THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON BUSINESS PERFORMANCE

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The Effect Of Corporate Social Responsibility On Business Performance

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DECLARATION

I hereby declare that

(1) This Research Project is the end result of my own work and that due acknowledgement has been given in the references to all sources of information be they printed, electronic, or personal.

(2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

(3) The word count of this research report is 15568 .

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DEDICATION

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CHAPTER 1
INTRODUCTION

1.0.   Introduction

This chapter concentrate on the understanding of the corporate social responsibility towards performance. Specifically, the study aims to examine the relational factors (social, economic and environment) on performance of the organization. This chapter will discuss the research background, problem statement, general research objectives, the research objectives, significant of studies, and the summary of the chapter.

1.1.   Background

Corporate Social Responsibility is a 'hot' area in the urbanized world (i.e. Europe, America, Canada and recently Asia and South America). Many entities engage in CSR and devote huge numbers of money in their obligations to the marketplace, workplace and community (Mugisa, 2011). There are some companies operating in Malaysia that are practicing corporate social responsibilities more than their rivals, even when they work in the similar trade. The Government similarly had picked up interest in corporate social responsibilities by identifying stakeholders on the basis of their wits. Researchers like Basah (2012) and Dahlan (2009) have supported the research on corporate social responsibilities in Malaysia especially on whatever it involves. Nevertheless, the volume of published research in the extent of corporate social responsibilities in Malaysia remains fairly small, with most research concentrates on corporate ethics. There is great area for increasing the research understanding on corporate social responsibilities in Malaysia, as well as refining on the range of its content and its geographic influence (Ahmad, 2003 and Harun, 2006).

The researcher picked interest in the topic after having been a direct beneficiary of some corporate social responsibilities initiatives by leading companies in Malaysia and also having been part of an entity's management that was keen on implementing corporate social responsibilities activities. The formation of the corporate social responsibilities consultative group, a link of major Corporate Social Responsibility investors and companies in Malaysia, also made the researcher have a keen interest in the issue of CSR. The various highlighted CSR activities that companies are engaged in including environmental responsibility, practices concerned with labour, worker health and safety as well as quality of life of the community (Nkiko and Katamba, 2010 and Gisch-Boie, 2008). Other scholars like have linked CSR to Corporate Governance (CG). CSR does cover a wide range of questions towards employees relations, community, corporate moral, environment and the economy (Wanyama, 2006). Important to note is that the main role of running a business is clear that is to produce goods and services to the community, nevertheless there is a need to create a stable environment between the business and community. The forms of social responsibility that a firm undertakes depend on its economic perspective. In Malaysia, several companies have recognized the need for CSR and are linked by a CSR consultative group (Ahmad, 2003).

1.2. Statement of the Problem

A socially responsible company ought to supersede its core objective of maximizing its shareholders' wealth. It extends its directive by undertaking social and environmental events in society which it carries out its operations through initiatives for example environment conservation, cultivating the quality of life of its staffs and society in common and also being vibrant in its industry (Mugisa, 2011). More and more investors are being drawn towards socially responsible companies because of these initiatives. This in turn has led to enhanced business performance for certain. Supported by UMW Holdings Bhd (UMW), the auto manufacturer sector gained 3.1% from the previous year vehicle sales result and it

was the only sector that survived the broad based decline in November 2012. UMW then gained a 6.3% in total unit sales of its vehicle which is on the back of stronger earnings result. UMW's net profit for 3Q 2012 increased by 3.6% year on year to RM299.1 million. On year to date basis, UMW's net profit also improved by 84.6% to RM743.4 million as compared with last year same period. There was a possibility that CSR was an influence on the increase in profit of the increased performance. Moreover, there is limited Malaysian study linking CSR's effect on a business performance leaving a research gap in the automotive industry plausible for research. The study by the ACCA Malaysia in 2004, there were only 43% of companies had informed to some degree in the CSR while 26% were undecided to do so in future and most CSR commitment were stated in terms of charitable contributions (Mallenbaker.net 2006). Therefore, this research objective to analyse the degree of CSR practices among the organisation in Malaysia (Siwar, 2011 and Haslina, 2011). The question is, has CSR an effect on business performance?

1.3. General Objective of the Study

The main aim of the research was to determine the effect of Corporate Social Responsibility on Business Performance.

1.4. Objectives of the Study

1. To determine the effect of Corporate Social Responsibility on Business Performance.
2. To establish the trend of Business Performance of the Corporations under study over the last three years

1.5. Research Questions

In achieving the objectives stated, the following study questions were posed:

1. What factors influence the practice of CSR in automotive industry?
2. What are the different approaches used by Corporations in their practice of CSR?
3. What has been the trend of Business Performance of Corporations under study over the last three years?
4. What is the effect of Corporate Social Responsibility on Business Performance?

1.6. Significance of the Study

The study of Corporate Social Responsibility will avail the following benefits to the various stakeholders:

1.6.1. Shareholders

The investors will know how senior management takes into consideration the interests of consumers, regulators, employees and other important groups that are affected by the company's activities.

1.6.2. Company's management

The study will help management learn how to forge stronger relationships with key suppliers, customers and the community.

1.6.3. General public

The general public will be informed of the various approaches in which an entity can undertake social and environmental activities aimed at cultivating on the quality of life in the community, workplace, market place and generally providing back to society. This will lead to increased human benefit and satisfaction through quality services and merchandises.

1.7. Summary of the Chapters

This study has total of five chapters providing all the relevant information regarding this study. Chapter one highlights the research gap of CSR in the automotive industry that will affect the business performance. It throws more light on the gaps not researched about and challenges the statement of the problem, objectives of the study, research questions, and significance of the study and expected contribution to knowledge. This chapter as such, represents the basis of the rest of this study. Chapter two will review the related literature concerning Corporate Social Responsibility and business performance. Main focus is the concept of CSR, theories that explain CSR and the various CSR commitments. Other sections in this chapter center on establishing and managing ways of evaluating business performance. The last section is the contextual analysis of the theoretical framework and the relationship of the research variable and the hypothesis of the research will be explained in the chapter. Chapter three provides a narration on the understanding of research methodology and methods adopted for this study. It highlights the research paradigms, methodology, methods, study population, sample size selection, data analysis, and validity/reliability of the study instrument and wraps up with the ethical considerations. Chapter four presents and analyses the study findings. It attempts to summarize the views from the questionnaires and interview guides, interpret them and then present them as findings of the research. Chapter five is a summary and discussion of results. It further puts the conclusions and recommendations straight. The last section for chapter five highlights the implications of the study.

CHAPTER 2
LITERATURE REVIEW

2.0.   Introduction

The literature review's function is to observe the concerns, perspectives and study related with the effect of Corporate Social Responsibility on Business Performance. Chapter one describes the background study of the research gaps that is needed to be address. The literature delves significantly into the research linked to the variables that provides acceptable context of the implication of this research. Business is long guided by the revenue motive, since the days of Europe and America retailers to the current society of global worldwide businesses, the owner's interest and shareholders had previously lead business decision making and strategy. The applications for business to adopt responsibility for the diseases and misery of the world have always motivated the debate into the suitable role of business and the dedication of the firm (Margolis & Walsh, 2003). Shareholders, investors and stakeholders in large are building significantly on the business performance of an entity. Since the 70's, there have been prolonged dispute about the legality and importance of corporate reactions to corporate social responsibilities concerns. For instance, Murphy (2005) defined CSR as being 'little more than a cosmetic treatment,' and Santiago (2004) reports advantages of practicing CSR. Conversely, Waddock and Graves (1997), Hillman and Keim (2001), Verschoor and Murphy (2002), learnt that if there is an improved business performance could be due to an increase in CSR.

2.1. Review on The Literature

2.1.1. The case for CSR

CSR have been an ongoing obligation by organization to act honestly and contributing to economic progress whereas cultivating the working life and their families along with of the community at large (Moir, 2001). It is required for business to participate in the environmental, social and economic effect in the performance. The perception of corporate social responsibilities means that companies require philanthropic, ethical, and moral responsibilities in adding to their responsibilities to make a fair return for investors and by complying with the law. However, corporate executives have wriggled with the problem of the firm's responsibility to its society. It has been contended by Friedman (1970) that the corporate responsibility stands to deliver a concentrated financial return to shareholders in the trust that business owes responsibility to an extensive variety of groups in the society.

2.1.2. Theories explaining Corporate Social Responsibility

2.1.2.1. Shareholders' Theory

The theory demands that organization has an obligation to the stockholders in a firm and therefore this obligation takes importance more than any other responsibilities and requires it to focus on maximum revenue. There is some certain researchers are in this group stems whom are from the traditional neoclassical paradigm of the organisation (Moir, 2001). The firm's model was then further spread by Friedman (1970), who had a disagreement that in an open economy, it would be only on social responsibility of business. It would be likely to use its resources and involve in actions premeditated to develop its profits as long as it would be in the rules of the business world. It would involve in the free competition, without trickery or fraud. According to Milton Friedman "it contends that

diverting corporations from the detection of profit makes the economic system less competent. Social responsibility in business is to make money within the rulebooks of the industry. Private enterprises should not be required to undertake public responsibilities that rightfully belong to government" (Friedman, 1970).

The rulebooks of the business that Friedman refers to are the "fundamental morality rules against dishonesty, force, and fraud which are intended to encourage open and unrestricted competition" (Friedman, 1970). Friedman believes that in permitting the marketplace to function with only the marginal limitations essential to avoid fraud that would directly exploit its overall economic situation. The profits are what mark the open economy vibrant. The theory of CSR had also been regarded as the stockholders model (Bruno and Nichols, 1990). The model is recognized based on contractual agreement between the owners, management responsibility and it associates with ethical and social responsibility. However, it would only be profit oriented business method that has been heavily criticized by many other researchers and which has enlightened in the Stakeholder view. There are some critiques on the shareholder that claims businesses have other responsibilities other than making revenue.

2.1.2.2. Stakeholders Theory

The explanation lures from stakeholder theory which has been well established by Freeman (1984). Based on Freeman (1984) "the firm can be defined as a series of links of stakeholders that the managers of the firm effort to manage". Stakeholder is defined based on the "term which represents any identifiable group or individual which would affect or be affected by organizational performance in terms of its products, policies, and work processes" (Bruno & Nichols 1990). Davis (1973) distinguished that current business is closely unified with the modern society. The business undertakings have deep consequences through the society, and the impact on life is difficult to run from. Therefore, corporations should

have an influence on responsibilities that go beyond maximizing profits because of their boundless social and economic influence.

As stated by Mitchell et al. (1997) there was a creation of a model on stakeholder identification and salience that refers on stakeholders having more than one of the aspects of urgency, legitimacy and power. It is assumed that firms would compensate most devotion to those legitimate stakeholder groups who have influence and perseverance. In some situations some firms which would have a difficulty retaining their employees would attend to employee matters, thus, the consumer markets would have regarded this problems would have the opportunities to affect the reputation. In addition, the stakeholder's theory conveyed the question on this research understanding whether companies would be socially responsible in the performance to be profitable while satisfying the investors and stockholders in allowing a tolerable level of profits on the investments.

2.1.2.3. Social contracts theory

According to Donaldson and Dunfee (1999) it was established that the combined social contracts theory was a method for management to make decisions ethical, thus it was distinguish between 2 different categories of social contracts that are micro and macro. Thus, the macro social contract in the context of societies that would be a belief that business offers some support to its local community and the specific form of participation would be the micro social contract. Hence companies whom assume a view of social contracts would define their participation as part of "societal expectation" however, whilst this could clarify the initial enthusiasm, it might not explain the totality of their participation.

2.1.3. Corporate Social Responsibility commitments

Carroll (1991) derived regarding the pyramid of corporate social responsibilities in the book named Business Horizons (1991) and proposed that there would be four categories of social responsibilities that would be able to create a total range of corporate social responsibility in the business activities. The pyramid regards the categories of legal, economic, philanthropic and ethical responsibilities. The researcher then further highlighted that corporate social responsibility to be recognized by a reliable business person, the responsibilities should be outlined certain methods that the complete business responsibilities is involved.

2.1.3.1. Economic Responsibilities

Economic entities that were made by business organizations intended to deliver goods and services to societal adherents. The intention for profits was established as the main motivation for entrepreneurship.

2.1.3.2. Legal Responsibilities

The society did not only approve organizations to function according to the profits, it is anticipated to submit with the regulations propagated by Government as the rules which companies should operate. Social contacts are distinguished between the partial implementation of business and society, organisations are likely to track the economic missions within the framework of the regulations. Codified ethics is reflected by the view of legal responsibilities that is represented by the basic notion of the operations as stated by the legislators. The legal responsibilities are appropriately realized as co-existing with economic responsibilities as fundamental rules of the open enterprise system.

2.1.3.3. Ethical Responsibilities

Ethical norms symbolizes the economic and legal responsibilities on equality and justice, Those events and practices are embraced by ethical responsibilities that are anticipated by societal members although it is not stated in the law. In addition, it symbolizes the standard norms that reflect concerns over what consumers, shareholders, community and employees regardless of fairness involved, just keeping with the respect or protection of stakeholders' moral rights. Furthermore, the alteration of ethics would precede the formation of the law that would directly impose the driving force in the very fundamentals of laws and regulations. Besides that, the ethical responsibilities is considered as an implementation of an emerging values and society norms that business supposed to meet although the values and norms would have been reflected differently than what is required by law. The ethical responsibilities are normally define and disputed according to their legality, therefore it is difficult for business to deal with. Past undertakings on business ethics had firmly recognized an ethical responsibility as an authentic CSR component.

2.1.3.4. Philanthropic responsibilities

The reaction on society's expectation on philanthropic responsibilities is incorporated by corporate activities that businesses are worthy corporate citizens. The acts or platforms are dynamically engaging to promote human welfare. The difference between these two ethical and philanthropy responsibilities is not expected in an ethical or moral sense. The communities require that organizations to contribute, examples, in facilities, and employee time to humanitarian programs, but it is not regarded as the organization is unethical if they do not offer the preferred level. So, philanthropy is a voluntary part of businesses although it is constantly the society's expectation rather than the businesses would be able to provide. One prominent reason in the differences between philanthropic and ethical responsibilities is that certain companies sense

they are socially responsible merely being worthy citizens in the community. This discrepancy takes place the vital point that a corporate social responsibility that includes philanthropic contributions that would not restricted to them. On the other hand, this will be disputed that philanthropy is desired and prized but in actual fact it is less significant than the other categories of the social responsibility aspects, therefore, philanthropy is basically the icing on the cake.

2.1.3.5. Responsibility towards customers

An organization has an obligation to be responsible towards all customers or else it might eventually lose business. This could be through providing goods and services hallmarked by integrity, quality and care. Customer rights to safer products produced, rights to all information related on the products should be freely led to succeed. Ethical advertising should also be placed into attention (Carly, 2003).

2.1.3.6. Responsibility towards employees

Employees have equal chances in the corporation to be socially responsible towards reward and career advancement. The practise of trained, well managed and responsible employment practices with well trained, well managed and motivated employees, whom should be properly rewarded in the organization. The organization safety should be prioritized for all employees in the physical and social undertakings (Carly, 2003).

2.1.3.7.   Responsibility towards investors

Managers have a responsibility to ensure that they do not act irresponsibly towards shareholders by denying them their due earnings or misrepresenting company resources. Financial management should be proper and finances should be correctly reported. Conformation to IFRS's and IAS's is a unilateral requirement (International Federation of Accountants, 1998). Wanyama (2006) cites previous studies on the importance accounting information plays in enabling relevant parties to monitor the performance of an organization as well as holding management accountable for the stewardship of resources. Sound accounting principles should enable investors to make a fair assessment of the performance of companies and guide the decisions of those investors in making investment decisions, holding management accountable and in CSR considerations (Wanyama, 2006).

2.1.3.8.   Responsibility towards suppliers

Socially responsible companies should when delivering the product and services to the suppliers should establish them as partners to work close to achieve a direct policy inspiration.

2.1.3.9.   Responsibility towards community

Companies should strive to be good corporate citizens by contributing to community wellbeing, and be able to recognize their responsibility to work in partnership with the communities in which they operate.

2.1.4. Establishing and managing social responsibility programs

Socially responsible companies require a carefully organized and managed program to that effect. Top management has to take a solid standpoint on social responsibility and cultivate a policy statement pertaining to the obligation. The designated executive should have the responsibility of monitoring the CSR program and he/she should safeguard that application is reliable with the organization's policy and strategic plan. He/she should issue compliance statements to confirm whether the business is operating in accordance with the principles of the CSR policies.

2.1.5. Corporate Social Responsibility Reporting and Disclosure

Accurate accounting and financial recording is serious and significant responsibilities of organization, particularly in public companies. There are additional perceptive managements swiftly clutched the relations benefits of producing the fundamental reports which tries to convey an understanding of the corporate responsiveness is the main key social concerns (Owen et al., 2008). The latter group, predominantly, but not exclusively, huge companies functioning in 'sensitive' industrial sectors, the desired means of distribution has become the production on an annual basis of considerable 'stand-alone' report, either paper and/or (increasingly) web based, featuring various quantitative, as well as qualitative, data. In addition, the reliability of the data presented does increase the likelihood to be demonstrated to by an independent assurance provider (Owen, 2008).

Porter and Kramer (2006) determined there are cases where social disclosure was willing to be adopted by businesses but there is a lack of guidance in which to prioritize social issues and whatever to report. There is a method of research and empirical examination that has been used to assists businesses but in real life organizations only need to look at the industries where they operate for social reporting assistance (Waddock et al., 2002)

2.2. Review of Relevant Theoretical Model
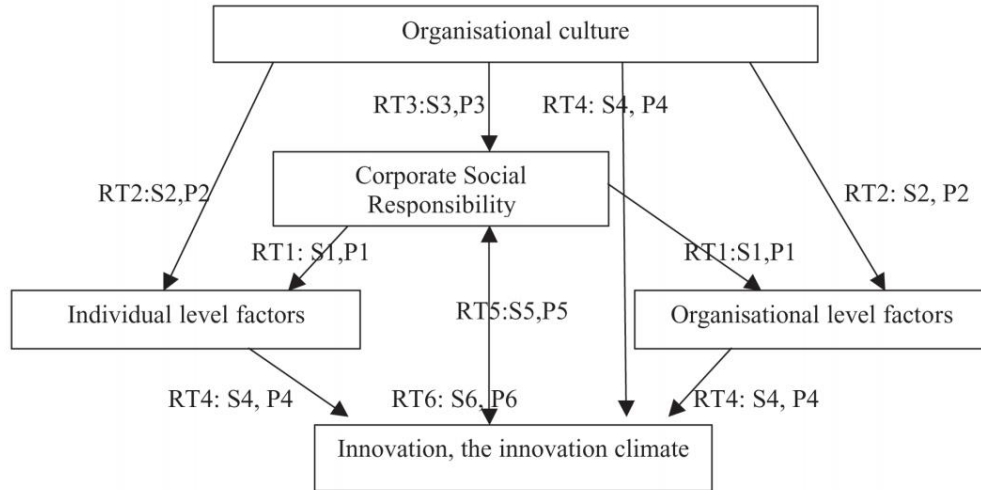
According to Borger and Kruglianskas (2006), it was establish that there was substantial evidence of a strong relationship between the implementation of a CSR strategy by the firm and effective environmental and innovative performance. Based on existing literature on the subject, the author has developed a number of propositions. The first five propositions are about the connections between corporate social responsibility, innovation climate, organisational culture, and individual and organisational level factors. The theoretical reasoning for these five propositions can be found from Study I, II, III, IV and V. The sixth proposition is about the relationships between corporate social responsibility and the achievement of innovations in Estonian organisations. The proposition can be found from Study VI. Figure 2 shows how the propositions, research tasks and the studies relate to the theoretical framework. The propositions are as follows:

P1. Corporate social responsibility predicts individual and organisational level factors.

P2. Organisational culture predicts individual and organisational level factors.

P3. Organisational culture predicts corporate social responsibility.

P4. Individual and organisational level factors and organisational culture predict the innovation climate.

P5. Corporate social responsibility forecasts the innovation climate.

P6. There is a connection between corporate social responsibility and the success of innovations

2.3.   Proposed Conceptual Framework

Figure 2: Conceptual framework on the factor influence the corporate social responsibility on business performance
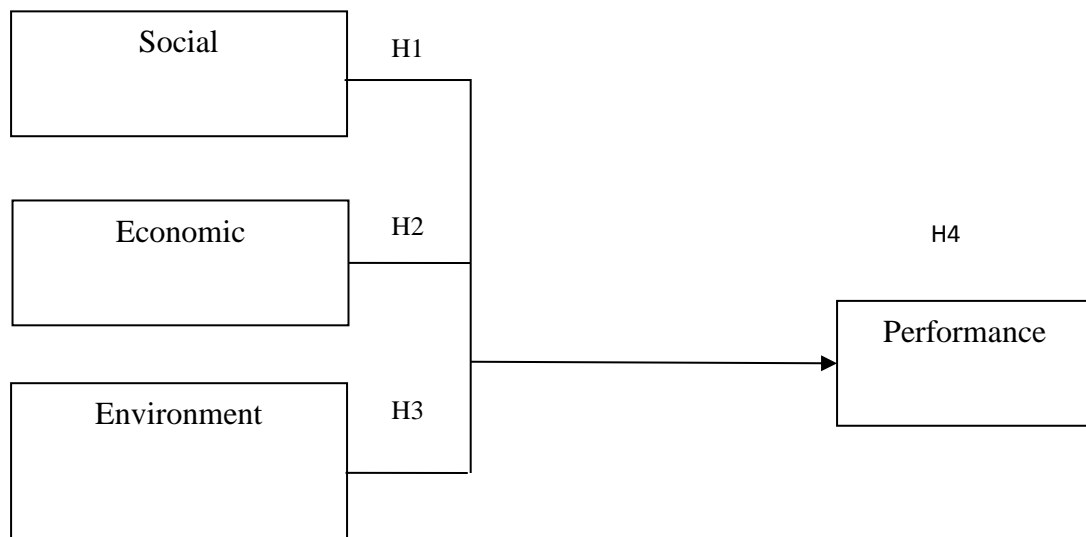
CSR is a theory that inspires organizations to understand the importance on the social and environment consequences in the industry and business workplace to the shareholders and the society. The CSR model advises firms to seek the maximum revenues while obeying with certain degree of ethics. This impression of the corporation is observed to have "placed the community in a position to demand that the modern corporation serve not only the owners or the control but all society" (Berle and Means, 1932). The awareness of stakeholder theory is to react towards the stakeholder expectations of CSR, thus, the directors would set huge amount of priorities to the organizations actions (Sirsly, 2009). Based on the theory the "satisfaction of different stakeholder groups is instrumental for

organizational performance" (Donaldson and Preston, 1995). The investments in CSR would able the management to have an improvement on the scanning skills, information systems and furthermore enhancing readiness for changes, crisis and fluctuations (Russo and Fouts 1997). CSR process would acquire these capabilities internally that would allow a more efficient utilization of the resources and organizational efficiency (Majumdar and Marcus, 2001). The conceptual framework is presented in Figure 2.3 above explains the effect of social, economic and environment that would affect directly to the performance of the organization. Many researchers have argued that the purpose of social effect is to build, nurture, and enhance mutually beneficial relationships between an organization and its publics (Ledingham, 2006). Some scholars have suggested that publics' perceptions, motives, and needs toward an organization are antecedents to the effects on customers. In addition, some researchers suggested that the communication cantered patterns of how publics access and use corporate information and their communication engagement are important indicators regarding the state of their relationships with the organizations. The economic effect (motive: to be profitable) includes those activities which are intended to have either a direct or an indirect positive economic impact on the company. This can be seen in terms of maximizing shareholder value or maximizing profit. Activities with a direct impact need not be much explained as it refers to any action, which will resolve in an immediate increase in either profit or shareholder value. The indirect economic impact, however, is less definable. It can be activities, which improve a company's image and then eventually lead to increased sales, or activities improving the conditions for suppliers or other members of the value-chain, which in turn increases the quality of the products/services offered by the company. There are many examples of CSR activities, which can have an indirect economic effect.). Effective environmental assessment of organizations are typically characterized by CSR (Wood, 1991), which would raise the support of companies in addressing the concerns proactively and interactively (Waddock, 2002). It also allows the unaddressed stakeholder interest to be clarified and safeguard negligent companies to be sued.

2.4. Hypothesis Development

2.4.1. Social

Companies' role or responsibilities towards society has come to be known as Corporate Citizenship (CC). Carroll (1991) sums up CC as actively engaged in acts or plans to encourage human welfare. CC looks at expectations of society that are not mandated by law or any business in an ethical manner. The social aspects of CC is actually a different method in applying the business role in the society, thus CC has been very compatible with CSR (Wood and Logsdon, 2002). According to Logsdon and Wood, the researcher believed that CSR does get involve with the social responsibilities that have an effect on the external affair. Therefore, the CC would imply that there is an effect on the business. There is a profound change in the understanding of the ways business should react to the stakeholders happens when CSR is changed to CC (Wood and Logsdon, 2002).

H1$_0$: There is no relationship between social effect and business performance

H1$_1$: There is a significant relationship between social effect and business performance

2.4.2. Economic

In the past, the economic entities were designed to engage goods and services by the businesses to the representatives in the society. Profits were recognized as the main motive of incentives for entrepreneurship. The business organization was the elementary economic unit in the society. Nevertheless, the main role of businesses was to create goods and services for clients that were needed to make substantive profits in the undertakings. The idea of profit motive would be transformed to a notion of higher profits had made the economic factors stable ever since. The firm's doubtful consideration would decrease if the business responsibilities are based on the economic responsibilities.

According to the theoretical perspectives, the reputations of the organization are distinguished as the utmost importance in mediating variables that were to link

CSR with business performance (Fombrun and Shanley, 1990). In addition, it may seem that the information intensity and customer decision process would have an effect by studying the external reputation effects (Schuler and Cording 2006). Employees can display more goodwill towards their high "CSR employer, an hint that reputation effects are not only external but internal as well and, because of increased organizational dedication and task motivation, produce enhanced results and demonstrate more organizational citizenship behaviours" (Davis, 1973 and McGuire *et al.*, 1988). The aggregate on the internal and external effects would justify the reason for growth in the financial performance of the firm. It also explains that reputation of the firm is based highly on the increase in CSR activities.

$H2_0$:   There is no relationship between economic effect and business performance

$H2_1$:   There is a relationship between economic effect and business performance

2.4.3.   Environment

Organizations are able to reduce business risk by performing environmental upheavals more efficiently (King, 1995). Effective environmental assessment of organizations are typically characterized by CSR (Wood, 1991), which would raise the support of companies in addressing the concerns proactively and interactively (Waddock, 2002). Firm are able to reduce the chances for legal lawsuits by balancing the stakeholder concerns, it allows the unaddressed stakeholder interest to be clarified and safeguard negligent companies to be sued. Companies in which have a higher CSR practises would also be able to attract better staffs. There are some researches that support these explanations (Backhaus *et al.*, 2002). The employees of the particular organization would significantly have a responsible employer that upholds the ethical values. Employers' associations between CSR and the company attractiveness would be found in the firm's level (Turban and Greening, 1997) and also the individual level of analysis (Backhaus *et al.*, 2002). The quality workforce would directly have an effect when there is an increase in competitive advantage (Huselid, 1995), normally the

selected employees from a large labour pool would be beneficial for the companies. Certain companies do have low CSR which would inadvertently restrict the chances for companies to recruit from the labour pool that is unappealing for job some applicants. Thus, there is a disadvantage on human resource and economic with companies that practices high CSR values (Orlitzky and Benjamin, 2001).

Companies would be relatively being more efficient not just only by reducing its own costs; therefore sometimes there is an effect when competitor's costs are raised. In addition, there are also situations where the effect of CSR would have an influence politically to increase rival's costs (McWilliams *et al*., 2002). Restricting the access of new technology and industry standard through substitute resources can be practiced by high CSR firms. Large companies could practice occupational safety and health as well as regulations on environment that strategically to raise rivals' costs. Pushing various stakeholders coalitions for broader adoption of policies in the organization may seem relatively easy to concentrate on the social and environmental criteria's. Firms may find CSR practices to be valuable, costly and rare to duplicate in order to have the competitive edge more sustainable.

According to the resources view in CSR applications, the efficient use of resources allocation was due to CSR abilities to enhance managerial skills. Internal efficiency increased could directly lead into savings from high CSR applications (Holliday *et al*., 2002: 83 – 102). Furthermore, CSR may assist top management improve better scanning processes, information systems and skills. This action would indefinitely have an increase in the preparation, changes externally, and anticipation. It is argued that the respect for corporate environmental performance would be important for growing industries (Russo *et al*., 1997). The CSR The organization learning and development of the internal capabilities does not need to depend too much on communication of the firm but to commit to CSR for various stakeholders in much important.

H3$_0$: There is no relationship between environment effect and business performance

H3$_1$: There is a relationship between environment effect and business performance

2.4.4.   Business Performance

Business Performance incorporates financial and non-financial success of an entity. Every business has to put in place a system of measuring performance where set goals are compared to feedback from agreed upon indicators. In order for managers to progress on the specific goals, there is needed a typical type of performance measurement for the set A typical performance measurement relieves businesses in periodically setting business goals and then providing comment to managers on progress towards those goals (Mugisa, 2011). Financial performance measures are derived from or directly related to the chart of accounts and found in a company's financial statements. Non-financial performance measures such as customer satisfaction scores or product quality measures are outside the chart of accounts. The balanced scorecard and financial ratios are some of the widely used approaches in business performance measurement.

$H4_0$:   There is no relationship between business performance and corporate social responsibility.

$H4_1$:   There is a relationship between business performance and corporate social responsibility.

2.4.5.   The effect of CSR on business performance.

In a typical organization, it makes business sense to fully integrate the interests of all the stakeholders into corporate strategies over the long term, this approach can generate more growth and profits. CSR may not be about financial value, but the value derived from sound governance, transparent reporting, satisfied employees and customers and the overall integration of stakeholders. CSR has brought forth a number of initiatives, which find ways to make a better link between social and financial performance (Wood, 1991). In essence, there is a need to align social priorities while focusing on bottom line imperatives.

Historically, any business would depend on the measurement of the income statement and balance sheet to determine the success of the company, it would also have an effective measurement of the total revenue, total expenses and the assets of the company. The companies still maintain to practice the measurement but are starting to recognize that the profit does not signify a value. Moneymaking companies believe that the stock price and the market shrink or will remain fluctuating (Bishop & Beckett, 2000). A poor measurement instrument for evaluating the company performance is by using shareholder value, thus the business should include ethnic diversity, competitive practices and the environment. "These firm performance indicators have long been associated less with firm financial performance and more with the concept of firm sustainability or stewardship"(Porter & Kramer, 2006). Marquez and Fombrum (2005) understands that the efforts to assess company in the early stages then those whom did not would have given away more focused analysis on the risk of the business with specific production activities, service activities and management practices.

Performance of an organization, important as they may be, need to be planned for with social responsibility in mind. The traditional financial method (Triple Bottom Line) is an indicator that measures the environmental and social effect of the company's activity that would ultimately allow a broad range of information in the organization's social performances (Davis, 1973). The mix reporting of companies performance in both financial and sustenance of the company is a recommended norm which can take place in form of single or dual reporting (King III, 2009). King III was of the view that integrated sustainability performance and integrated reporting enables stakeholders to create a more updated valuation of the economic in the particular organization. Reporting should be integrated across all areas of performance. Furthermore, the company should provide a reporting method on the triple bottom line context issues. The integrated report should describe the method of the income that the company is currently ongoing; thus, the information on the financial result is needed to report on positive and negative impact to the organization. The sustainability reports and disclosure ought to be shared in the organization for future planning that would improve plan and remove any negative issues in the financial year ahead. The

early adoption of measuring the business risk will be able to yield valuable management information (Davis, 1973).

There are some researchers whom hypothesized that additional costs would occur when a high investment on organizations to have an effect of CSR on business performance that will cause negative effect. Based on McGuire *et al* (1988), the additional costs that would incur may be resulted in "making extensive charitable contributions, promoting community development plans, maintaining plants in economically depressed locations and establishing environmental protection procedures". These additional burdens on the organization have caused a financial disadvantage upon other competitors such as less socially responsible firms (Lyall, 2003). Managed social responsibility can generate information about how the use of resources with environmentally and socially related effects influences the financial performance and position of organizations and how organizational operations affect environmental and social systems (Burritt and Schaltegger, 2002).

2.5. Conclusion

Managed social responsibility allows the information in proper usage of resources with socially interacted effects affects the operations and performance of firms and how organizational operations affect social systems. (Hahn and Schalteger, 2002). The multiple measures in the performances (financial and non-financial) are the link in between the research opportunities of the relationship of CSR and business performance in the period analysed. It is always advisable to have different measuring methods towards financial measures to be effective. In addition, in the short term the practises of CSR may bring forth negative effects on the business performance therefore, a long term view of CSR practises would provide a more accurate view on certain firms fulfils the CSR expectations to the stakeholders while still contributing to the expected business performance. Sustaining the business would be the primary goal for management in the organization to frequently measure and evaluate. Nevertheless, during slump

periods of the economic demands may have importance over flexible social responsibility expenses; the need for business performance may have a direct influence on the support from top level management in committing for future social responsibility activities (Ullmann, 1985). In addition, the need for clarity on the practises of CSR is needed to evaluate in the benefits of the organizations (Kaspert, 2008).

CHAPTER 3
RESEARCH METHODOLOGY AND METHODS

3.0.   Introduction

The design of the research is a framework that contains the collection and data analysis that can be in different forms such as cross sectional, case study, longitudinal, experimental or comparative research. The range and dimensions or the research process would be the utmost priority in the decision of the research process (Bryman, 2004, pg 27). As stated by Collis and Hussey (2003), Vogt (1993, pg 196) describes research design as the "science (and art) of planning procedures for conducting studies so as to get the most valid findings". A detailed plan of the research would allow a proper research design to be implemented as a guide to focus on the research. This chapter is intended to acquaint the reader with the procedures that the researcher followed when carrying out the study. It describes the research methodology and methods adopted for this study thereby explaining the research design.

3.1.   Research Paradigms

Paradigms describe the research methods that should be performed in the project. The research paradigms are used to determine the accepted sets of theories that the framework offers, it comprises the methods of defining the data set (Collis and Hussey, 2003). Creswell (1998, pg 74) defines paradigms are a guide for researchers inquiries from a basic set of assumptions and beliefs. It does depend a lot on what content is being researched, nevertheless the assumptions would relate to the nature of reality in the role of values on the research processes.

3.1.1.   Positivistic Paradigm

The positivistic approach according to Collis and Hussey (2003) looks for the facts that regards to the particular state of an individual. The researchers then contended with their reasoning applied to the research understanding that objectivity and rigour should replace intuition, experience and hunches. Bryman (2004, pg 11) defines positivism as an epistemological position that advocates the application of the methods of the natural sciences to the study of social reality and beyond. Positivism is founded on the belief that the study of human behaviour should be carried out with similar way because studies conducted in the natural sciences. It is based on the assumption that social reality is independent of us and exists regardless of whether we are aware of it. Collis and Hussey (2003, pg 52) conclude under positivism 'the act of investigating reality has no effect on that reality'. In the same line as highlighted by Wanyama (2006), Burrell and Morgan (1979) note that the term positivism can be applied to describe epistemologies which seek to explain and predict what happens in the social world by searching for regularities and causal relationships between the constituents; these reflect traditional research approaches which dominate the natural sciences. The positivistic paradigm is quantitative, objectivist, scientific, experimentalist and traditionalist.

3.1.2.   Phenomenological Paradigm

Collis and Hussey (2003) clarify the phenomenological paradigm concerns in the human behaviour understanding from with understanding human behaviour from the respondents own border of references. This is known as a qualitative approach that focuses on the aspects of human activities by interoperating the meaning, social phenomena and measurements. Wanyama (2006) highlights Burrell's and Morgan's (1979) argument that the common characteristic of the interpretive paradigm is to tries to acknowledge and distinguish the understanding of the social world form, mainly the focus views of the people are directly involved. Burrell and Morgan conclude that "the interpretive paradigm is informed by a concern to understand the world as it is, to understand the fundamental nature of the social

world at the level of subjective experience". The phenomenological paradigm is qualitative, subjectivist, humanistic and interpretive. It's also referred to as the interpretivist paradigm (Collin and Hussey, 2003).

3.2. Research Methodology

Collis and Hussey (2003, pg 55) describes the research methods that acquire the theory supported by the data collection and analysis on the research process. There are quite a number of methodologies depending on the type of paradigm chosen for research as highlighted in research paradigms under Section 3.1 above. Phenomenological methodologies would be similar to Burell and Morgan's (1979) subjective dimension while the positivistic would relate to the objective type (Wanyama, 2006). Verily, different methodologies can be used for research by way of triangulation (Collis and Hussey, 2003, pg 78). The method approach in the collection of questionnaires and analysis studies on the effect of Corporate Social Responsibility (CSR) practices and Business Performance was used. The first stage of the study has been a review of the existing literature as shown in Chapter 2 of this study. The literature review highlights the case for and theories that explain CSR on one part and the business performance measurement on the other part. It concludes with an analysis of the effect of CSR on business performance. The research methodology is seeking to gather the data and information of the research; however the annual business performance were based on multiple year approach. Secondary data sources and trends were collected for the business performance measurement. Company annual reports were compiled to measure the financial status for the selected firm were used for analysis of performance for the 3 year period. The appropriate answering method for the research questions proposed is by performing quantitative approach. The study requires a quantitative collection of multiyear internal financial records of the firm in this particular study. The conclusion on the relationship between CSR practices and the multiyear financial comparisons were considered to acknowledge significance. Data collected was interpreted for drawing conclusions on the effect of CSR practices on business performance.

3.2.1. Primary Data

Malhotra, Hall, Shaw & Oppenheim (2002, p.157) describe as a data originated for the purpose of identifying a problem at hand. Primary data are original work of research study or raw data without the analysis that signify an official view. Hence, primary data information is not filtered nor interpreted by any party therefore it is most authoritative (Cooper & Schinder, 2006). There is several way of collection of primary data, however in this research the primary data are collected through the use of person administered questionnaire survey. This method are used as questionnaire survey to provide standardization in which all respondent are answering the same question and are visible to the similar response option for every question and finally lead to the ease of administration and analysis (Burns & Bush, 2006, p. 235). All the collected statistical data will be manipulated by the statistical analysis techniques in order to produce findings in Chapter 4.

3.2.2. Secondary Data

According to Hair, Bush & Ortinau (2006, p. 80), secondary data refers to data that not gathered for the direct study at hand but for a different purpose. The advantages of using secondary data in this research are the cost and time economies they offer. Useful secondary data information can be obtained through the internet or relevant website with the relevant journals or articles which are consistent with researchers' research study. Other than that, it allowed the problem to be better defined, identifying the problem and identifying the key variable (Malhatra et al., 2002, p. 157). Therefore, researcher should not bypass secondary data. However, in some situation, secondary data might not completely fit the research problem and there may be problems with their accuracy. In this case, researcher needs to proceed to primary data as the secondary data are exhausted or show diminishing returns (Churchill & Lacobbucci, 2005, p. 169).

3.3. Research Methods

Collis and Hussey (2003, pg 54) define research methods as the various means by which data can be collected and/or analysed. Primary and secondary data was collected for this study. The researcher identified interviews and questionnaire survey as the methods of collecting primary data for this study. Documentary review and secondary analysis was applied to archival/existing records.

3.3.1. Survey Questionnaire

Questionnaires are a collective method that researchers precisely collect the data on the measurements of the variables of interest (Sekaran, 2004, pg 236). In the same line as interviews, questionnaires can also be categorized as structured, semi structured or unstructured. The main reason(s) the researcher used questionnaire survey alongside interviews was derived from questionnaires being a cheaper option and less time consuming as well as offering possibility of having a large sample for the study data. A survey questionnaire was administered to respondents in collection of the primary data that s semi structured. The data collection used in this study sought to understand the general significant entities put in designing CSR programs (e.g., the importance of it to you that the company engages in socially responsible behaviour?) and factors that influence the practice of CSR in Malaysia.

3.3.2. Target Population

In determining the precise target population, sampling design is needed. Collection of elements or objects would be the target population that researcher seeks to acquire information and it is whereby the influences is being made (Malhotra, 2006, p.328). The study main objective is to understand and discover respondent's response on how the effect of CSR towards the business performance. Hence, the target population of this research is the employees of UMW Toyota in Malaysia without any restriction on age and gender in the

particular survey. The reason that UMW Toyota employees were chosen as the target population because there was a strong practice of CSR in the organization. The employees practises would directly allow the sufficient data and information to be collected.

3.3.3.   Sampling Frame and Sampling Location

A sampling frame is a representation of the components of the target population, which is some master list of all the sample units for identifying the target population (Malhotra, 2006, p.328). The sampling location is within the company, the questionnaire will be distributed to the respondents in the selected area so as to seek for broader and variety of experience group or respondents.

3.3.4.   Sampling Elements

An element is the object (or person) about which or from which the information is desired (Malhotra, 2006, p.328). This research will be conducted in a company; the target respondents selected include the employees of UMW Toyota. They are targeted because the questions concerning on getting know what are the factors that influence the attitudes of employees in Toyota on CSR activities. The employees will be targeted because they can provide the relevant CSR information needed based on their knowledge and experience.

3.3.5.   Sampling Technique

Sampling techniques are distributed into 2 categories that can be used in this study which are probability technique and non -probability technique. In this study, nonprobability technique has been used as non-probability technique is inexpensive, extensively used and not require larger population. Hence, it can help to save or reduce the cost of sampling. Quota sampling technique is selected in this research because statistical inferences are often based on quota samples and other non-random sampling method used in the real world (Burns & Bush 2006,

P347). According to Malhotra (2006, p.336), the quota sampling is a considered as a non-probability sampling technique which consists of two different categories in the restricting of judgemental sampling. In understanding the differences, the first stage requires the development control of the elements of the targeted population. The second stage are selected based on convenience or judgemental samples of elements. A quota sample of 202 respondents is selected. After that, a convenience sample element is selected to distribute the questionnaire to the employees of UMWT. Often, respondents are selected because they occur in the right place and right time (Malhotra, 2006, p.333). In addition, quota sampling techniques provide at relative low cost and least time consuming on collecting the data and it create the greater convenience to select element for each quota (Malhotra, 2006, p.337).

3.4. Research Instruments

The study population was derived from one private limited company. The total population for this study from the study firms was estimated 202 employees, a population of 20% from top management, 50% from middle management and 30% from lower level personnel. The sample was disproportionately spread across the different levels (operational, sales, QA, management, finance and others) of the corporations chosen for this study.

3.4.1. The purpose of using Questionnaire

A questionnaire is typically used to create the questions and obtain feedback from the respondents (Burns & Bush, 2006, p. 300). Based on Burns & Bush (2006, p. 300), using questionnaire can translate the research objective into specific questions that are asked of the respondents and provides standardization to all respondents' reaction to the survey identically. Besides that, questionnaire can speed up the process of data analysis and quality control by researcher.

3.4.2. Questionnaire design

Close ended questions or scaled response questions are used whereby respondents are required to choose from response options or scale points on the questionnaire (Burns & Bush, 2006, p. 241). The questionnaire is conducted in English because it is the international language and suitable for communication with the respondents. Generally, the questionnaires are divided into two major parts, which are Part A (General Information), Part B (General Opinion). In section A, general questions relate to the general information of the employees that consists of age, work function, and understanding of CSR and policy. In section B, the questions were designed to gather data from the respondent's opinions about attitudes towards social, economic and environment that consist of questions relating to the measurement of the variables which are performance and corporate social responsibility. The section B is designed in a form of five point Likert scale measurement question. Based on Hair, Bush & Ortinau (2006), this method is a frequently used measurement scale that allows respondents to indicate their own level of feeling for certain issue or topic and all participants are asked to agree or disagree with each statement. The attitudes of the respondents will be indicated by checking how strongly they agree or disagree with the questions that range from very positive to very negative toward the attitudinal object.

3.4.3. Pilot test

Stratified sampling was applied where respondents in the identified population were subdivided into strata as: Managers, Accountants, Administrators, Marketing executives; each at least representing the different operational levels and business units of the corporation. As a measure to assure that the different units in the population had equal probabilities of being chosen, a stratified random selection method (Creswell, 2003) was used in which a disproportional of each sample in the entities was randomly selected. It was planned to have a sample size of 20 respondents under questionnaires. The proposed sample comprised of 5 top management officials, 5 middle management officials and 10 operational level

staff. This number was chosen because it was thought that it would give sufficient data required for this study.

3.5. Construct Measurements

The acceptable for non-clinical research in confirming the reliability would be an alpha score of 0.7 and above (Groth-Marant, 2003; Hair, Anderson, Tatham & Black, 1998). The questionnaire variables alpha value as a group of .826, .832 .885 and 0.905 respectively in the pilot testing. The survey questionnaire was administered in January 2014 to a cross section of staff including those from Finance, Sales & Marketing, Operations, Management and Administration of the Corporations. The survey questionnaire comprised of 8 questions and these were sub divided into other questions. In total the questionnaire had 19 items divided into different sections and were designed on a Likert scale approach. Questions on general issues were asked as well as those that focused on the research questions. The survey questionnaire used for this research study is attached as table 3.5.1. The questionnaire was tested for functionality where Cronbach alpha scores were computed using SPSS.

Table 1: Reliability Test for 20 sets Questionnaires

Variables	No. of items	Cronbach's Alpha
Social	4	0.826
Environment	5	0.832
Economic	5	0.885
Performance	5	0.905

3.5.1. Data scale of measurement

The data measurement scales involves a certain rules that being assigned in numbers to a variable. The characteristics of occurrences are being measured by assigning numbers. A tool or instrument that is intended to measure the

characteristics of an item is called scale. Thus, the result can be directional or categories. Scale is being divided into 4 categories that are nominal, interval, ratio and ordinal scales. Researchers formalized a set of questionnaires to gain the information for the respondents at hand. It comprises of two major section in the research survey; Part A (General Information), Part B (General Opinion).

Part A, which consists of four questions, is designed with a combination of nominal scale and interval scale. Nominal scale is used to identify the pattern of respondent on CSR in Part A is used Interval scale to rate respondents' likely to understand the effect of CSR

.

Interval scale being used in part B to measure respondent's opinion on CSR dimensions. Items for variables include attitudes toward CSR, Social, Economic and Environment are measured using five point Likert scale ranged from (1) Strongly Disagree to (5) Strongly Agree and the summary of Likert Scale that applied to measure variables. This section part is to further identify the respondents' personal information to assist in analysing the responses.

3.6. Data Processing

Data analysis consisted of separate and distinct approaches of the variables that were to be measured. CSR practices were measured using the degree of CSR expenditure measured every year as a gross revenue percentage and business performance was measured using ratio analysis and descriptive statistics (calculation of means and standard deviations) where possible. The balanced scorecard was embraced for this study. Trending analysis for the collected measurement of each data collected over the past 3 year period was done for the financial measurements and a comparison was made with the CSR variable. This was to shed light on whether CSR practices influence/affect business performance and determination of any disconnects in the research studies.

3.6.1.   Questionnaire Checking

The questionnaire in the initial stages would involve the complete check of all questionnaires while field work is still underway (Malhotra et al., 2002, p.439). Any problem in meeting the sampling requirement should be identified and corrective action before the data are edited (Malhotra et al., 2002, p.439).

3.6.2.   Editing

According to Malhotra et al. (2002, p.439), reviewing the questionnaires quality would increase the consistency and precision of the objectives in the study. It consists of inspecting the questionnaire to identify inconsistent, unfinished, unreadable, incomplete, or unclear responses (Malhotra et al., 2002).

3.6.3.   Coding

Coding refers to a number that is assigned to each responses of the question in the survey that has the possibility of responses which is identified from the position column and material that is occupied (Malhotra et al., 2002, p. 440).

3.6.4.   Transcribing

Transcribing data refers to conveying the coded data from the questionnaires or into the software provided for the research or editing the raw data into the software itself (Malhotra et al., 2002, p.445). In this research project, the Statistical Project for Social Science Version 22.0 (SPSS software version 22) will be used to analyse the data.

3.6.5. Data Cleaning

Missing responses are being handled by performing data cleaning which are more through and extensive (Malhotra et al., 2002, p. 445). The inconsistency can be verified carefully and diligently when there is a data out of reach or have tremendous values which are inadmissible and must be corrected (Malhotra et al., 2002, p.445). Conversely, missing responses represent values of a variable that are unknown; either because respondents provide ambiguous answer or their answer were not properly recorded (Malhotra et al., 2002, p. 446).

3.7. Data Analysis

To ensure validity of the survey instrument, the researcher made sure that the questions asked were in conformity with the research objectives of the study. These were rated on a Likert scale; strongly disagree, disagree, neither agree nor disagree, agree, and strongly agree. A pilot test of the questionnaire was conducted and a calculation using Cronbach's alpha was computed for question reliability assessment. Any method that is additional in the reliability testing is deemed not appropriate given the constraints of time.

Table 2: Cronbach's Alpha

Cronbach's Alpha	N Items
0.947	19

3.7.1. Inferential Analysis

The conclusion that is generated on the target population characteristics that are based on sample data is called inferential (Burns & Bush, 2006, p. 426). There are two rational for the chosen statistical tests which are Pearson's Correlation Analysis and Multiple Regression Analysis.

3.7.1.1. Pearson's Correlation Analysis

The Pearson correlation coefficient measures the degree of linear association (relationship) between two variables (Burns & Bush, 2006, p. 544). According to the Aaker et al. (2007, p. 509) the positive correlation would be able to show the significance of one high value variable link between the second variable. The negative correlation would reflect that a high value variable with a second low value variable. According to the researcher, the measurement for the co-variation of the dependent variables (Business Performance) and independent variables (Social, Economic, and Environment) reflects two or more variables that would be able to interpret. In addition, Coefficient (*r*) would be able to understand the degree of linear relationship that is positive (Aaker et al., 2007, p. 510). Whereas, if the value of correlation coefficient equal to -1.0, it shows that there are perfect negative linear relationship (Aaker et al., 2007, p. 510). Besides, if the result falls between -1.0 and +1.0, there is a significant relationship between both variable (Aaker et al., 2007, p. 510). Hence, H1 is supported and H0 is rejected. Moreover, if there is a zero value, it means there are no associations between the two variables, and (H0) is supported and (H1) is rejected (Aaker et al., 2007, p. 510).

On the other hand, according to Zikmund (2003), the output of the Correlation analysis is presented in term of P-value. If the level of significant is 0.05 which mean that the confidence interval is 95%. If P-value less than 0.05 (P<0.05), reject H0 and support H1. This indicates there is a significant relationship between both variables. However, if the P-value is beyond 0.05 (P>0.05), support H0 and reject H1. Therefore, there is no significant relationship between both variable.

If the relationship of the variables is statistically significant, identifying the acceptable strength of association between the variable are being made by the researcher. In quantitatively displaying the strength of bond between the variables could be determined by the size of data collection. (Burn & Bush, 2006, p.541). According to Burn & Bush (2006, p. 542), the rules of

thumb about correlation coefficient to characterize the strength of the association between variable are summarize in Table 3 below.

Table 3: Correlation Coefficient Size

Coefficient Range	Strength of Association
± .81 - ± 1.0	Strong
± .60 - ± .80	Moderate
±. 41 - ± .60	Weak
± .21 - ± .40	Very Weak
± .00 - ± .20	None

3.7.1.2. Multiple Regressions Analysis

The Multiple regression analyses one independent variable in predicting the dependent variable or used in the regression equation (Burns & Bush, 2006, p. 575). It is assumed that the variable relationship is straight lined technique exists between the variable (Burns & Bush, 2006, p. 588). Based on Hair et al. (2006) in estimating the coefficient of a straight line equation, the multiple regression analysis is a good statistical technique. The equation in multiple regressions has the form as below:

Performance = a + b1 (Social) + b2 (Economic) + b3 (Environment)…+ bmxm

A = a + b1CSR + b2P

Where,

CSR = Corporate Social Responsibility
P = Performance

Multiple regressions refer to the several underlying conceptual model that could determine the independent variable to be used, thus it is deemed necessary to confirm the variables that are significant (Burns & Bush, 2006, p. 588). This aids the researcher in identifying clearly upon the impact of the dependent on the dependent variable. Furthermore, there are five questions that will be used to determine the result of the study at hand; whether a relationship exists; how strong is the relationship; whether the relationship is positively or negatively skewed; what is the best way to describe the relationship and also understanding what are the best means of fitting a straight line to the data.

3.8. Ethical Consideration

All information used to fulfil the research objectives of the sources are directly collected from the internal financial sources. Where contact was required, the researcher approached the corporation management using a letter of recommendation from the University. Respondents were adequately informed about the procedures of the data collection and the survey was to remain anonymous (no provision for identifying the respondent on the survey questionnaire existed).

3.9. Conclusion

This section describes the research methodology and methods applied in this study. A cross sectional methodology was adopted to collect quantitative data that was used to correlate CSR practices and business performance. Data collection consisted of a survey questionnaire in modified form to collect data for this study from 20 employees of UMW Toyota. These methods were selected due to their convenience in the collection of data. The key question, one that is central to this research, was "What effect has CSR on business performance?" The researcher hopes the methods proposed in this chapter answered the question posed as well

as providing more justification and guidance as specified under Section 1.6. The next section describes the results obtained from the data collected of this study which using the methodologies described under Chapter 3.

CHAPTER 4

RESEARCH FINDINGS

4.0. Introduction

The researcher in the previous chapter has provided the understanding of the research methodology that assists to study and determine the relationship between all the variables mentioned. All data are required to be analyzed must be properly coded, edited and processed for accurate statistical analysis. The hypotheses and data testing will be obtained from the output when Statistical Packages of Social Science analysis software. Furthermore, data and hypotheses results are obtained from the output of the Statistical Packages for Social Science (SPSS) computation analysis software.

4.1. Scale Measurement

4.1.1. Reliability test

Reliability test is to ensure that there is a consistency measurement with the various items, instruments and also to understand the data that indicates the stability of the instruments measured. This also allows to assists the researcher of to assess the "goodness" when the collection of data is performed (Sekaran & Bougie, 2010, p.161). In addition, the result of the questions that is computed by SPSS software would be able to identify the test of reliability of the independent variables (Social, Environment and Economic) with the dependent variable (Performance). The reliability test's results of this study are itemized as in the table 4:

Table 4: Reliability Test for 202 sets Questionnaires

Variables	No. of items	Cronbach's Alpha
Social	4	0.801
Environment	5	0.829
Economic	5	0.860
Performance	5	0.873

The indicated Cronbach Alpha is to test between the reliability of independent variables and the dependent variable from the questionnaire collected. The reliability test result shows that there are three independents such as Social, Environment and Economic that falls under the range 0.80 and 0.95. Since, these four Cronbach' Alpha values are in the range of 0.80 and 0.95 which states that the test have good reliability.

4.2. Descriptive Analysis

The descriptive analysis is to transform the raw data that could transcribe the information into the characteristics like "central tendency, distribution and variability" (Zikmund, 2010, p.486). Analyzing the raw data would able the researcher to summarize the responses in large number of respondents in a few statistics obtained. In addition, it makes inferences on the characteristics of the entire population of sample collected (Zikmund, 2010, p.486). Furthermore, the number of various subcategories of the occurrence in which the cumulative percentage occurrences can be easily calculated by using (Sekaran & Bougie, 2010, p.g.313). The recording of occurrences of particular value variables does depend on frequency (Zikmund, 2010, p.413). Thus, the histogram that will be displayed the researchers finding on the frequency distributions in understand the data.

Hence, the researchers' respondents in the research on the employees are randomly selected from one automotive industry in Malaysia, which include gender, age, job function, and service's length in the firm. There are a number of 202 sets questionnaires to be evaluated.

4.2.1. Respondent Demographic Profile

4.2.1.1. Age

Table 5: Age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-29	108	53.5	53.5	53.5
	30-39	60	29.7	29.7	83.2
	40-49	22	10.9	10.9	94.1
	50-59	8	4.0	4.0	98.0
	60 or over	4	2.0	2.0	100.0
	Total	202	100.0	100.0	

Figure 3: Age of respondents
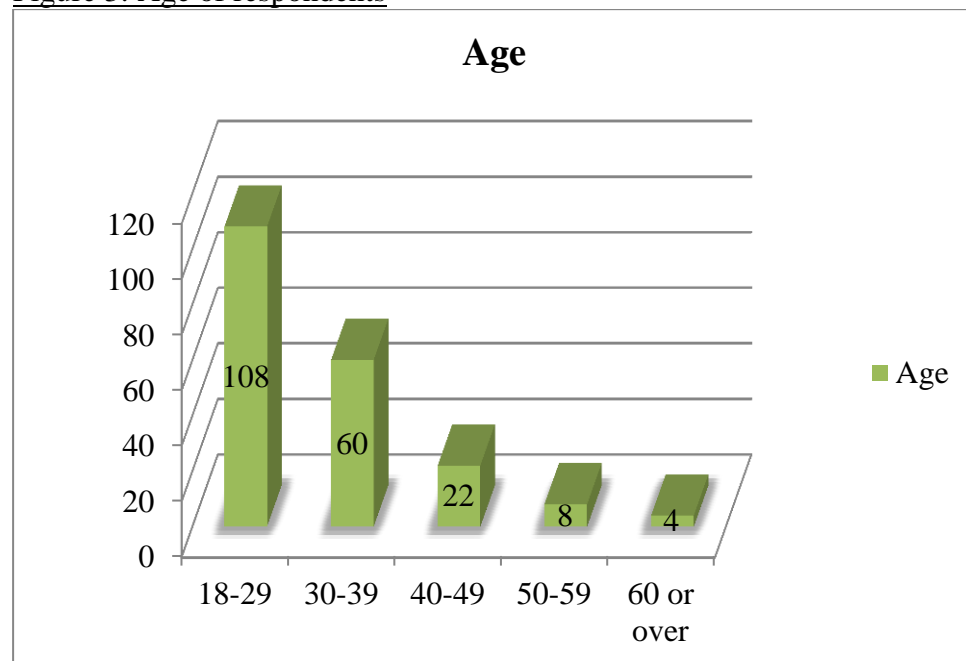
Table 5 and figure 3 illustrations five different age groups, which is displayed in the range of 18-29, 30-39, 40-49, 50-59 and above 60 years old. The research also displays that the respondents are typically ranged from the group of 18 to 29 years old with 108 respondents which equivalent to 53.5% from the total recipients. There are total of 60

respondents that are from the age group of 30 to 39 years old that consists 29.7%. Besides that, 10.9% of respondents are according to the age group of 40 to 49 years old, which consist of 22 respondents. There were 4.0% of respondents in the age group of 50-59% consists of 8 respondents. It was also noticed that there were a minority of respondents above 60, which consists of 4 respondents 2% of total respondents respectively.

4.2.1.2. Work Function

Table 6: Work function of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance	6	3.0	3.0	3.0
	Production	19	9.4	9.4	12.4
	Quality Control	33	16.3	16.3	28.7
	Sales and Marketing	62	30.7	30.7	59.4
	Management	49	24.3	24.3	83.7
	Others	33	16.3	16.3	100.0
	Total	202	100.0	100.0	

Figure 4: Work function of respondents
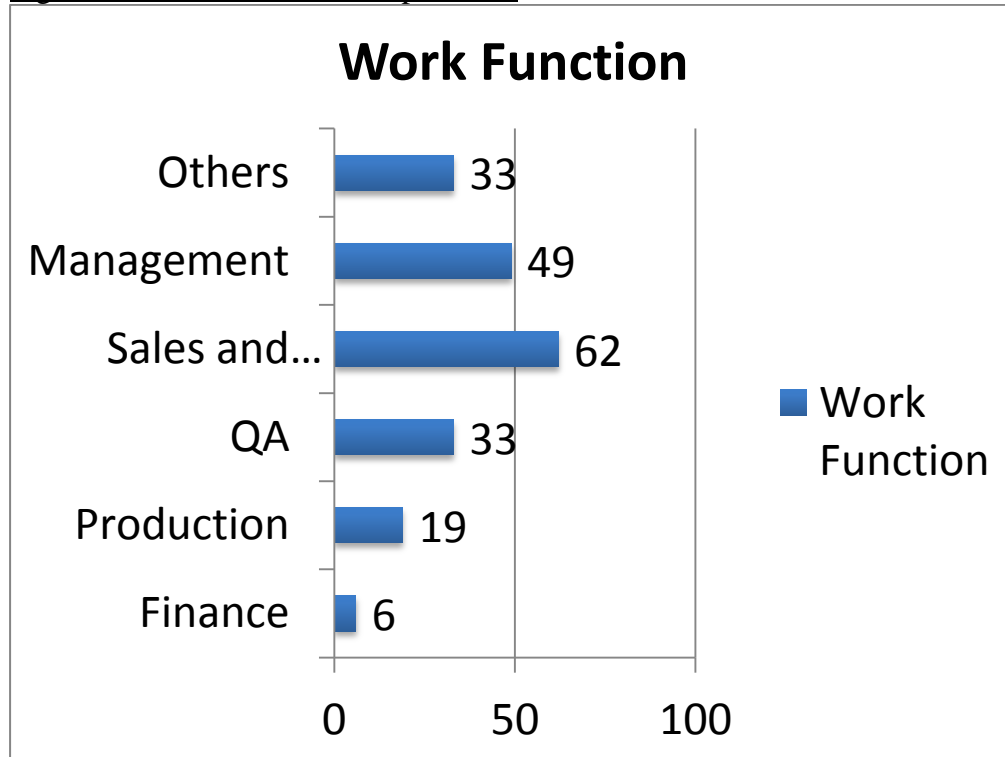
Table 6 and figure 4 illustrated six different work functions, which are finance, production, quality control, sales and marketing, management and others. In this study, the respondents were generally from the sales and marketing group with 62 respondents which equivalent to 30.7% from the total respondents. There were total of 49 respondents from the group of managements with 24.3%. Besides that, there were 2 categories of respondents; quality control and others were 16.6% from the total respondents. There were also 9.4% of respondents in the category of production consist of 19 respondents. It was also noticed that there were a minority of respondents from finance, which consists of 6 respondents and a total 3.0% from the total respondents.

4.2.1.3. Experience

Table 7: Experience of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 5	116	57.4	57.4	57.4
	5 or more	86	42.6	42.6	100.0
	Total	202	100.0	100.0	

Figure 5: Experience of respondents
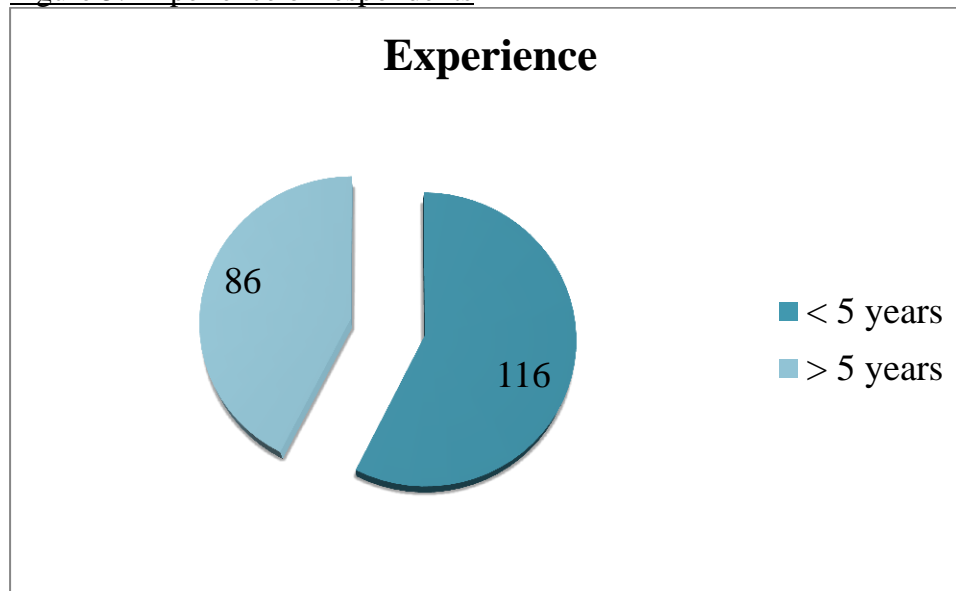
Table 7 and according to Figure 5 it reveals the service length of the 202 respondents in the firm. Based on the illustrations above, it would reveal that the respondents in the organization had worked less than 5 years that consists of 57.4% from the overall respondents. Nevertheless, there are 86 respondents whom worked in the organization more than 5 years, which would be around 42.6% of the total respondents.

4.2.1.4.   CSR

Table 8: Corporate social responsibility

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	172	85.1	85.1	85.1
	No	30	14.9	14.9	100.0
	Total	202	100.0	100.0	

Figure 6: Corporate social responsibility
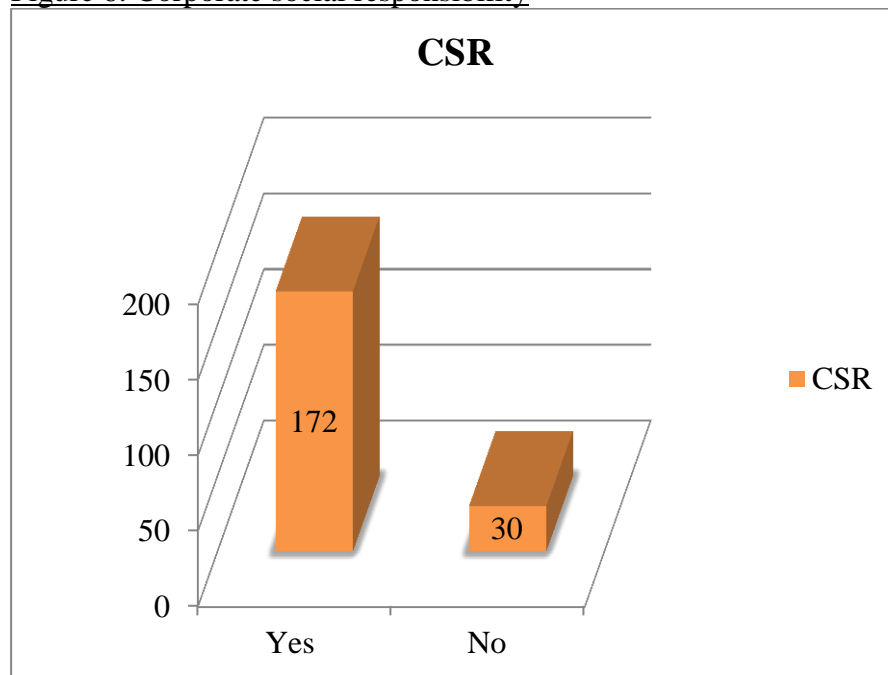
Table 8 and Figure 6 present the understanding of the respondents on corporate social responsibility of 202 respondents in the firm. According to the bar chart, the illustration displays that the largest number of respondents that understand CSR in the current organization consists of 172 respondents with 85.1 % from overall respondents. On the other hand, there are 30 respondents 14.9% did not have an understanding of the CSR in the organization.

4.2.1.5.   Policy

Table 9: Policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	140	69.3	69.3	69.3
	No	62	30.7	30.7	100.0
	Total	202	100.0	100.0	

Figure 7: Policy
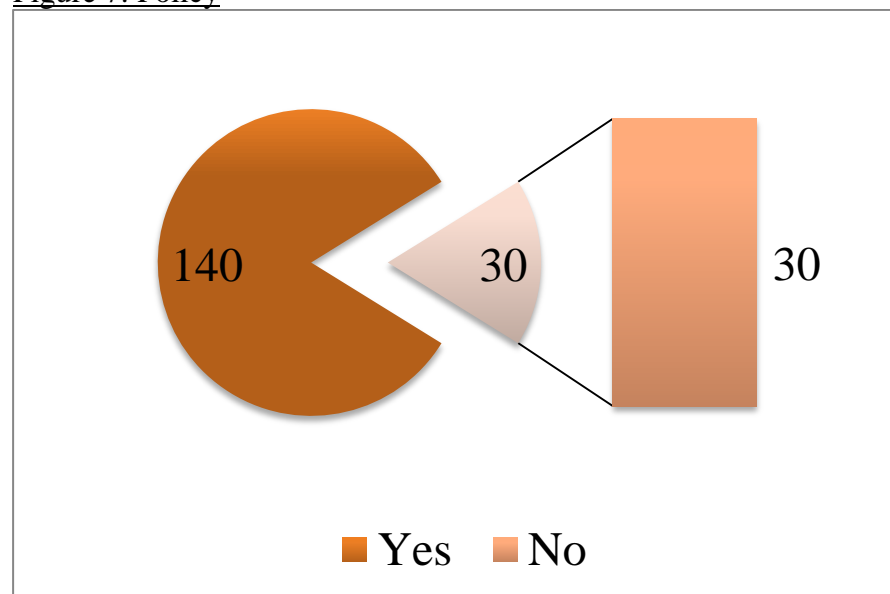
Table 9 and Figure 7 demonstrate the knowledge on the policy written down on CSR of 202 respondents in the organization. Based on the illustrations, the chart shows that there are a large number of respondents that have demonstrated sufficient knowledge of the company's policy on CSR in their current firm, whereby it consists of 140 respondents with 69.3% of the total respondents. On the other hand, there are 62 respondents 30.7% did have the understanding of the CSR policy written down in the organization.

4.3.   Inferential Analysis

The forming of the conclusions on the population's characteristics based on the sample data collected depend on the inferential analysis (Burns & Bush, 2006, p. 426). There are two rational for the chosen statistical tests which are Pearson's Correlation Analysis and Multiple Regression Analysis.

4.3.1.   Pearson Correlation Coefficient

Hypothesis 1

H1o: There is no relationship between social effect and business performance

H1₁: There is a significant relationship between social effect and business performance

Table 10: Correlation between social effect and business performance

		Social	Performance
Social	Pearson Correlation	1	.532**
	Sig. (2-tailed)		.000
	N	202	202
Performance	Pearson Correlation	.532**	1
	Sig. (2-tailed)	.000	
	N	202	202

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

According to table 10, the results shown that there is a positive relationship between social effect and business performance this was due to the positive value for correlation coefficient. Social variable does have 0.532 correlations with business performance. Therefore, if social effect value would be high, business performance would be high as well. Meanwhile, the correlation value of coefficient, 0.532 that would fall below the coefficient range starting from 0.41 to 0.60 that indicated that the strength of relationship between social effect and business performance is weak. In addition, the relationship between social effect and business performance will be significant as the p-value 0.000 was below 0.01.

Hence, alternative hypothesis (H1) was accepted and the null hypothesis (H0) was rejected.

Hypothesis 2

$H2_0$: There is no relationship between economic effect and business performance

$H2_1$: There is a relationship between economic effect and business performance

Table 11: Correlation between economic effect and business performance

		Economic	Performance
Economic	Pearson Correlation	1	$.622^{**}$
	Sig. (2-tailed)		.000
	N	202	202
Performance	Pearson Correlation	$.622^{**}$	1
	Sig. (2-tailed)	.000	
	N	202	202

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

According to table 11, results shown there was a positive relation between economic effect and business performance as the positive value for correlation coefficient. Economic variable had 0.622 correlations with business performance. So, when economic effect was high, business performance was high as well. Meanwhile, the correlation coefficient value of 0.622 which felt below coefficient range from 0.61 to 0.80 indicated that the strength of relationship between economic effect and business performance was moderate. In addition, the relationship between economic effect and business performance was significant as the p-value 0.000 is below 0.01. Hence, alternative hypothesis (H1) was accepted and the null hypothesis (H0) was rejected.

Hypothesis 3

$H3_0$: There is no relationship between environment effect and business performance

H3₁ **:** There is a relationship between environment effect and business performance

Table 12: Correlation between environment effect and business performance

		Environment	Performance
Environment	Pearson Correlation	1	.809**
	Sig. (2-tailed)		.000
	N	202	202
Performance	Pearson Correlation	.809**	1
	Sig. (2-tailed)	.000	
	N	202	202

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

Based on table 12, results shown there was a positive relationship between environment effect and business performance due to the positive value for correlation coefficient. Environment variable has 0.809 correlations with business performance. Thus, when environment effect is high, business performance is high too. Meanwhile, the value of this correlation coefficient 0.809 does not fall under coefficient range from 0.81 to 1.00 indicated that the strength of relationship between environment effect and business performance was strong In addition, the relationship between environment effect and business performance was significant as the p-value 0.000 is below 0.01. Therefore, alternative hypothesis (H1) was accepted and the null hypothesis (H0) was rejected.

4.3.2.   Multiple Regression

H4₀: There is no relationship between business performance and corporate social responsibility.

H4₁: There is a relationship between business performance and corporate social responsibility

Table 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737ᵃ	.543	.536	.25290

 a. Predictors: (Constant), Environment, social, Economic

 b. Dependent Variable: Performance

Based on table 13, the extent or percentage that the independent variables explained on the variation of the dependent variable would be illustrated by the value of R Square. According to the result indicated above, independent variables (Social, Economic and Environment) can explain 0.543 of the differences on dependent variable (Performance). However, the other 46.4% is not explained in this study. This means that other additional variables are considered as important in the explanation of business performance in the research study. Furthermore, the correlation coefficient between independent and dependent variable, which take together, will relate in the R value. In this study R value of 0.737 is indicated rated a high and positive correlation between independent variables and dependent variable.

Table 14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.036	3	5.012	78.361	.000[b]
	Residual	12.664	198	.064		
	Total	27.700	201			

a. Dependent Variable: Performance

b. Predictors: (Constant), Environment, social, Economic

Based on table 14, the p-value 0.000 is below alpha value 0.01. The F- statistic is significant and the model for this study is a good descriptor of the relation between dependent and predictor variables. Thus, the independent variables (Social, Economic and Environment) are significantly explained the variance in employees' perception. On the other hand, the alternative hypothesis is supported by the data.

Table 15: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.262	.408		3.096	.002
	Social	.153	.077	.101	1.997	.047
	Economic	.145	.063	.127	2.303	.022
	Environment	.364	.033	.635	11.025	.000

a. Dependent Variable: Performance

Basing on the table 15 illustrated, the p-value 0.000 is below alpha value 0.01 which signifies independent variables (Social, Economic and Environment) has significant relationship between independents and dependent variables. In addition, the independent variables (Social, Economic and Environment) are significant to predict the dependent variable as the p-values of these independent variables are below 0.05.

Moreover, the regression equation as below could use to explain the positive and

relatively significant relationship between independent variables and dependent variable.

Business Performance = a + b1 (Social) + b2 (Economic) + b3 (Environment)

a=constant value

b=standardized coefficients

Thus, in this study, the estimated equation for multiple regressions was as below:

Business Performance = 1.262 + 0.153(Social) + 0.145 (Economic) + 0.364 (Environment)

The illustrations of the result indicate that there is a predated linear relationship between independent variables and dependent variable. According to the result that is provided, one unit increase on social, economic and environment will lead to a rise in performance in the organization.

Furthermore, the result for Multiple Regression would be indicating the rank of sources that would be able to aid the researches into understanding the importance and higher impact of performance in the firm. It is indicated that the higher the Standardized Coefficient Beta conveys the complex the effect and influence on performance in the firm. According to table 15 shown, environment is the predictor variable that contributes the highest to variation of performance in an organization. This is due to the Beta value 0.364 is the greatest compared with the other variables. Environment makes the greatest impact or contributions to the variation in performance compared to the other predictors. In addition, social variable is the predictor that contributes the second greatest to variation of on performance variable as its Beta value 0.153 is the second greatest as compared to other predictors. Lastly, economic variable contributed as the third greatest to the variation of the performance variable with the Beta value 0.145.

According to the researcher, Beta value that is high and with the heist contribution would have a significant relationship between the independent variables (Social and Environment) and dependent variable (Performance). Nevertheless, lower contribution variables would illustrate less significant between the independent variables and dependent variable.

4.4.   Conclusion

In chapter 4, the researchers are able to examine the data and determine the relationship between the variables. The discussion on findings, implication of this the research study would be able to provide a recommendation for the future studies in the next section.

CHAPTER 5

DISCUSSION AND CONCLUSION

5.0.   Introduction

In this section, the main objective of the study was to determine the effect of Corporate Social Responsibility on Business Performance. The study was focused on one targeted on one private limited corporation and leading automotive industry company in Malaysia. The study was on 1 of the leading automotive industry in Malaysia (Toyota). The company was selected due to the availability and easy access of their information and their history as market leaders in the industries. Chapter five represents the conclusion of all data analyzed as well as the recommendations and implications of the research study with focus on the research questions identified in Chapter 1.

5.0.1.   Demographics

According to the chapter earlier, the demographic analysis used is to illustrate of the respondents' demographic profile. Based on the demographic analysis at UMW Toyota, the respondents were mostly male which has 64.9% and female 35.1 % among the 202 respondents. UMWT illustrates five different age group that range from 18-29, 30-39, 40-49, 50-59 and above 60 years old. In addition, most of the age group is from the range of 18 to 29 years old with 108 respondents, which equal to 53.5% from the total respondents. There are total of 60 respondents from the age group of 30 to 39 years old with 29.7%. Moreover, 10.9% of respondents are from the age group of 40 to 49 years old, which consist of 22 respondents. There were 4.0% of respondents in the age group of 50-59% consists of 8 respondents. It was also noticed that there were a minority of respondents above 60, which consists of 4 respondents 2% of total respondents

respectively.

Besides, it demonstrates the service length of 202 respondents in the firm. According to the research, it illustrates that the respondents are mostly with the working experience of less than 5 years in their current firm, which consists of 116 respondents, 57.4 % from total. Besides, 86 or 42.6% of respondents worked more than 5 years. Through the respondent's feedback, the researcher is able to understand that the organization workforce is stable as there are quite a number of senior employees with regards to an expanding workforce.

5.0.2. Pearson Coefficient Correlation

Table 16: Summary of Statistical Analysis

Hypothesis	p-value	Correlation (r)	Conclusion
Hypothesis 1	0.000	0.532	Significant
Hypothesis 2	0.000	0.622	Significant
Hypothesis 3	0.000	0.809	Significant
Hypothesis 4	-	-	All independent variables having a significant relationship with the dependent variable

Source: Developed for the research

Pearson Correlation Analyses is used to measure the significance of the hypothesis. Based on the results from Pearson Correlation Analyses, social, economic and environment have significant positive relationship with corporate social responsibility orientation.

The value of correlation coefficient of is 0.532. The value falls under the coefficient range from 0.41 to ± 0.60. Thus, the relationship between social effect and performance is weak. For economic effect, it has a correlation coefficient value of 0.622. The value is ranged from ±0.61 to ± 0.80. Thus, the relationship between environment effect and performance is moderate. Besides that, for environment effect, the correlation coefficient is 0.809 which range from ±0.81 to

±1.00 shows that their relationship is strong.

The study is to find out which factors influence the practice of CSR in Malaysia industry, identify the different approaches used by the organizations in their practice of CSR and the effect of it to the performance of the company.

5.0.3. Multiple Regression Analyses

Table 17: Multiple Regression Analyses Result

Independent variables	Performance	Result (p value)
Social	0.153	0.047 (P<0.05)
Economic	0.145	0.022 (P<0.05)
Environment	0.364	0.00 (P<0.05)
(Constant)	1.262	0.02

The multiple correlation coefficients (R value) are used to measure the strength of the relationship between the independent variables (social, economic, and environment with performance). Based on the result for the corporation, three of the independent cultural dimensions (social, economic and environment) have significant relationship with the dependent variables (performance). Environment has the strongest beta coefficient which indicates that this dimension contribute the most to the significance of the model. It is then followed by social and economic.

5.1. Discussion of Major Findings

The current study attempt to understand the employees' perception that shows the organization commitment to CSR. Organizations tend to prioritize the practices of CSR in the organization as it is becoming fairly important to all types of business. CSR practices become more effective when it is equivalent to the employee's expectation, therefore, the employees would be more willing to corporate and support the actions in the organization. Simultaneously, organizations that are more effective can increase the retention of customers and maintain the loyalty of

the employees. Therefore, it is vital for businesses to identify the elements that will influence the performance when an organization is commitment in CSR.

5.1.1. Hypothesis testing

Table 18: Correlation Value between CSR and Performance

Independent Variables	Hypothesis	Result (p-value)
Social	H1: There is a significant relationship between social effect and business performance.	0.047 (P<0.05)
Economic	H2: There is a significant relationship between economic effect and business performance	0.022 (P<0.05)
Environment	H3: There is a significant relationship between environment effect and business performance	0.00 (P<0.05)
Performance	-	-

Source: Developed for the research

5.1.1.1. Hypothesis 1 (H1)

Ho: There is no significant relationship between social effect and business performance among UMW Toyota staffs.

H1: There is a significant relationship between social effect and business performance among UMW Toyota staffs.

Hypothesis 1 is to study the relationship between social effect and business performance among UMW Toyota staff in Malaysia. According to the result of Multiple Regression Analysis, it shows that the social effect is significant in predicting the dependent variable (Performance) for Malaysia. The p-values for social effect in, 0.047 are less than the alpha value 0.05. Therefore, we reject the null hypothesis. H1 is accepted.

5.1.1.2. Hypothesis 2 (H2)

Ho: There is no significant relationship between economic effect and business performance among UMW Toyota staffs.

H2: There is a significant relationship between economic effect and business performance among UMW Toyota staffs.

The developed Hypothesis 2 is to examine the relationship between economic effect and business performance among UMW Toyota staffs. Based on the result it states the economic effect in predicting the dependent variable (Performance) for Malaysia. The result of the Multiple Regressions Analysis indicates that power distance has a significant relationship. Therefore, economic effect of 0.022 at ($p < 0.05$) with business performance between UMW Toyota staff in Malaysia. Therefore, the null hypothesis is rejected and H2 is accepted.

5.1.1.3. Hypothesis 3 (H3)

Ho: There is no significant relationship between environment effect and business performance among UMW Toyota staffs.

H3: There is a significant relationship between environment effect and business performance among UMW Toyota staffs.

Hypothesis 3 is developed to examine the relationship between environment effect and corporate social responsibility orientation among UMW staffs in Malaysia. The results of this study show a significant relationship between environment effect and corporate social responsibility orientation with a p-value of 0.000 at significant level of ($P<0.01$) for both Malaysia. This suggests that environment effect is significant in predicting the dependent variable (CSRO) for UMW Toyota staffs in Malaysia. Thus, we reject null hypothesis. H3 is accepted.

5.1.2. Environment Effect

Based on the result of the survey, environment score higher value than other independent variables. Higher score on environment means UMW Toyota staffs are more likely to concern with the environment. Thus CSR is able to reduce the business risk by allowing the firms to anticipate the fluctuations on the environment more effectively (King, 1995). CSR is typically characterized greatly if it is effectively assessed (Wood, 1991), which would directly help organizations in expressing the stakeholders concerns (Waddock, 2002). In the researcher's view, firms have driven into engaging to CSR are influenced by the market situations and political forces driven. The sale of environment friendly products have been a growing business, thus organic food, shirts, hybrid cars and ethanol fuel were encouraged. According to Arora and Gangopadhyay (1995) are the first researchers to understand the difficult economic situations that would explain the acceptance of green products, this is whereby the applications of standard model of product differentiations in capturing the consumers mindset and eagerness to contribute for environment friendly products. In this situation, the firms involved will have the chance to reduce expenses and increase the quality of each product sold compared to the rival. The concept that environment friendly products would be more expensive than non-green products has since been studied by different researchers in the aspects of CSR.

5.1.3. Economic Effect

For economic effect, the long-term survival of the business was the major factor of influence as revealed by this researcher followed by profit maximization. Notable in this area was sales revenue growth to boost the bottom line, disclosure mechanisms put in place by the corporations and risk management as some of the issues focused on by the management of corporation under study.
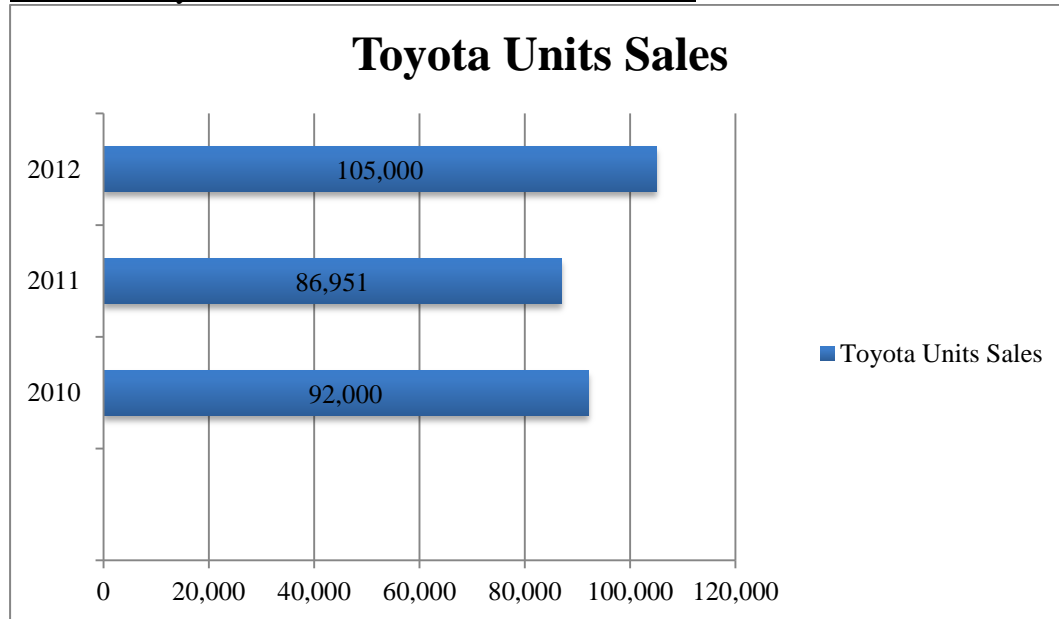
5.1.4.   Social Effect

Based on the result of the survey, social effect has scored the lowest value than other independent variables. Lower score on social factor would imply that Toyota are aware and understands the social effect but focuses more on the economic and environment factor that the likelihood of influences is higher. Corporate citizenship looks at expectations of society that business will engage in social activities that are not mandated by law nor generally expected of business in an ethical sense. It's actually a different way of understanding the role of business in society. Corporate citizenship has frequently been used as equivalent to CSR (Wood and Logsdon, 2002). It is understand that when the social activities are not mandated, people would take it less serious in understanding the issues. Environment commitments is the method organizations try to attract and retain the best employees is by making that are aligned with employees environmental values.

5.1.5.   Business Performance

Business Performance incorporates financial and non-financial success of an entity. Every business has to put in place a system of measuring performance where set goals are compared to feedback from agreed upon indicators. A typical performance measurement relieves businesses in periodically setting business goals and then providing comment to managers on progress towards those goals (Mugisa, 2011). Performance of an organization, important as they may be, needs to be planned for with social responsibility in mind. Triple Bottom Line Integrated reporting, a holistic and integrated representation of the company's performance in terms of both its finances and its sustainability is now a recommended principle which can take the form of a single report or dual reports (King III, 2009).

Table 19: Toyota vehicle units sold from 2010 - 2012

Toyota Units Sales

Year	Units
2012	105,000
2011	86,951
2010	92,000

(Horizontal bar chart with x-axis scale: 0, 20,000, 40,000, 60,000, 80,000, 100,000, 120,000. Legend: ■ Toyota Units Sales)

Source : Malaysian Automotive Association

According to the statistics it is shown that the Toyota vehicles sales for the year 2010 was 92,000 units from the total vehicle sold nationwide of 605,156 units. The market share in 2010 was 15.2% from the overall market, Toyota was the leading non-national automaker in Malaysia. During this period, UMW Toyota had strong performed CSR activities to aim in achieving higher market share in the long run. In 2011, the statistics shown that Toyota manage to achieve 86,951 units from the total vehicle sold nationwide of 600,123 units. There was a slight dip in the achievement of 2011 from 15.2% in 2010 to 14.4% in 2011. This was mainly cause by the market trend in that year itself. UMW Toyota then acted swiftly in creating different campaign's to increase the awareness of CSR to the customers. This had allowed UMW Toyota to prevail in 2012 with a total unit sold 105,000 from the total volume of 627,753 units. The market share increased from 14.4% in 2011 to 16.7% in 2012. This is proven that when CSR is performed there will be an increase in the business performance. Marquez and Forum (2005) understands that the efforts to assess company in the early stages then those whom did not would have given away more focused analysis on the risk of the business with specific production activities, service activities and management practices.

5.2.   Implication of the study

5.2.1.   Factors that influence the practice of CSR

The attention to CSR practices in firms and the resulting publicity is likely to get stronger rather than diminish. The number and varied interests of socially – active stakeholders is increasing. There needs to be a belief that even if CSR practices don't appear in financial statements or raise financial returns, stakeholders would prefer to associate with a company that cares for their wellbeing.

5.2.1.   Approaches used by Corporations in their practice of CSR

Responsible action is not worth a company's investment if it does not address the concerns of those you want to impress. This implies that an emphasized or improper CSR policy may not likely achieve the desired objectives despite its being in place. A corporation needs to have its highest product standards fully translated into meeting standards of employee care, customers, and environment and, the wider society.

5.3.   Limitations of the Study

In the research project, the researcher has collected the data from one automotive organization in Malaysia to understand the effect of CSR on business performance among Toyota staffs. The sample size that is involved in the research project is basically inadequate because only UMW Toyota staffs were only chosen as the researchers respondents, staffs from other automotive industries were chosen as the respondents for research.

Meanwhile, the similar of staffs from this research is a probable concern. The character of each organizations employee and the practices in the working situations that focuses on may have a different understanding on CSR (Ibrahim et al., 2006). Therefore, the findings of this research study on the current organization employees may not shed much light in the wide range of population

interests.

Besides culture, there are also different factors that would affect the influences of CSR such as age, gender, religion, urban or status, relativism (Gholipour et al., 2012) and social attraction (Burton & Hegarty, 1999) may contemplate the perceptions of one's idea on CSR.

5.4. Recommendations for Future Research

The researcher would like to recommend for the future similar research to increase the sample size by involving staffs from different organizations in the automotive industry. Apart from this, there would be some suggestions on the involvement of respondent from more than one organization in the future research. This is to enhance the reliability of the research as students from different organization in automotive industry or an entirely different industry may have different point of view towards CSR. Future research projects can examine whether the national culture effect found in this study applies to other populations, such as lower level employees at various levels. It is to be borne in mind that CSR initiatives inflict significant programmatic and administrative costs on businesses and only financially strong firms are able to maintain CSR activities on the long run and can afford the overhead CSR costs or investments (Mittal et al., 2008). The researcher is required to explore more extensively the causal mechanisms linking CSR to profitability and whatever the result be, determine whether or not those relationships hold consistently over time.

5.5. Conclusion

Clearly from the results of this research, factors that influence CSR practice come from all the stakeholders' perspectives of community, customer, employees, investors, suppliers and the environment. A business needs to incorporate all the stakeholder needs in its business as these have underlying benefits to a socially responsible corporation.

CSR approach associates with a strong awareness on responsibility in the modern business that commits to high quality service for customers and continuous culture of improvement. Emphasizing on strong public accountability would help organizations to nurture more responsible and well-trained employees whom should be fairly rewarded. Actively managing risks to businesses, clients and stakeholders, as well as to company's reputation and a good return to shareholders. Results from this research indicate that the CSR activities that were engaged in by UMW Toyota in the areas of the customer, employee, supplier, investor, community and the environment fit well in the legal, economic, ethical and philanthropic aspects as highlighted by Carroll (1991). Good working conditions for the employees, disclosure requirements, sales growth, product quality and packaging fit in well with the economic and legal aspects while awareness campaigns, donations to the community, tree planting among others fit in well with the ethical and philanthropic aspects.

Basing from the outcomes of the study, the corporations under study registered positive trends as regards their business performance in the areas of customers where new products and product quality enhancements were observed, internal business processes where new automation of processes was observed, innovation and learning where new skills and training were imparted onto the staff and the financial perspective where sales grew for each year. Organizations wishing to survive in today's volatile environment must adhere to corporate social responsibility requirements by indulging in activities that spur efficient operations and better performance. There is need for continued support from senior management and all the stakeholders, the challenge being to continuously ascertain what the company's significant social and environmental impacts are and attaching shilling values to these impacts to ably evaluate the performance.

In effort to meet CSR requirements, improvements were noted as regards social perspectives (addressing community, community acceptance, contribution by community and environment conservation), economic perspectives (profit maximization, long term survival, customer approval, customer loyalty, corporate image), and environment perspectives (interest, competitors interest, industry standards, reduce business risk, increasing rival's costs). A positive effect was observed on business performance where the respondents were agreeable that CSR would directly affect the outcome of performances in the organization.

In the short run of implementing CSR would raise an argument that it should decrease the profits. Suffice to say that much as CSR has benefits to a corporation, CSR costs have to be well managed to fully realize the benefits. This is as regards quantitative information. Social responsibility costs should be defined clearly. This will go a long way to minimize the uncertainty that is held by both interested stakeholders of a corporation.

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Appendices A
University Tunku Abdul
Rahman

QUESTIONNAIRE

Dear respondents,

Thank you for participating in this survey. There are no right or wrong answers and you may stop at any time; however, completing the entire survey (about 5 – 10 minutes) is greatly appreciated. Your results will remain anonymous.

This Questionnaire is academic oriented and is for a study under the topic. **"THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON BUSINESS PERFORMANCE.**

Respondents Particulars (Pease tick the appropriate answers)

Part A: General Information

1. Please tell us your gender:

   ☐ Male

   ☐ Female

2. Please tell us which range best describes your age:

   ☐ 18-29

   ☐ 30-39

   ☐ 40-49

   ☐ 50-59

   ☐ 60 or over

3. What function of UMW Toyota are you involved with?

	Finance
	Production
	Quality Control
	Sales and Marketing
	Management
	Others (please specify) …………………….

4. For how many years have you been with UMWT?

| | Less than 5 |
| | 5 or more |

Part B: General Opinion

5. Does the UMWT have a Corporate Social Responsibility policy?

| | Yes |
| | No |

6. If YES in 5, is this policy written down

| | Yes |
| | No |

7. The CSR dimensions

Please indicate your level of agreement in respect to the following statements as they relate to CSR practice of your organization (**please circle**: 1 = strongly disagree, 5 = strongly agree)

Social

a	Addressing community needs influences UMWT CSR practice	1	2	3	4	5
b	Community acceptance influences UMWT CSR practice	1	2	3	4	5
c	Better contribution to community influences the UMWT CSR practice	1	2	3	4	5
d	Environmental conservation influences UMWT CSR practice	1	2	3	4	5

Economic

a	Profit maximization influences UMWT CSR practice	1	2	3	4	5
b	Long-term survival influences UMWT CSR practice	1	2	3	4	5
c	Customer approval influences UMWT CSR practice	1	2	3	4	5
d	Customer loyalty maintenance influences the UMWT CSR practice	1	2	3	4	5
e	Enhancement of corporate image influences the UMWT CSR practice	1	2	3	4	5

Environment

a	UMWT interests in CSR influences its CSR practice	1	2	3	4	5
b	Competitor practices influences UMWT CSR practice	1	2	3	4	5
c	Industry standards influences UMWT CSR practice	1	2	3	4	5
d	Reducing business risk influences UMWT CSR practice	1	2	3	4	5
e	Increasing rivals' costs influences UMWT CSR practice	1	2	3	4	5

8. CSR on Performance

a	CSR has an effect on Customer satisfaction	1	2	3	4	5
b	CSR has an effect on internal business processes of UMWT	1	2	3	4	5
c	CSR has an effect on UMWT Motor competitiveness	1	2	3	4	5
d	CSR has an effect on UMWT Motor profitability	1	2	3	4	5
e	CSR has an effect on attainment of Company objectives/goals	1	2	3	4	5