performance Evaluation*, Vol. 1 No. 4 (2004): 432-447.

<sup>185</sup> N. Abu-Baker and Naser, K., "Empirical evidence on corporate social disclosure (CSD) practices in Jordan", 18-34.

are dedicated to social revelation. He likewise find out that ecological, item and vitality reporting required more consideration and fixation from Jordanian organizations.

This has been predicted by a review by Jahamani<sup>186</sup> who states that exclusively 9 out of 86 Jordanian organizations have issued ecological reports. Utilizing a specimen of 60 organizations and looking over the assembling and administration divisions, Ismail and Ibrahim<sup>187</sup> find out that 15 percent of the organizations in the example do not reveal any data identified with CSR exercises.

There are an insufficient number of studies in Jordan, and those look at the relationship between the corporate administration and data exposure as a rule.<sup>188</sup> Al Sawalqa<sup>189</sup> inspects the degree of wilful revelation and the level of consistence with corporate administration code on the yearly reports of 13 Jordanian banks recorded in ASE in 2012. He finds out that the level of quiet submission with corporate administration code is 90.9 percent. The outcome additionally is aligned with the finding that Jordanian banks, overall, reveal 61 percent of items. This is inconsistent with a review by Mardini<sup>190</sup> who finds out that the mean divulgence is 59.5 percent in Jordanian banks. Al Sawalqa<sup>191</sup> expresses that Jordanian banks tend to shroud a few data since

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<sup>186</sup> Y.F. Jahamani, "Green accounting in developing countries: the case of UAE and Jordan", *Managerial Finance*, Vol. 29 No. 8 (2003): 37-45.

<sup>187</sup> K.N.K. Ismail, and Ibrahim, A., "Social and environmental disclosure in the annual reports of Jordanian companies", *Issues in Social and Environmental Accounting*, Vol. 2 No. 2 (2008): 198-210.

<sup>188</sup> F. Al Sawalqa, "Corporate governance mechanisms and voluntary disclosure compliance: the case of banks in Jordan", *International Journal of Academic Research in Accounting, Finance and Management Sciences*, Vol. 4 No. 2 (2014): 369-384. M.S. Sartawi, Hindawi, R.M., Bsoul, R. and Ali, A.J. "Board composition, firm characteristics, and voluntary disclosure: the case of Jordanian firms listed on the Amman stock exchange", *International Business Research*, Vol. 7 No. 6 (2014). A.E. Haddad, AlShattarat, W.K., AbuGhazaleh, N.M. and Nobanee, H., "The impact of ownership structure and family board domination on voluntary disclosure for Jordanian listed companies", *Eurasian Business Review*, Vol. 5 No. 2 (2015): 203-234.

<sup>189</sup> F. Al Sawalqa, "Corporate governance mechanisms and voluntary disclosure compliance: the case of banks in Jordan", 369-384.

<sup>190</sup> G.H. Mardini, "Corporate governance voluntary disclosures in developing countries: evidence from Jordanian Banks", *International Journal of Business and Emerging Markets*, Vol. 7 No. 1 (2015): 101-129.

<sup>191</sup> F. Al Sawalqa, "Corporate governance mechanisms and voluntary disclosure compliance: the case of banks in Jordan", 369-384.

there is high rivalry among Jordanian banks where a few data is more powerless. Another review directed by Haddad<sup>192</sup> reports the impact of possession structure and relatives on the board on the wilful exposure. Utilizing an example of 57 organizations recorded on the ASE in 2004, they reveal that the level of wilful exposure has a positive association with government proprietorship and a negative association in relation to the board and administrative possession. They recognize that Jordan, which has a concentrated possession structure, will experience the ill effects of the second kind of organization issues that encompass controlling and non-controlling shareholders (i.e. minority shareholders); consequently, those direct to a low level of divulgence as they have better admission to interior data. Sartawi<sup>193</sup> holds this view and finds out that a negative relationship includes possession fixation and the level of intentional revelation in Jordan.

### **2.7.2 The Trend towards Corporate Social Responsibility in Jordan**

Jordanian organizations perform in a socially dependable manner for various reasons:

1. CSR practices are lawfully authoritative: Corporations in various segments in Jordan execute different exercises that bolster social-oriented business practices, which can be classified as legitimately official, for example, government disability for representatives and environmental security.

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<sup>192</sup> A.E. Haddad, AlShattarat, W.K., AbuGhazaleh, N.M. and Nobanee, H. "The impact of ownership structure and family board domination on voluntary disclosure for Jordanian listed companies", *Eurasian Business Review*, Vol. 5 No. 2 (2015): 203-234.

<sup>193</sup> M.S. Sartawi, Hindawi, R.M., Bsoul, R. and Ali, A.J., "Board composition, firm characteristics, and voluntary disclosure: the case of Jordanian firms listed on the Amman stock exchange", *International Business Research*, Vol. 7 No. 6 (2014).

2. CSR benefits surpass its cost: Being socially skilful retains the cost. These expenses may engage the buy of new environmentally benevolent mechanical assembly, the change of administration structure, or the execution of stricter quality control.<sup>194</sup> Mostly, the organization will bear this cost, where this will be one of three choices the organization needs to back this speculation.<sup>195</sup> Other alternatives are achieved either through gathering a margin on the costs of organizations' items or by getting gifts or duty endorsement from the government, and governments have routinely accepted sole accountability for the advancement of the daily life styles of the population. Consequently, the fundamental aim of business is to make a benefit; CSR should not restrict this point. Organizations may participate in such exercises if the evident, measured or unmeasured, benefits outperform the related expenses in the perspective of the basic leadership substance.<sup>196</sup>

3. Decrease the space for struggle: Corporate social responsibility involves an essential need on the planet. Hopkins<sup>197</sup> trusts that CSR should be effectively component in developing nations since it will manage the cost effectively and harmoniously to deal with settling issues happening in these nations, for example, the uniqueness in the Middle East. He further mentions that if organizations and establishments recreate more on CSR, the space for difference must be consolidated.

4. A Differentiation Method: Although developed nations are more aware of social obligation issues, some of their organizations are recently confronted with an extended opposition in the all-

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<sup>194</sup> M. Tsoutsoura, "Corporate Social Responsibility and Financial Performance", (University of California, Berkeley, 2004).

<sup>195</sup> Al-Ghaliby and Al-Amery, 2008

<sup>196</sup> C. Paul, and Siegel, D., "Corporate Social Responsibility and Economic Performance", *Journal of Productivity Analysis*, 26(3) (2006): 207-211.

<sup>197</sup> M. Hopkins, "Corporate Social Responsibility: an Issues Paper, International Labour Office Working Paper", No. 27, Geneva, 2004.

inclusive world.<sup>198</sup>To a certain degree, enterprises are attempting a few activities for community's change to pick up a superior notoriety in that market and to overcome the opposition. Recently, the world has seen new types of CSR, and organizations have begun partaking in wilful activities by maintaining social associations and by participating in the open exercises.<sup>199</sup>As firms get to be distinctly all inclusive subjects, they grow, to a specific degree, a feeling of responsibility for various markets. Thus, this strains faithfulness towards these business sectors.<sup>200</sup>

### **2.7.3 Forms of Corporate Social Responsibility in Jordan**

Most of the organizations are straightforward or in a roundabout way they require at least one socially careful exercise, for example, ecological security, utilization of vitality sparing projects, or workers' rights. Ararat<sup>201</sup>reveals that CSR in Jordan is normally determined by expanding universality and local threat that hinders progression; lack of attentiveness toward adequacy and effectiveness. Thus, there is a developing legislative apprehension on CSR. Her Majesty Queen Rania is an outstanding advocate of CSR, and she is extremely concerned about this matter in Jordan. Her Majesty Queen Rania concerns about the capacity of the private organisation on accomplishing CSR goals. Stringent spending plans mean tough decisions, so not all improvement needs can be met by governments presently. Her Majesty believes that CSR has invigorated from a pattern to a method for working together and afterward to criteria for achievement in the general economy.

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<sup>198</sup> Al-Ghaliby and Al Amery, 2008.

<sup>199</sup> Obeidat, 2003.

<sup>200</sup> Manakkalathil, 1995.

<sup>201</sup> M. Ararat, “*Corporate Social Responsibility across Middle East and North Africa*”, (Faculty of Management, Sabanci University, 2006), Draft available at SSRN: <http://ssrn.com/abstract=1015925>

In her discourse at the University of Jordan in 2008, which she has conveyed after getting a privileged doctorate in Educational Sciences, her glory has focused on that CSR is the principles of all Jordanians: Some of us may lose sight and think that it is confusing to pin point and recognize where to begin, or how to contribute in affecting society. Others may consider that social duty is for others, and they disregard the way that those taking an interest don't replace the individuals who are most certainly not valued. Building our future is a social responsibility that incorporates everyone. In addition, some non-benefit and open associations in Jordan influence the societal duty between organizations by sorting out a few tasks that help their social obligation. The Jordan Network for Environment-Friendly Industries (JNEFI), for instance, sorts out a reusing venture that attempts at circulating the waste under these organizations in a way that permits it to be reused later. There is also an inclination in Jordan towards vitality sparing and the utilization of renewable vitality. Jordan Enterprise Development Corporation (JEDC) in collaboration with national and private focuses ropes organizations to accomplish the ideal utilization of vitality by projects, for example, the adjustment of regular gas, vitality sparing and the utilization of renewable vitality. In addition, there is an expanding trend towards getting worldwide natural and quality control testaments, for example, the ISO 14000<sup>202</sup>, HACCP<sup>203</sup> and OHSAS 18001<sup>204</sup>. Some organizations in Jordan have engaged group engagement exercises, for example, helping needy individuals, planting trees in the city walkways and supporting training exercises.

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<sup>202</sup>ISO 14000 is a family of standards related to environmental management that exists to help organizations (a) how their operations (processes, etc.) negatively affect the environment (i.e., cause adverse changes to air, water, or land); (b) comply with applicable laws, regulations, and other environmentally oriented requirements, and (c) continually improve in the above.

<sup>203</sup>Hazard analysis and critical control points or HACCP is a systematic preventive approach to food safety from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level.

<sup>204</sup>OHSAS 18001 is an Occupation Health and Safety Assessment Series for health and safety management systems. It is intended to help organizations to control occupational health and safety risks. It was developed in response to widespread demand for a recognized standard against which to be certified and assessed.

## Chapter III

### 3.0 Comparison and Recommendations

#### 3.1 Rational behind comparison between Malaysian and Jordanian CSR policy

This chapter discuss on the governmental enactment regarding CSR practice among two countries, namely Malaysia and Jordan. In Malaysia, there is legislation on CSR, namely the company Act 1965 to promote companies to exercise their CSR activities in order to foster the growth of the nation in general. The Companies Commission of Malaysia has set initiatives that raise the visibility of CSR. The Government-linked Investment Companies (GLICs) and Government-Linked Companies (GLCs) have set initiatives in community investment. Bursa Malaysia requires all public-listed companies (PLCs) and their subsidiaries to disclose their CSR activities or practices. On the contrary, the Jordanian Companies Law 1997 require corporations to comply with the provisions on CSR. The Jordan Securities Commission has issued the corporate administration code for organizations listed in the Amman Stock Exchange (ASE), which obliges organizations to comply with the social and environmental policies. Therefore, it is helpful to compare both countries' CSR policy to get better idea about their current CSR approach.

#### 3.2 Comparison between Malaysian and Jordanian CSR practice

In Asia, CSR awareness is quite low. Commentators say that a few nations fly recklessly into quick financial improvement mode and beyond the usual route; corners are shared in the attempt to be rich quickly. Adulteration of nursing milk, nourishment harming, contaminated streams,

product wellbeing issues, child labour, high labourer suicides, unsafe work conditions, and professional revolt are the glaring examples. World investigation is gradually yet indubitably, not paying attention and making the advancement in those nations on the grounds that these nations have aspirations to be world players, and to gather at the top table global practices must be taken care of.<sup>205</sup>

CSR endeavours in Malaysia, as in numerous territories, are driven by the government. CSR in Malaysia is, nonetheless, not legalistic in characteristic in comparison with the rest of the world although the government is the preeminent voice. The government pushes the CSR laid out by arrangement activities, like the CSR structures in The Silver Book by the Putrajaya Committee on GLC High Performance, the Economic Planning Unit and Ministry of Finance's expense motivations and spending designations for CSR programs, the Securities Commission and Bursa Malaysia's compulsory reporting of CSR endeavours by listed organizations, and the Malaysian Institute of Integrity's overall qualities.

In Malaysia, in all likelihood, CSR is driven by principles and rules, and it is up to the organizations to structure their own projects to tailor their business methodology. CSR is publicized as great business, and great business wins clients' hearts and prompts expansion of benefits.<sup>206</sup>

For instance, DiGi.Com Berhad, a noteworthy media communications supplier has a cluster intercession extended program which is called as the DiGi Yellow Mobile Program where impeded and handicapped kids are immersed into their social legacy through profoundly

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<sup>205</sup>Dato R. Rajendran, "CSR – The Way Forward", *CSR Malaysia*, available at: <http://CSRmalaysia.org/CSR-the-way-forward/> ( December 12, 2016).

<sup>206</sup>Dato R. Rajendran, "CSR – The Way Forward".

intelligent expressions based workshops. These children get to be distinctly gifted to comprehend the magnificence of culture by gaining and understanding Malaysian craftsmen, performers, artists, and craftspeople. This CSR program reproduces DIGI's vision for solidarity in an assorted culture and plans to give these extraordinary kids an open door for individual expression, and also to learn and take an interest in a lovely sounding environment with other kids and adults.<sup>207</sup>

Other dynamic organizations have set up childcare communities for their representatives with new-born children to create a cheerful working environment that will support efficiency. Emkay Berhad, a notable property designer, is another good example in CSR imagination. It has got every one of its employees to feel the necessity in safeguarding the Belum Forest Reserve, an immaculate 350,000-hectare site in Perak where a portion of the world's rarest untamed life, greenery, and fauna exist. This woodland has been developing for a time of 130 million years and is untouched by man.<sup>208</sup>

CSR activities are forming a worldwide premise as well as are digging in for the long haul and are altogether focused at guaranteeing a superior world for all, specifically for the generations to come. There's doubtlessly the route to look forward.

CSR in Malaysia starts as little commitments which are routinely determined by religious and racial impetuses. Eventually, as more multinational organizations are shaped and organizations are getting control from the west, corporate obligations have turned out to be more organized and are connected to corporate strategy. With Malaysian government's expanding center around CSR, systems for execution of CSR activities for the state's business are produced. Among these

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<sup>207</sup>Dato R. Rajendran, "CSR – The Way Forward".

<sup>208</sup>Dato R. Rajendran, "CSR – The Way Forward".

structures, there is the CSR Silver Book propelled from government-linked organization (GLC) transformation program which furnishes firms with scorecards and rules to decide CSR thoughts and to quantify the productivity of corporate CSR strategies. Bursa Malaysia, a trade holding organization, likewise has propelled a CSR structure as a guide for Public Listed Companies (PLCs) in materialising and providing details regarding CSR which concentrates on four territories, in particular the Environment, the Workplace, the Community and the Marketplace.<sup>209</sup>

In the year 2007, it gets to be distinctly required for organizations recorded on Bursa Malaysia to reveal their CSR activities or practices. The possibility of CSR is prompted much further as the government Introduces levies motivators to organizations that utilize expansive CSR programs. The government has settled a store of RM50 million to advance CSR exercises and has reported that later on, the expansion of CSR in state-owned venture funds will be a standard for future speculations. Companies that display excellent CSR practices are perceived by the government and given the Prime Minister's CSR Awards toward the end of every year starting 2008. Every one of these means by the government have encouraged increasingly organizations to actualize CSR as a major aspect of their organization's approach and its main quality.<sup>210</sup>

The inner estimation of CSR is sometimes neglected by organizations who hurriedly take up the speed in the twister of CSR and who execute them for reporting. In exercises, there are locality groups, and activities from corporate regularly bear indications of liberality instead of genuine dealings. Most organizations are also quick to have their organization's image name tagged by the press. Moreover, the regular thought of CSR within organizations disseminates not long after

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<sup>209</sup>Ruth Yap, "Overseas article: Corporate Social Responsibility in Malaysia", *ECO-CSR Japan*, available at: <https://www.env.go.jp/earth/coop/eco-CSRjapan/en/malaysia.html> (December 12, 2016).

<sup>210</sup>Ruth Yap, "Overseas article: Corporate Social Responsibility in Malaysia", 2016.

public statements. Bursa Malaysia has noticed that this issue has arisen from that point forward called for long-term programs with expanded levels of interest and execution measurement as opposed to individual gifts.<sup>211</sup>

CSR exercises has implied safeguarding environment, and that does not give as much weight in Malaysia as do European organizations since the ecology has been auxiliary contrasted with the financial advantage of business. In Bursa Malaysia's overview of recorded organizations, many organizations have scored low in the ecological circle. Nonetheless, things are changing with more NGOs supporting for green endeavours in Malaysia. Huge structures, for example, the Bakun Hydraulic Dam in Sarawak, the proposed Coal Power Plant in Sabah and the proposed 100 story Mega Tower have attracted much open admiration for these tasks' prompt and long-term ecological effects. The strong show of resistance against these simulated structures demonstrates the general population's level of enthusiasm for matters identifying with environment, and that is on the ascent and establishments are taking briefing from it.<sup>212</sup>

Plainly Corporate Social Responsibility practices have been developing from quality to quality in Malaysia although that it is not as broad as other twisted nation-states. Carroll's four measurements of social duty of the company appears to be a decent structure to look at the level of support corporations that concern Corporate Social Responsibility in Malaysia. Government Linked Corporations, for observable reasons, and multinational companies from developed countries are all the more having a tendency to do some kind of Corporate Social Responsibility in each of the four phases and provide details regarding such exercises though local

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<sup>211</sup>Ruth Yap, "Overseas article: Corporate Social Responsibility in Malaysia", 2016.

<sup>212</sup>Ruth Yap, "Overseas article: Corporate Social Responsibility in Malaysia", 2016.

organizations that would most likely be in the first stage. It is intriguing to do additional things about more of an agent cross segment of organizations in Malaysia to the degree of Corporate Social Responsibility exercises and the motivation of such businesses to utilize in social-oriented exercises. It is clear, nonetheless, that Corporate Social is digging in for the long haul in Malaysia and will conceivably be something of a standard later with more educated and prosperous stakeholders.<sup>213</sup>

It is motivating to see that a portion of the Jordanian's organizations are contributing greatly to Corporate Social Responsibility (CSR). To refer to a few cases from Jordan; i.e, the part of the telecom firm, Zein, in helping the country's poor and offering training associations is worth saying. Amassing to different cases, for example, the achievements of Aramex in drawing the local community, Nuqul Group in enhancing the personal satisfaction in rustic ranges, Hikma Pharmaceuticals propelling access to drug alongside differences of different associations have truly put resources into CSR. This new acknowledgment under both investors and partners is a decent marker that indicates that the private division in Jordan contributes to practical improvement and value-creation. CSR speaks of the "delicate" part of associations, and that is important for the well-being and prosperity of countries. This move in the business culture requires both business and partners to represent new values and vision of individuals beyond the limits of the firm.<sup>214</sup>

It is fundamental to edify partners to include organizations to go beyond the strict structure of lawful satisfaction in connection with financial matters. Partners require to ask organizations to

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<sup>213</sup> Dominic Shum, <https://drcservices.me/2013/01/18/142/> (accessed at: December 9, 2016).

<sup>214</sup> Odeh Al-Jayyousi, "Corporate Social Responsibility: Transforming the Jordanian's Corporations", *Corporate governance and responsibility realizing sustainability forum*, 2011.

consider their corporate social/environmental obligations. This upgraded in the corporate culture from being just "benefit boosts" to getting to be "value makers" is vital to working up a public-private organization to test the need in Jordan. The old model that the government is the main body upright for the welfare and the occupation of the country is getting to be distinctly obsolete.

Corporate Social Responsibility (CSR) normally alludes to the impulse of a company to contribute within its own business operations to maintain advancement; also, it helps to grow the personal satisfaction of partners. For organizations embracing a CSR structure utilizes a move from divulgence to shareholders only and informs their partners on their business reason. Recently, straightforwardness, specifically, has had an endless effect on the way organizations run. Most recently, the NGO people group and universal associations have also addressed about their transparency and their dealings with respect to CSR.<sup>215</sup>

Practically, there is a requisite regulating the CSR ethnicity in Jordan. This infers that companies will search for methods for decreasing the environmental impact to air, soil, and water from business operations. In addition, companies are resolved to know all statutory prerequisites of environmental enactment and controls in the countries where the organization plays bigger roles. CSR implies that business will attempt for constant change in their ecological exhibitions by setting and investigating environmental destinations and targets.

In addition, by sticking firmly to CSR, the private sector will be committed to advancing mindfulness, fortifying of nature through a legitimate administration framework. Furthermore, they will perform business in passive consent with all fitting ecological directions and anticipate

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<sup>215</sup> Odeh Al-Jayyousi, "Corporate Social Responsibility: Transforming the Jordanian's Corporations", 2011.

each worker to assume liability for meeting these gauges when playing out his or her obligations.<sup>216</sup>

This furthermore infers to maintain a strategic distance from contamination from its source by plunging waste, reusing or discarding things, and obtaining items that are reusable or limiting reused materials. CSR appropriation implies that the organizations will push to create and utilize innovation that is naturally solid and will embrace improved ecological principles in buying new equipment, and staffs.

The CSR structure is likewise refined by the Global Reporting Initiative (GRI); a worldwide procedure that goes for scattering all around suitable Sustainability Reporting Guidelines. The GRI Guidelines are structure for providing details regarding an association's monetary, environmental, also, social execution. The GRI structure gives a point by posting points of markers on environmental matters, including, materials, vitality, water, biodiversity, emanations, effluents, besides, waste and in addition social matters, including labour practices(e.g. wellbeing and security, preparing and instruction, assorted qualities and profession opportunity); human rights (e.g. child labour, constrained and mandatory work, and indigenous rights), and administration (e.g. cluster association, pay off and defilement, political commitments, and rivalry and evaluating, and element responsibility).<sup>217</sup>

Usage of a CSR structure in Jordan ought to guarantee that monetary, social and ecological matters are deliberately distinguished, controlled and observed. This will ensure that the Jordanian private sector implementation enhances after some time, and meets its objectives.

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<sup>216</sup> Odeh Al-Jayyousi, "Corporate Social Responsibility: Transforming the Jordanian's Corporations", 2011.

<sup>217</sup> Odeh Al-Jayyousi, "Corporate Social Responsibility: Transforming the Jordanian's Corporations", 2011.

### 3.3 Recommendations

While contentions for corporate social responsibility and representation of stakeholders in big business sounds appealing, auxiliary changes and governing rules in the corporate system ought to be consolidated to begin with before any choice are made to fuse these intriguing bunches. However, investors and the employees ought to be sensibly included within the framework. Malaysia, similar to some other developing economy like Jordan, relies upon the business enterprise and effectiveness of the private segment and the private sector organizations. It has also been exhibited that the Malaysian Companies Act 1965 and the Jordanian Companies Law 1997 do not explicitly disallow organizations from making political and magnanimous gifts. Divulgence, accordingly, has a critical part to play as a method for managing the political and altruistic gifts. Although a portion of the provisions allows the organization to have interface in corporate magnanimity, directors should watch any deficiency on their own. For facilitating the cause, there is additionally a lawful framework to be observed specifically for the doctrine of ultra vires and the business judgment rule.

Consistency towards adherence and advancement of CSR is a critical feature of any company that intends to fuse CSR. It successfully includes adherence to expressed values and serves as the litmus trial of a company's own particular unwavering quality. Inability to "walk the talk" is a constant well-being of denigration of many organizations, asserting to be socially scrupulous. Listed organizations in Malaysia and Jordan should not only state themselves to be great corporate residents; however, they should also be believed to be great in magnitude. Inability to always carry on in accordance with the expressed esteem duties will dishearten the company's validity in terms of people in general, and this is disadvantageous to the image. Like this, because of business reasons, it is always required in CSR.

The current organization must be seen as a private undertaking foundation with monetary and social destinations. In the cutting edge business organization, corporate at managerial level works as trustees for every one of the individuals who have concern in the enterprise are singular stockholders, workers, leasers, purchasers, providers and people in general. Organizations must adjust to the new character, and they should coordinate their thoughts with social desire. For this to be accomplished, it is vital that a more secure lawful diagram is given which handles the issues specifically. What is required is a change of organizations' desire from benefit boost to benefit advancement and an arrangement of obligation to society in which they work since they give the primary facilitator to build up the idea of social responsibility.

In perspective of the above discussion, this paper takes the view that CSR speculations that fall under the standardizing class, and additionally the stakeholder theory, are less suitable to the Malaysian and Jordanian financial setting. Considering Malaysia is in pursuit of a developed country status by the year 2020, the progress with advancement and security of the economy is vital. Firms are generally in charge of guaranteeing that they would create jobs, riches, and help development.<sup>218</sup> Accordingly, both country's firms must be permitted to concentrate on their reason d'être – wealth creation.<sup>219</sup> They should be allowed to work, unhampered by dubious regulating suppositions and free of the interference from external groups, in the presence of stakeholders, to perform more proficiently. This line of thinking similarly discovers and bolster Carroll's mainstream conceptualization of the measurements of CSR<sup>220</sup> where an organization's monetary duty is singled out just like the first and driven for measurement to CSR. So far as that

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<sup>218</sup> Porter, M. E., & Kramer, M. R., "The link between competitive advantage and corporate social responsibility", *Harvard Business Review*, 84(12), (2006): 78-92..

<sup>219</sup> Friedman, M., "The social responsibility of business is to increase its profits", *New York Times Magazine*, (September 13, 1970).

<sup>220</sup> A.B. Carroll, "A three-dimensional conceptual model of corporate performance", *Academy Of Management Review*, 4(4), (1979): 497-505.

is concerned, even manageable development, as conceptualized by the Brundtland Commission<sup>221</sup>, lays unmistakable quality on financial components, towards making a feasible society.

Consequently, it is prescribed that Malaysian and Jordanian firms embrace the 'Shared Value' hypothesis as the reason for their CSR. This hypothesis is generally most recent as it was initially mooted by Porter and Kramer in 2002.<sup>222</sup> As a hypothesis, shared value is imagined as the conviction that CSR, as seen, is to a great extent surface and in this manner an exhaust on a business's coffers. Thus, Porter and Kramer believe that it is not one of the helpless facilitators of the social and ecological issues that it is intended to neither address nor increment a company's welfare. Rather, they assume that the aggressiveness of a firm and the prosperity of the society are laced and commonly strengthening.<sup>223</sup> In picking a social cause, thus, the standard ought to preferably be whether it gives the opportunity to shared value between the firm and the society.

'Shared Value' is characterized as "strategies and working practices that support the intensity of an organization while simultaneously propelling the monetary and social conditions in the community in which it functions".<sup>224</sup> At the heart of this hypothesis, there is value standards that must be utilized in trying to achieve financial and social advance. Here "value" is characterized as advantages in connection with costs. Shared value, positions CSR as a rich source of focused advantage for the firm as it conveys an organization's financial support to the front position.

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<sup>221</sup> Brundtland Commission, *Our Common Future* (Oxford University Press: Oxford, 1987).

<sup>222</sup> Porter, M.E., & Kramer, M. R. "The competitive advantage of corporate philanthropy", 56-68.

<sup>223</sup> Porter, M. E., & Kramer, M. R., "The link between competitive advantage and corporate social responsibility", 78-92.

<sup>224</sup> Porter, M.E., & Kramer, M. R., "The big idea: creating shared value", *Harvard Business Review*, (2011): 6.

The accompanying three points of interest in receiving shared value as the reason for CSR are given in the following:

- Strategic: the key standard is that CSR is an activity that contributes to an association's upper hand. Whatever other type of speculation, standards, and procedures that are connected in strategizing its energetic setting must similarly apply to CSR. Porter and Kramer propose that the critical test that ought to direct CSR is not whether a cause is excellent but rather whether it introduces an opportunity to make shared value – that is, a noteworthy advantage for society that is also valuable to the business.<sup>225</sup>
- Symbiotic: instead of unravelling the pressures among a firm and its encompassing society on a piece-meal premise, shared value takes a "virtuous cycle" way to deal with CSR. It plans to make a joint relationship between a firm and the society where benefits are picked up by the society from a company's CSR to improve the company's aggressive setting and the vice versa.
- Seamless: shared value is designed into a company's value chain, encompassing making, producing, selling, conveying, and supporting its items. Like this, CSR is faultlessly incorporated into an association's operations. All groups required in an association's operations come to profit.

## **Chapter IV**

### **4.1 Conclusions**

Corporations can accomplish social obligation if they endeavour to recognize and take care of those social issues in which they are personally involved, and when the probability of benefit is accessible as a motivating force. They may also have the capacity to anticipate future social

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<sup>225</sup> Porter, M. E., & Kramer, M. R., "The link between competitive advantage and corporate social responsibility", 78-92.

issues via watchful objective, setting in the zones of their more extensive obligation to society, and by the cautious investigation of the results of their social obligation objectives.

Successful methods of reasoning for the accomplishment of corporate social duty exist as do exist valuable speculations and a developing innovation for usage of the hypotheses to the definition, distinguishing proof and arrangement of social issues. Companies maybe the best problem solving associations in an entrepreneur society. If they are to be allowed by society to survive, it appears to be likely that they should go up against the extra burden of applying their problem solving abilities to the more comprehensive social issues of the community in which they exist. Later it is recommended that when this duty is not wilfully acknowledged, it is probably going to be constrained upon the enterprise through the extra organizational model of government direction.

This review proposes an essential chance to support the engagement and revelation of CSR exercises among a wide range of business possessions as the discoveries recommend that CSR segments have a noteworthy association with all partners. Although it has been made compulsory for public listed organizations in Malaysia to reveal no less than an announcement on their CSR exercises, very little revelation has been done to address the CSR exercises' divulgence on different sorts of business property, for example, small and medium endeavours. Policymakers could utilize the discoveries from this exploration to set least models for CSR consistence by corporations whether they are managed or wilful. Partnerships thus could be profited by the community bolster, which has the proportional impact of an expansion in notoriety and brand picture and an increment in the capacity to pull in institutional speculators. These impacts will create fleeting and long-term corporate execution as sought by all companies.

The discoveries of this review have suggestions for managers in many organizations so that marketing execution can be enhanced and CSR be better connected. These discoveries would be particularly helpful for organizations that face a cut-throat rivalry in the market. Jordan is currently open to global market, and individuals around the globe have growing attention to CSR issues and are keener on managing socially responsible organizations. CSR is considered as a promoting system and a method for accomplishing an upper hand by building a superior picture according to clients. The outcomes are additionally essential to governments and different associations who are occupied with giving better social and ecological conditions in the work place. This is expressed by the Mayor of Amman, and he mentions that a connection between the private and local parts in all attempts identified with social advancement is essential.<sup>226</sup> Organizations are found to practise CSR exercises, and that will help nations accomplishing their objectives and serving their society where society's needs have surpassed the capacities of governments. CSR may play a role in enhancing Jordanian competitive position in the world since; Jordan is a signatory to several economic and trade cooperation agreements with countries all over the world.

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<sup>226</sup>Corporate Social Responsibility Forum, 2007.

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