

THE PYRAMID OF CORPORATE SOCIAL RESPONSIBILITY MODEL: EMPIRICAL EVIDENCE FROM MALAYSIAN STAKEHOLDER PERSPECTIVES

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Abstract

There has been an increasing interest on the corporate social responsibility (CSR) worldwide. Many CSR concepts have been proposed based on the premise that the business institutions are part of the society. A set of CSR concept as proposed by Carroll (1979; 1991) is utilized by this study. This concept which is known as the Pyramid of CSR suggests that CSR is basically presented by four dimensions, namely, economic, legal, ethical and philanthropic in their respective order of importance. This concept is widely tested in the literature and most of them are examined from the western countries' perspectives. Despite the extensiveness of empirical research on CSR in the West, past research investigating CSR concepts Malaysian stakeholders remains scarce. Therefore, this study provides empirical evidence from Malaysian stakeholders' perspectives on CSR concept proposed by Carroll (1979; 1991). The study surveys a sample of 457 respondents (45.7% usable response rate). The results show that Malaysian stakeholders ranked the four dimensions as economic, ethical, legal and philanthropic accordingly. The ranking of dimensions by the Malaysian stakeholder was slightly different from the idealized model suggesting cultural factor as contributing to the differences. The study also highlighted gender, race, and education level, working experience and religiosity factors that contribute to the differences in perception.

Keyword: *stakeholder theory, corporate social responsibility, Malaysian*

Introduction

Debates over Corporate Social Responsibility (CSR) concepts have entered into public domain over the past three decades, or so. CSR generally means company's obligation to contribute to the well being of society (Jones, 1980; Epstein, 1989; Kok et. al, 2001). Despite the intensive debate which has been taking place among academics, consultants and corporate executives on CSR, the concept remains open to various definitions and understanding. One of the most quoted conceptualization of CSR is the model proposed by Carroll (1979, 1991) which is famously known as the Pyramid of CSR. Many studies have provided empirical evidence on people's perception and understanding of CSR based on Carroll's Pyramid of CSR framework (see for example, Pinkston and Carroll, 1996; Ibrahim et. al. 2003; Kusku and Fraser, 2004; Ibrahim and Parsa, 2005; Peterson, 2004; Smith et. al. 2004; Smith et. al. 2001; Maignan and Ferrell, 2003).

Notwithstanding the many studies on Carroll's conceptualization of CSR, the concept however, has not yet been tested in Malaysia. Therefore, the present study attempts to gauge the understanding of CSR concept from the view of Malaysian stakeholders based on the Pyramid of CSR model proposed by Carroll. Specifically, the study sets out the following research objectives:

- 1) To elicit stakeholders' perceptions towards Carroll's conceptualization of CSR.
- 2) To identify whether respondents are homogeneous in terms of gender, race, age, level of education and years of working experience in perceiving the various dimensions of CSR proposed by Carroll.
- 3) To test whether religious factor can influence the perception of CSR.

The remainder of the paper proceeds as follows. The next section discusses the CSR concept in the light of Carroll's Pyramid of CSR. The paper then proceeds to review the previous studies testing the various dimensions of CSR. Section four highlights the development and studies of CSR in Malaysia. Section five expounds the research methodology and analysis tools adopted in this study. Research findings and analysis are enumerated in section six, whilst the final section contains the concluding remarks.

Pyramid of Corporate Social Responsibility Model

Until now there is no definite and concrete definition of CSR. Zenisek (1979:359) correctly points out that "it (CSR) means something, but not always the same thing, just to everyone". This goes for a variety of definitions of CSR, adopted by different groups, specific to their own interests. Various management disciplines have recognized that CSR fits their purposes, such as quality management, marketing, communication, finance, human resource management and reporting. Table 1 highlights some of the most frequently quoted definitions of CSR. In general, CSR is taken to denote corporate activities, beyond profit making, which include protecting the environment, caring for employees, being ethical in trading, and getting involved in the local community. Some of the main issues are: promoting human rights, community involvement, human resource management, socially responsible investing and social reporting.

Table 1: Summary of CSR Definition

Literature	Proposed CSR Definition
Bowen (1953) as cited in Carroll, 1999	The obligations of businessmen to pursue those policies, to make those decision, or to follow those lines of action which are desirable in terms of the objectives and values of our society.
Davis (1960)	Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest.
Davis (1973)	Firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm.
Fitch (1976)	The serious attempt to solve social problems caused wholly or in part by the corporation.
Zenisek (1979)	The degree of "fit" between society's expectations of the business community and the ethics of business.
Jones (1980)	Notion that corporations have an obligation to constituents groups in society other than stockholders and beyond that prescribed by law and union contract.
Epstein (1989)	The notion that business organisations have societal obligations which transcend economic functions of producing and distributing scarce goods and services and generating a satisfactory level of profits for their shareholders.
Maclagan (1999)	Should be understood as a process, through which individuals' moral values and concern are articulated.
McWilliams and Siegel 2001	Actions that appear to further some social good, beyond the interests of the firm and that which is required by law.
Kok et. al. (2001)	The obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large, and improving welfare of society at large independently of direct gains of the company.

In a more comprehensive approach, Carroll (1979; 1991) attempted to integrate previous conceptualizations by introducing a four-part definition of CSR: economic, legal, ethical and philanthropic. The definition given by Carroll (1979; 1991) is rather pragmatic and more realistic, taking into consideration the altruistic characteristics of a firm without ignoring businesses' duty to generate profits, i.e. the economic responsibility of a firm. It has also been amongst the most quoted definition in the CSR literature. Many conceptual and empirical studies have used Carroll's classification to further examine and develop the concept of CSR.

According to Carroll (1979) the definition of corporate responsibility is so wide in that it encompasses economic, legal and voluntary activities. Carroll (1979: 500) defines CSR as "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time". In order for the business to fully address their obligation to society, all these four categories of expectation on the economic, legal, ethical and philanthropy (discretionary) must be met. Carroll (1979,1991) showed all these four in a model called the Pyramid of CSR. Figure 1 depicts Pyramid of CSR proposed by Carroll (1979,1991).

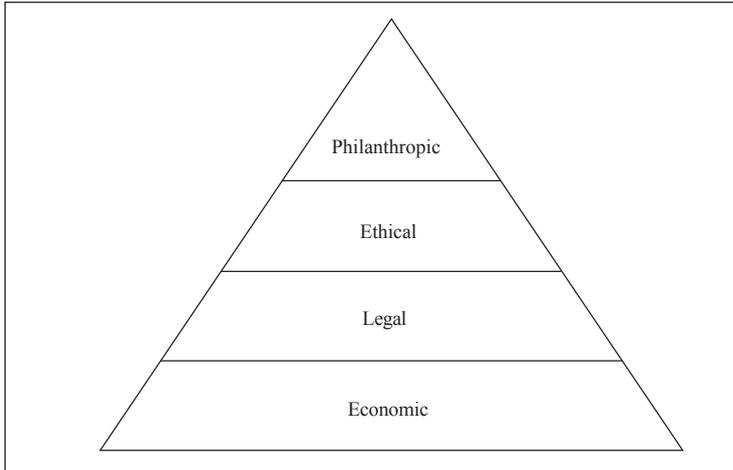


Figure 1: The Pyramid of Corporate Social Responsibility

The pyramid of CSR begins with the economic responsibilities as the foundation. The economic dimension is the most important dimensions where it must be achieved before the company could embark on any social programs, such as, charity and sponsorships. The business organizations are part of the basic economic system in society. It provides goods and services at fair prices that are needed by the society and consequently, make reasonable profits to sustain the business existence. According to Carroll (1991), it is important for the business to perform in a manner consistent with maximizing earnings per share, to be committed to being as profitable as possible, to maintain a strong competitive position and high level of operating efficiency and to define that a successful firm as one that is consistently profitable.

The economic achievements are important for the company to maintain sustainability in the market, however, this is not the only responsibility. Although the business is expected to operate with profit, they must ensure that their operation is in line with legal requirement by the federal, state and local government. The next most important dimension after the economic dimension is the legal dimension. Carroll (1991) stresses that it is important for the business to perform in a manner consistent with expectations of government and law, to be a law-abiding corporate citizen and to define a successful firm as one that fulfills its legal obligations.

Next, the business has to ensure that their actions and transactions are done ethically. Although ethical responsibilities may not be coded into law, the business still has to operate ethically and avoid actions that are prohibited by the society. The society has expectation for the business to have ethical conduct and manner. This especially relate to consumers, employees, stakeholders and the community that expect the business to respect their rights. Ethical responsibilities are the most difficult categories for the business to handle as different societies may have different sets of ethical rules on what are ethical and what are not. Carroll (1991) explains that the company must perform in a manner consistent with expectations of societal norms and ethical norms, recognize and respect new or evolving ethical/moral norms adopted by society, prevent ethical norms from

being compromised in order to achieve corporate goals and define good corporate citizenship as doing what is expected morally or ethically.

Finally, as a good corporate citizen, the business contributes their financial and human resources to the society as part of their philanthropic responsibilities. Businesses should involve in philanthropic activities as part of their role to be good corporate citizens. They give donations, sponsor social programs, initiate awareness campaigns and set up communities facilities, such as all of bus stops which are examples of their voluntary contributions. As these activities are very much appreciated by the society, they do not regard the business as being unethical if the business do not provide them. Besides, it is voluntary in nature and is not required by the law. Generally, Carroll (1991) suggests that the company performs in a manner consistent with the philanthropic and charitable expectations of society, encourage employees and managers to participate in voluntary and charitable activities within their local community and to provide assistance to projects that enhance a community's quality of life.

Although the Carroll's Pyramid of CSR categorizes the four components as different segments, it should not be treated in isolation. Instead, the four dimensions overlap and integrate among each other. Carroll (1991) acknowledges the potential conflicts arising from these four dimensions. For example, a company that plans to embark on philanthropic activities inevitably needs to utilize its resources, hence conflicting with the economic interest. However, according to Carroll, such conflict can be negated since maintenance of a good corporate reputation through philanthropic initiatives may boost reputation, by which companies may be profitable in the long run since market forces provide financial incentives for perceived socially responsible behaviour. This is an example of how the dimensions support each other. The most important is how the firm can make decisions and manage all the four components.

Studies on Pyramid of Corporate Social Responsibility Model

Previous studies have designed various instruments to test Carroll's Conceptualization of CSR. Aupperle (1984) (quoted in Smith et. al., 2001) developed an instrument referred to as the forced-choiced instrument. This instrument is used to gauge the respondent's view on the relative importance placed on economic, legal, ethical and philanthropic activities of the firm by ranking them in order. Although Aupperle used this instrument to study the views from executives on their firm, the concept is flexible and can be applied to other respondent groups (Smith et. al., 2001). Aupperle's forced choiced instrument or survey is also used by various studies (see for example. Ibrahim and Angelidis, 1995; Pinkston and Carroll, 1996; Edmondson and Carroll, 1999; Smith et al., 2001; Ibrahim et al., 2003; Angelidis and Ibrahim, 2004; Smith et al. 2004 and Ibrahim and Parsa, 2005).

One of the most interesting findings from the previous studies is that different respondents coming from different countries have diverse views on the priorities of dimensions given by Carroll's definition of CSR. The perceived priorities are also changing with the passage of time. Pinkston and Carroll (1996)'s study conducted on top management and plant managers of chemical and allied industry found that the ranking of dimensions by the

respondents followed the hierarchy proposed by Carroll. The orientations appeared to be significantly different with each other except that economic responsibilities were not significantly different from legal responsibilities. The legal responsibilities were significantly different from ethical responsibilities and ethical responsibilities were significantly different from the philanthropic responsibilities. Other paired dimensions were also significantly different. Overall, the importance of ethical responsibilities was found to be increasing and philanthropic responsibilities appeared to be decreasing.

In a cross-cultural approach study conducted by Ibrahim and Parsa (2005) on managers from America and France revealed that American managers have stronger orientation toward legal and ethical responsibilities while French managers placed economic and philanthropic responsibilities more important than other dimensions. Kusku and Fraser (2004) further support the cultural influences in respondents' perception and attitude towards diverse responsibilities of business. They compared the view of managers in Australia and Turkey and found that the Australian corporations were more likely to obey the law but less likely to do the voluntary activities compared to the Turkey's corporations. There are no significant differences between the two countries in terms of defining the economic responsibilities. Turkish corporations are more likely to regard the ethical responsibilities as important.

Table 2 summarizes the previous studies that tested Carroll's conception of CSR. These studies compared perceptions between different countries, gender, race and religiosity. Different samples of stakeholder groups were also evidenced in various studies, such as, managers and consumers and even using students as proxies to company's

Table 2: Summary of Literature Testing the Pyramid of CSR

Literature		Ranking of CSR Dimension	Country Comparison	Stakeholder Group	Gender comparison	Race Comparison	Religiosity	Used Students as proxy
Ibrahim & Angelidis	1995**	√		B				
Pinkston & Carroll	1996**	√		M				
Edmondson & Carroll	1999**	√		M		√		
Smith et al	2001**	√		E, C	√	√		√
Ibrahim et al	2003**	√		B				
Maignan & Ferrell	2003	√	√	C				
Marz et. Al	2003**		√	E	√			
Kusku & Fraser	2004		√	M				
Peterson	2004			E				
Smith et al	2004**	√		E				√
Angelidis & Ibrahim	2004**	√		E			√	√
Ibrahim & Parsa	2005**	√	√	M				

**= Studies that adopt Aupperle (1984, as quoted in Smith et al., 2001) instrument

M= Manager B= Board of Director E= Employee C= Consumer

stakeholder. All the empirical studies used questionnaires as their primary instrument for data collection. Some has also conducted interviews to supplement their findings, such as, Smith et. al. (2001). Most of the studies used the instrument developed by Aupperle (1984 as quoted in Smith et al., 2001).

The differences of the perceptions can be referred to Table 3. Table 3 shows the overall points assigned by the respondents for each dimension and the highest point will be ranked as one, followed by the second highest point which is ranked as two and the next

Table 3: Summary of the Results Showing the Ranking of Pyramid of CSR

Studies that adopted Aupperle instrument	Economic	Legal	Ethical	Philanthropic
1984 Aupperle	3.5 [1]	2.54 [2]	2.22 [3]	1.3 [4]
1995 Ibrahim & Angelidis				
- Outside BOD	3.77 [1]	2.50 [2]	2.08 [3]	1.31 [4]
- Inside BOD	3.28 [1]	2.62 [2]	2.21 [3]	1.83 [4]
1996 Pinkston & Carroll				
-overall	3.28 [1]	3.07 [2]	2.45 [3]	1.15 [4]
- England	3.49 [1]	3.15 [2]	2.29 [3]	0.98 [4]
- France	3.60 [1]	3.04 [2]	2.35 [3]	0.98 [4]
- Germany	2.86 [2]	3.21 [1]	2.46 [3]	1.42 [4]
- Japan	3.34 [1]	2.76 [2]	2.42 [3]	1.41 [4]
- Sweden	3.27 [2]	3.30 [1]	2.43 [3]	1.00 [4]
- Switzerland	3.11 [1]	3.04 [2]	2.70 [3]	1.10 [4]
- USA	3.31 [1]	2.96 [2]	2.48 [3]	1.19 [4]
1999 Edmondson & Carroll	3.16 [1]	2.12 [3]	2.19 [2]	2.04 [4]
- race (Black)				
2001 Smith et. al.				
- employee context	2.94 [1]	2.63 [2]	2.35 [3]	1.63 [4]
■ male	3.78 [1]	2.60 [2]	2.28 [3]	1.61 [4]
■ female	2.77 [1]	2.68 [2]	2.45 [3]	1.65 [4]
■ White	2.99 [1]	2.63 [2]	2.38 [3]	1.50 [4]
■ Black	2.68 [2]	2.69 [1]	2.38 [3]	1.92 [4]
- customer context	2.11 [3]	2.74 [1]	2.64 [2]	1.86 [4]
■ male	3.78 [1]	2.60 [2]	2.28 [3]	1.61 [4]
■ female	2.77 [1]	2.68 [2]	2.45 [3]	1.65 [4]
■ White	2.17 [3]	2.70 [1]	2.69 [2]	1.77 [4]
■ Black	2.12 [3]	2.74 [1]	2.59 [2]	2.04 [4]
2003 Ibrahim et. al.				
- outside BOD	3.31 [1]	2.65 [2]	2.19 [3]	1.73 [4]
- inside BOD	3.83 [1]	2.59 [2]	2.14 [3]	1.34 [4]
2004 Angelidis & Ibrahim				
- high religiousness	2.55 [3]	2.71 [1]	2.67 [2]	1.86 [4]
- low religiousness	2.76 [1]	2.75 [2]	2.54 [3]	1.77 [4]
2004 Smith et. al.-employee	2.22 [3]	2.72 [1]	2.62 [2]	1.92 [4]
2005 Ibrahim & Parsa				
- US Managers	3.69 [1]	2.87 [2]	2.02 [3]	1.23 [4]
- French Managers	3.97 [1]	2.64 [2]	1.86 [3]	1.51 [4]

points consequently. Overall, most findings show that the economic factor received the most points, thus ranked as the first and the most important among the dimensions. The next most important dimension is legal which ranked second after the economic dimension followed by ethical and philanthropic dimensions.

Malaysian Studies on Corporate Social Responsibility

Despite the extensiveness of empirical research on CSR in the West, past research investigating diverse stakeholders' perceptions and attitudes toward CSR remains embryonic. So far, there have been very limited studies investigating the level of CSR awareness among Malaysians (for e.g. Nik Ahmad and Abdul Rahim, 2004; Rashid and Saadiatul, 2002; Ramasamy and Ting, 2004; Dusuki and Dar, 2005). Nik Ahmad and Abdul Rahim (2004), studied the managers' awareness of CSR. Based on 29 respondents, consisting of managers from public listed companies in 2002, the result shows that about 58.6% of the sample rated highly aware, 34.5% aware and 6.9% not sure on the question asking the managers' rating of their companies' degree of awareness of CSR.

Another study on the CSR perception among the managers was done by Rashid and Ibrahim (2002). The study used questionnaire surveys which were randomly distributed in Kuala Lumpur. According to them, out of 198 responses received, 69.2% agreed with the statement "involvement by business in improving its community's quality of life will also improve long run profitability", 65.2% of them agreed that "a business that wishes to capture a favorable public image will have to show that it is socially responsible". With regard to negative statements, 66.2% of the respondents disagreed that "business already has too much social power and should not engage in social activities that might give it more", 64% disagreed that "business leaders are trained to manage economic institutions and not to work effectively on social issues" and 63.6% disagreed that "business should pass the social costs through the pricing structure. The results illustrate that managers in Malaysia have a positive view towards CSR and that business are not confined to maximize profits only.

A study from Ramasamy and Ting (2004) revealed that there was a low level of CSR awareness among the employees in Malaysia and Singapore. Questionnaires were mailed to the MBA students from Nottingham University Business School. These students have working experience in either Malaysia or Singapore firms. The sample size was 29, they have experience working in Malaysian firms (24% of the Malaysian target sample) and 47 have experience working in Singaporean firm (26% of the Singaporean target sample). Furthermore, respondents in Singaporean firms are more aware of CSR than respondents in Malaysian firms. Ramasamy and Ting (2004) suggest that factors such as economic development may have contributed to the difference in CSR awareness between the two countries.

Dusuki and Dar (2005) studied the Islamic Banking's various stakeholder groups' opinions of CSR. The groups included managers, employees, regulators, Islamic legal advisors, customers, depositors and local communities. Using survey instruments to collect data, the study managed to distribute 1780 questionnaires and received an impressive 84.27 response rate (1500 usable questionnaires). The findings show a positive view of CSR

among stakeholders. Majority of the respondents disagreed with the statement “CSR is costly and not good for sustainability” (65%) and “CSR is competitively disadvantageous” (69%). The two conflicting goals statement of “Social responsibility and profit maximization received 37% disagreement, while the remaining 47% agreed and 16% preferred to be neutral. About 91% of respondents agreed that “Social responsibilities could enhance the reputation and public image of an Islamic Bank”. This empirical evidence shows that stakeholders do highly value CSR level of business. Therefore, business can improve their reputation by engaging in CSR activities.

Hypothesis Development

Studies have shown that different countries have different perception and understanding of CSR concept (Ibrahim and Parsa, 2005; Kusku and Fraser, 2004; and Maignan and Ferrell, 2003). These might be due to cultural elements that influence the perception on the CSR conceptualization. A country, such as, Malaysia has strong cultural elements but as the economic is rapidly increasing under the free market policy, the people’s mindsets might be different from the past where culture is not that important anymore. Therefore, the study is interested to test the null hypothesis as follow:

H_{01} : Malaysian stakeholders ranked equally all CSR dimensions

Previous studies also found that demographic factors had some influence on perception of CSR concept such as gender, race, age, level of education and years of working experience. Studies show evidence of different value and perception between the male and female on CSR. According to literature, there has been a significant difference of CSR perception between male and female (Peterson, 2004; Elias, 2004; Maignan & Ferrell, 2003; Quazi, 2003; Marz et. al. 2003; Smith et. al. 2001). Previous studies also found that the younger respondents had a more positive perception toward CSR (Elias, 2004; Abdul Rashid, 1989). With regard to race, literature had found a significant different perception on CSR concept between the Whites and Blacks (Coldwell, 2001; Smith, 2001). As previous studies proved race to be a significant factor to CSR perception, it is crucial to include the race factor in the analysis. In fact, there are very few studies exploring the perception of the race from East. This study will attempt to add value to existing literature by including the race as one of the important demographic factors.

There are very few studies looking at the influence of years in working experience to someone’s perception. The finding by Elias (2004) shows that people who has less experience has different perception with more experienced people. Those with less experience perceived CSR more important than those with more working experience. The study proposes a null hypothesis to test whether working experience has effect on CSR dimensions. This study is also interested to look at whether there is any significant difference between the levels of study (undergraduate or postgraduate). There is an absence of studies that look whether the level of education can bring a difference on CSR conceptualization. Last but not least, the hypothesis to test whether religiousness could influence the perception and understanding of CSR concept is developed to answer the third research objective. According to Weaver and Agle (2002), religion offers expectation where this may have an impact on the

person's decision-making. The analysis by Zinkin and William (2006) which shows the similarity tenets of Islam with the principles of UN Global Compact (on CSR) further proves the religion capability in shaping one's perception on CSR.

Empirical studies on religiosity and CSR is mixed. Agle and Van Buren (1999) only found marginal evidence on the relationship between religiosity and positive attitude toward CSR. However, Conroy and Emerson (2004) found that religiosity was statistically a significant predictor of response in a given ethical scenario. Angelidis and Ibrahim (2004) tested the extent of how religiosity shaped the perception on CSR dimension proposed by Carroll. They found that highly religious groups of people had higher concern on ethical components of CSR and weaker orientation toward the economic dimension. This study adopts the scale of Angelidis and Ibrahim (2004) to measure religiosity.

In order to test the demographic and religiosity influence on the CSR concept proposed by Carroll, the null hypotheses to be tested are as follows:

- H₀₂: There is no significant difference in terms of gender in ranking the CSR dimensions
- H₀₃: There is no significant difference in terms of age in ranking the CSR dimensions
- H₀₄: There is no significant difference in terms of race in ranking the CSR dimensions
- H₀₅: There is no significant difference in terms of level of education in ranking the CSR dimensions
- H₀₆: There is no significant difference in terms of working experience in ranking the CSR dimensions
- H₀₇: There is no significant difference on religiosity in ranking the CSR dimensions

Research Methodology

Survey instrument

This study adopted a questionnaire survey method to study the perception of CSR concept forwarded by Carroll. This method has been widely used by previous students (Ibrahim and Angelidis, 1995; Pinkston and Carroll, 1996; Edmondson and Carroll, 1999; Smith et al., 2001; Ibrahim et al., 2003; Marz et al., 2003; Maignan and Ferrell, 2003; Kisku and Fraser, 2004; Smith et al., 2004; Peterson, 2004; Angelidis and Ibrahim, 2004 and Ibrahim and Parsa, 2005).

As for the questionnaire development, the instrument is important in order to measure the tested variable that is aligned with the objective of the study. The study adapted the questionnaire from Smith et al (2001) where the questions were obtained from the attached appendix in their article. There were 10 sets of question from Smith et al. (2001) which also studied the customer's perspective and used the students as proxy. The questionnaire which used the forced-choiced format was originally developed by Aupperle in his Ph.D thesis and was widely adopted in the literature specifically on testing the Carroll conceptualization of CSR (Ibrahim & Angelidis, 1995; Pinkston & Carroll, 1996; Edmondson & Carroll, 1999; Smith et al, 2001; Ibrahim et al, 2003; Marz et. al, 2003; Smith et al, 2004; Angelidis & Ibrahim, 2004; Ibrahim & Parsa, 2005).

The questions set up by Aupperle to test the Carroll's concept of CSR have been used successfully numerous times in the literature and they were found to be valid (Edmondson & Carroll, 1999; Angelidis & Ibrahim, 2004) because they support the existence and related the four dimensions of CSR. Studies that have used this instrument in the literature can be referred to Table 2. The design of the questionnaire covers all CSR dimensions in the Carroll CSR Pyramid and demographic features, such as, gender, race and age.

Prior to the distribution of questionnaires, a pilot test was conducted to see whether the questions were clear and the language was understandable and as well as to record the time taken by the respondents to answer the questionnaires. The test was completed by six (6) lecturers from the accounting and management department of International Islamic University Malaysia and nine (9) students.

Sample and Respondent

The study aimed to investigate the CSR perception among the main stakeholders, that is, the customers. The study chose students as its sample to represent customers. There are several reasons on why the students are chosen as a proxy to customers. According to Singhapakdi et. al. (1996), students are considered a valid sample under two conditions namely, the study is exploratory in nature and the items in questionnaires are pertinent to the respondents who answer it. This study met both conditions. Furthermore, Smith et. al (2001), Smith et.al (2004) and Angelidis and Ibrahim (2004) used students as proxies to stakeholder group of customers and employees to empirically test the CSR concept by Carroll.

Data Collection

Selangor is considered as an appropriate state to represent the population as general. Based on the development composit index on 2000 (www.pmo.gov.my), Selangor is categorized as a developed state. It has strong economic development at 8.1% rate in 2004 with most contribution from the industrial sector (RM 32 billion) and followed by the service sector at RM 21.7 billion. With 4.18 million populations in the state which is the highest among the states in Malaysia, and combined with many large business transactions and operations, CSR is considered as crucial.

The next process was to get the list of the universities in Selangor. The university list was obtained from the Minister of Higher Education web. There are 11 public universities and 27 private universities. From the list, universities from other than Selangor and do not offer business and accounting courses were withdrawn. Therefore, only five (5) public universities and eight (8) private universities are available. A random test was done to select 5 out from the 8 private universities.

1000 questionnaires were distributed to five public and five private universities in Selangor. The projected response rate based on previous study done in Malaysia was 20%-30% and therefore, about 300 returned questionnaires were targeted. This is important so that the study could get enough number of respondents for statistical tests. The questionnaires

were distributed and collected between end of March until end of April 2006. Each set of questionnaires were left at the general office of the department where the officer in charge directed the questionnaires to the respective lecturer to be distributed among the final year students and postgraduate students. Most of the universities administered the questionnaire during the class time. The participation in the survey remained voluntary and the students did not receive any extra credit for participating.

Findings and Analysis

From the 1000 questionnaires being distributed, 485 were able to be collected. This brought a response rate of 48.5%. Out of 485 collected questionnaires, 457 were usable. This further brought the effective response rate of 45.7%.

Stakeholders' Perception on the CSR Conceptualisation

As mentioned earlier, the study intends to identify the ranking of CSR dimensions by the Malaysian stakeholders as a whole on the concept proposed by Carroll (1979, 1991). The concept has proposed that the economic dimension is the most important and followed by legal, ethical and philanthropic. Aupperle (1984 as quoted in Smith et al., 2001) has assigned value of importance to each dimension where the economic dimension with 4 points, legal dimension with 3 points, ethical dimension with 2 points and philanthropic dimension with 1 point and the accumulated points of all dimension is 10. However, so far, none of the current studies have reached this optimum ranking of dimension (please refer Table 3).

The mean score of each dimension was calculated by averaging the total points given by the respondents on each statement that represent the CSR dimension. It shows that the Malaysian stakeholder ranked the economic as the most importance dimension, followed by the ethical, legal and philanthropic dimension. This ranking was similar to the ranking found by Edmondson and Carroll (1999).

Table 4: Mean Score of the Four Dimensions

Dimension	Mean Score	Rank
Economic	2.3882	1
Legal	2.2476	3
Ethical	2.2706	2
Philanthropic	2.1688	4

However, this result does not show how each dimension was different from each other. Therefore, the follow up test was done by running the paired samples t-test. This test needed a set of matched pairs. With four dimensions to be paired each other, there were six pairs to be tested for differences. The six pairwise comparison t-test samples shows whether there is a significant difference in the mean allocated for each pairs.

Table 5: The Paired-Sample t-Test of Each Dimension

Dimension Comparison	T value
Economic vs. Legal	3.121***
Economic vs. Ethical	2.328**
Economic vs. Philanthropic	4.528***
Legal vs. Ethical	-.728
Legal vs. Philanthropic	2.351**
Ethical vs. Philanthropic	3.575***

Based on the findings, each pairs appeared to be significantly different except between ethical and legal dimension. The economic dimension was significantly different with all dimensions showing its importance among the dimensions. The result of the test rejected the first hypothesis because it showed that the Malaysian stakeholders did not assign value equally to all CSR dimensions.

The ranking of dimensions from Malaysian perspective appeared to be slightly different with the original Carroll's conceptualisation of CSR. The economic dimension which was perceived as most important by the respondents was consistent with the proposition by Carroll. Therefore, it seems like the Malaysian stakeholder understand that the company had to maintain their financial strength in order ensure their survival in the market. The finding also supported Alam (1995)'s finding which found that the Malaysian believed that it was the main task of a manager to secure profits first before anything. More emphasis should be on values rather than profits alone because in order to be successful, the managers has to work within the acceptable values with commitments.

The respondents placed the ethical dimension as second most important instead of the original legal dimension and the difference between the two dimensions was not significant. The ethical dimensions which were ranked after the economic dimension instead of the legal dimension may show that the Malaysians value the unwritten rules more than the written rules. This might be due to the strong uphold of old traditions and customs among the Malaysians despite the rapid modernisation of the nation. Another explanation why ethics is highly valued is due to the collectivities nature of Malaysians (Hofstede, 1991). As a collectivist society, people are integrated within the group and they protect each other for exchange of unquestioning loyalty. All ethnic groups residing in Malaysia have strong family and community values (Takiah and Hamid, 2000). They maintain strong sense of belonging to the group and family and believe strongly in social harmony. They are also tended to be more influenced by the society's ethical norms and standards.

According to Singhapakdi et. al. (2001), the developed countries, such as, the U.S.A and Australia have more advanced legal systems than developing countries, such as, Malaysia and South Africa. The degree of law enforcement sees stricter law enforcement in the U.S.A. resulting in legal compliance and responsibility regarded as highly important. Therefore, the less prevalent of law enforcement in developing in Malaysia might contribute to lower level of importance given to legal dimension as shown in this study's finding. It is also consistent with Singhapakdi et.al. (2001)'s study where the perceived importance of social responsibility is different among countries due to different legal environment.

The philanthropic is placed accordingly to the concept. Moreover, the mean allocated to the philanthropy dimension was slightly higher than previous studies. All other studies except by Edmondson and Carroll (1999) allocate the mean of lower than 2.00 for the philanthropic dimension. The higher value of the philanthropy dimension again confirms the Hofstede's (1991) National Culture of Dimensions where Malaysia is regarded as a collectivist country. The members of a collectivist society would likely to extend their help toward the society's welfare.

The Demographic Features that Affect the Stakeholders' Perceptions

The study investigated whether demographic features such as gender, race, level of education, working experience, religiosity and age made a difference in shaping the CSR perception. These features also can facilitate comparison with other research.

Gender

The independent samples t-test was conducted to see whether there was a different perception of CSR in term of the four dimensions between male and female. This test required no less than 2 categories of variables. The result shows that there were significant differences on economic dimension between male and female. The rest of the dimensions showed the female as having the higher score, however the difference was not significant. Therefore, the second hypothesis was rejected.

Table 6: The Independent t-Test Result on the Four CSR Dimensions with Gender

Dimension	Gender	Number	Mean	t-value
Economic	Male	145	2.5642	3.111***
	Female	312	2.3064	
Legal	Male	145	2.2342	-0.400
	Female	312	2.2539	
Ethic	Male	145	2.2361	-0.951
	Female	312	2.2867	
Philanthropic	Male	145	2.1524	-0.501
	Female	312	2.1764	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

This result was consistent with previous studies where females perceived social responsibility to be more important than males (Elias, 2004; Marz et. al., 2003; Smith, et. al. 2001; Singhapakdi et. al., 2001; Arlow, 1991). Specifically, males perceived the economic achievement as more important. Studies on the business ethics also proved that females were more ethical than males (Borkowski and Ugras, 1992). Based on these analysis, it can be concluded that females appreciate the social dimension of CSR than males. It may be due to the caring attribute which is more dominant in the female than in the male.

The implication of this finding toward the future CSR is profound. In terms of CSR implementation, the company may segment it according to gender. Therefore, the CSR program can be designed in such a way that it focuses more to females than to males as

females are more concern to CSR. Overall, gender can be an explanatory factor towards the differences in perception of CSR.

Age

The null hypothesis on age and the CSR ranking was tested. The independent t-test result shows that the two groups had a significantly different result on the philanthropic dimension. The younger group had assigned a significantly higher on philanthropic dimension than the older group. The finding was consistent with previous studies (Elias, 2004 and Abdul Rashid, 1989) where the younger group assigned higher value on CSR than the older group. Therefore, the third hypothesis was rejected.

Table 7: The Independent t-Test Result on the Four CSR Dimensions with Gender

Dimension	Age	Number	Mean	t-value
Economic	23 and below	224	2.3844	-0.252
	24 and above	214	2.4027	
Legal	23 and below	224	2.2501	-0.87
	24 and above	214	2.2542	
Ethic	23 and below	224	2.3025	-0.907
	24 and above	214	2.2563	
Philanthropic	23 and below	224	2.2396	2.934***
	24 and above	214	2.1060	

Note: *p<0.1, **p<0.05, ***p<0.01

Race

Next, ANOVA test was used to investigate whether the race factor could contribute any differences to CSR perception. For the economic dimension, there were statistically differences among the 3 race groups. The Chinese allocated the highest mean followed by the Malay, and Indian and others.

Table 8: ANNOVA Result on the Four CSR Dimensions with Race

Dimension	Race	Number	Mean	F-Value
Economic	Malay	240	2.3840	3.513**
	Chinese	162	2.4712	
	Indian and Others	55	2.1622	
Legal	Malay	240	2.2932	2.296
	Chinese	162	2.1897	
	Indian and Others	55	2.2193	
Ethical	Malay	240	2.2506	1.511
	Chinese	162	2.3245	
	Indian and Others	55	2.1996	
Philanthropic	Malay	240	2.1786	2.499*
	Chinese	162	2.1168	
	Indian and Others	55	2.2788	

Note: *p<0.1, **p<0.05, ***p<0.01

Based on the above finding analysis, it shows that all races assigned the CSR dimensions differently especially on the economic and philanthropic dimension. Therefore, the third hypothesis was rejected.

According to Hamzah (1991), the Chinese were mostly inspired by economic reward due to their cultural traditions. They value hard work, success, diligence, wealth, money prosperity and entrepreneurship. In fact, they dominate the business operation in Malaysia (Abdul Rashid and Ho, 2003; Hamzah, 1991) where near 70% is operated by them. The result support that different values from different ethnic groups such as Malay, Chinese, and Indian can influence the perception of CSR. This is consistent with other studies conducted in Malaysia where different ethnic groups contributed to the different perceptions of ethical conducts (Abdul Rashid and Ho, 2003; Gupta and Sulaiman, 1996; Abdul Rashid, 1989).

Level of Education

Next, the analysis looked at the level of study and the four CSR dimensions. The independent sample t-test showed that the level of study contributed to the differences on the ethics and philanthropic dimensions.

Table 9: Independent Sample t-Test on CSR Dimensions with Level of Education

Dimension	Level of study	Number	Mean	t-value
Economic	First Degree	335	2.3861	-0.092
	Master Degree & PhD	122	2.3939	
Legal	First Degree	335	2.2438	-0.270
	Master Degree & PhD	122	2.2582	
Ethic	First Degree	335	2.3048	2.411**
	Master Degree & PhD	122	2.1768	
Philanthropic	First Degree	335	2.2164	3.657***
	Master Degree & PhD	122	2.0379	

Note: *p<0.1, **p<0.05, ***p<0.01

The result shows that there were significant differences on ethics dimension between first degree, and master degree and PhD. The philanthropic dimension was also being significantly being rated different by the two groups between first degree. The economic and legal dimensions were rated higher by those with master degree and PhD group compared to the first degree group but the result was not significant. The finding presented the differences between the two levels of education where both levels assigned differently on all dimensions and the differences were significantly on ethical and philanthropic dimensions. Therefore, the fourth tested hypothesis was rejected.

Overall, those pursuing the first degree assigned higher means in ethical and philanthropic dimension than those pursuing master degree. Barkowski and Ugras (1992) showed that undergraduates were more justice¹ oriented than postgraduates and postgraduate were utilitarian² in their ethical attitude. The current study reaches the same conclusions with regard to social responsibility. The undergraduates who are usually younger and have lesser practical work experience are more idealistic in reaching their judgment. The finding on working experience is also consistent with this view.

Working Experience

Testing the number of year of working experience to the Carroll's conception of CSR using ANOVA revealed that those who has 6 years and above working experience assigned higher value than the rest at significant $p < 0.1$. The Chinese allocated the highest mean followed by the Malay, and Indian and others.

Table 10: ANOVA Result on CSR Dimensions with Working Experience

Dimension	Working Experience	Number	Mean	F-Value
Economic	None	161	2.3977	2.331*
	Less than 1 year	163	2.3374	
	1-5 years	96	2.3436	
	6 years and above	37	2.6865	
Legal	None	161	2.2476	0.651
	Less than 1 year	163	2.2677	
	1-5 years	96	2.1927	
	6 years and above	37	2.3021	
Ethical	None	161	2.2615	3.035**
	Less than 1 year	163	2.3538	
	1-5 years	96	2.1516	
	6 years and above	37	2.2531	
Philanthropic	None	161	2.1815	3.702**
	Less than 1 year	163	2.2306	
	1-5 years	96	2.1233	
	6 years and above	37	1.9591	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

With reference to ethical and philanthropic dimensions, those who acquired working experience more than 1 year allocated lower scores than those who had none and less than one year working experience. The result showed that the differences in the ethical dimension was significant at 5% and 5% significant in the philanthropic dimension. Considering that the working experience had contributed significant difference in ranking the ethical and philanthropic dimensions, the study rejected the fifth hypothesis.

Further analysis on those who studied full time and part time basis support the above result. The mean score of full time basis on the economic dimension was higher than part time basis and on the philanthropic dimension, the part time basis students assigned a lower mean than full time basis students.

Level of Religious Practices

Next, the test on whether the level of religious practices could bring in different perceptions was conducted. The samples for low and lowest religiosity group were 15 and 18 respectively which were not appropriate for testing. Therefore, the study merged the two groups so that the new group had a frequency of more than 30. Due to this merger, the study decided to made a comparison across three types of groups, namely, low, medium and high religious practices to get a more meaningful comparison. Therefore, both high and highest groups were put into one group and considered as a group with high religious practices.

The ANNOVA test result showed that those who rated themselves as highly religious assigned lower score significantly higher value for each dimension compared to those who rated themselves with lower scores of religious practices. The legal dimension was also rated differently where those with medium religious practices scored a lower mean than those with high religious practices.

Table 11: ANNOVA Result on CSR Dimensions with Religiosity

Dimension	Level of religiosity	Number	Mean	F-Value
Economic	Lowest & Low	33	2.6771	4.971***
	Medium	188	2.4614	
	High & Highest	207	2.2913	
Legal	Lowest & Low	33	2.2621	3.019*
	Medium	188	2.1780	
	High & Highest	207	2.2974	
Ethical	Lowest & Low	33	2.3814	1.853
	Medium	188	2.2239	
	High & Highest	207	2.3050	
Philanthropic	Lowest & Low	33	2.0824	0.904
	Medium	188	2.1717	
	High & Highest	207	2.2010	

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

The test on religiosity was consistent with expectation where those who assigned themselves as highly religious would assign more value to legal, ethical and philanthropic and less on the economic dimensions. Consequently, it is consistent with Angelidis and Ibrahim (2004) who found that those with “high religiousness” scored significantly higher on ethical and lower on the economic dimension compared to the “low religiousness” group. Thus, the seventh hypothesis was rejected as there were differences in terms of religiosity level in CSR ranking dimensions.

This study provides further evidence that religiousness had an important influence in shaping the individual’s perception of CSR in Malaysia. This is consistent with Abdul Rashid and Ibrahim (2002) which found that the most influential factors in determining the attitude towards CSR was family upbringing, followed by traditional belief and customs and common practices in the industry and religious training.

Conclusion

This paper provides evidence that CSR is seen as important and relevant from the view of Malaysian stakeholders. Based on a 457 sample which consisted of students as proxy to stakeholder, the study tested their perception on the CSR concept by Carroll (1979). This concept which is famously known as the Pyramid of CSR identify CSR is basically presented by four dimensions namely, economic, legal, ethical and philanthropic dimensions in their respective order of importance. However, the ranking of dimensions

by the Malaysian stakeholders was slightly different from the ranking in Pyramid of CSR suggesting cultural factors contributing to the differences. The study found that the Malaysian stakeholders ranked first in the economic dimension followed by ethical, legal and philanthropic dimensions.

Despite increasing economic development, Malaysia has a strong uphold of traditions and respect for customs and social values and this may have contributed to the differences of CSR dimension ranking. While Malaysian stakeholders do not deny the importance of good economic achievement for a company, they also perceived that a company must respect the sensitivity of the society, comply with the law and take part in social contributions. CSR also can be seen as one of the business opportunities as to maintain successful business operation. The study also highlighted the demographic features that shaped the perception of stakeholders to the concept of CSR. Based on the findings, female, Indian, undergraduate, limited working experience and high level of religiosity had more positive attitudes toward the CSR concept.

Notes

- 1 Justice (Golden rule) model: The ethical choice guarantees justice, in term of fairness, equality and impartiality to all (Velasquez et. al., 1983 as cited in Barkowski and Ugras (1992)
- 2 Utilitarian model: Choose ethical decision that maximize benefits and minimize costs i.e. the ends justify the means

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Appendix

A Survey of Malaysian Customers' Evaluation of Corporate Social Responsibility

SECTION A

This section requires the ranking of the responsibilities of the business according to your judgment of their importance. For each question, you may choose to allocate any number between 0 to 10 for each statement (A-D). *BUT the TOTAL POINTS for each question must NOT exceed 10.* The LOWER the number means LESS IMPORTANCE.

For example; you might allocate points to a set of statements as follows:

EXAMPLE:		EXAMPLE:	
Question 1		Question 2	
(Statements)	(Points)	(Statements)	(Points)
A.	<u> 4 </u>	A.	<u> 3 </u>
B.	<u> 2 </u>	B.	<u> 1 </u>
C.	<u> 1 </u>	C.	<u> 2 </u>
D.	<u> 1 </u>	D.	<u> 4 </u>
Total Points=	8	Total Points=	10
$(4+2+1+1=8)$ ←		→ $(3+1+2+4=10)$	

1. It is important that a successful organization be defined as one which:
 - A. is consistently profitable _____
 - B. fulfills its legal obligations _____
 - C. fulfills its ethical and moral responsibilities _____
 - D. fulfills its charitable responsibilities _____

2. It is important for the organization to be committed to:
 - A. be as profitable as possible _____
 - B. voluntary and charitable activities _____
 - C. follow the laws and regulations _____
 - D. moral and ethical manners _____

3. It is important for an organization to:
 - A. recognize that the ends do not always justify the means _____
 - B. comply with various federal regulations _____
 - C. be concerned with society's issues _____
 - D. maintain a strong and competitive position _____

4. It is important that:
 - A. legal responsibilities be seriously fulfilled _____
 - B. long-term return on investments is maximized _____
 - C. managers and employees of the company participate in
voluntary and charitable activities within their local communities _____
 - D. when securing new sales contracts, promises are not made if not
intended to be fulfilled _____

5. It is important for an organization to:
 - A. allocate resources to improve long-term profitability _____
 - B. comply immediately with new laws and court rulings _____
 - C. always look for new opportunities and programmes which
can improve community life _____
 - D. respect ethical/moral norms adopted by society _____

6. It is important for an organization:
 - A. to provide support to private and public educational institutions. _____
 - B. to maintain a high level of operating efficiency. _____
 - C. to respects the laws and regulations _____
 - D. to conduct business transactions in an ethically fair and
responsible manner _____

7. It is important for an organization to:
 - A. support, assist, and work with minority owned businesses _____
 - B. avoid discriminating against women and minorities _____
 - C. pursue those opportunities which will enhance its profits _____
 - D. prevent social norms from being compromised in order to
achieve universal goals _____

8. It is important to monitor new opportunities which can enhance an organization's:
 - A. moral and ethical image in society _____
 - B. compliance with local, state and federal statutes _____
 - C. financial strength _____
 - D. ability to help social problems _____

9. It is important for an organization to view:
 - A. charitable behavior as an indicator of corporate performance _____
 - B. consistent financial stability as an indicator of corporate
performance _____
 - C. compliance with the law as an indicator of corporate performance _____
 - D. compliance with the moral and ethical code as an indicator of
corporate performance _____

