# CORPORATE SOCIAL RESPONSIBILITY AND ITS IMPACT TO THE FINANCIAL PERFORMANCE: STUDY ON FINANCIAL INDUSTRY IN MALAYSIA FROM THE PERSPECTIVES OF STAKEHOLDERS

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APRIL 2022

# Corporate Social Responsibility and Its Impact to The Financial Performance: Study On Financial Industry in Malaysia from The Perspectives of Stakeholders

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A research project submitted in partial fulfilment of the requirement for the degree of

Master of Business Administration
(Corporate Governance)

Universiti Tunku Abdul Rahman

Faculty of Accountancy and Management

April 2022

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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 18,446.

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# ACKNOWLEDGEMENTS

First and foremost, I am extremely grateful and would like to express my sincerest gratitude to my supervisor, Mr. Vincent Tung Soon Theam for his invaluable advice, continuous support, and patience during my Master's study. His immense knowledge, wise counsel and plentiful experience has encouraged me in all the time of my academic research.

Along with my supervisor, special thanks to Dr. Pok Wei Fong, Dr. Ng Kar Yee and Dr. Alexander Tay Guan Meng for their assistance during this research project journey. Further, I also would like to thank the entire Faculty of Accountancy and Management (FAM) and Institute Postgraduate Studies and Research (IPSR), for their support throughout the Master's program.

I would like to give special thanks to my beloved mother, Pn. Hasnah Bt Yusof for her unwavering support and encouragement throughout my life. Finally, I would like to thank everyone who took the time to fill out my questionnaire survey and helped make my research a success. Last but not least, deepest gratitude to my friends, my colleagues, my family support and their understanding, encouragement during the time of my research in progress to complete.

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ABSTRACT

Corporate Social Responsibility ("CSR") is a self-regulating business model that assists a corporation in being socially accountable to itself, its stakeholders, and the public. Companies that practice CSR, also known as corporate citizenship, can be aware of the impact they are having on all parts of society, including the economic, social, and environmental. CSR has improved corporate image, boosted sales and market share, reinforced brand positioning, increased ability to recruit and retain personnel, decreased operation expenses, and increased appeal to investors, as well as having an impact on the company's financial performance.

The main objective of this research is to study the significant impact of CSR activities on four groups of stakeholders, namely Employee, Customer, Supplier and Community which are linked to the financial performance of a company. In this research study, 200 sets of questionnaires were prepared and distributed to the targeted respondents working in Kuala Lumpur and Selangor. However, due to the Covid19 restrictions and tight deadline for submission, only 108 respondents had answered the questionnaires. After the data were collected, Statistical Package for the Social Sciences (SPSS) was used to test the data in order to generate the final result. In the end, the final result shows that there is significant impact of CSR activities on four group of stakeholders that is linked to the financial performance of a company

# CHAPTER 1

# INTRODUCTION

The research background, problem statement, research questions, and study objectives are all explained in this chapter. In addition, this chapter will discuss the Corporate Social Responsibility efforts and activities within financial industry and how they connect to the objective of the study.

## 1.1 Research Background

A crucial pillar of long-term Corporate Social Responsibility ("CSR") is good governance (Elkington, 2006; Jamali et al., 2008). Over the last decade the corporate social responsibility sector has expanded exponentially. Articles on CSR are published by more than half of Fortune 1000 corporations. In the past few years, more and more companies have been making considerable effort to address and implement CSR into all aspects of their businesses than ever before. The demands of shareholders (López-Concepción et al., 2022), analysts, regulators, politicians (Okafor et al., 2021), unions, labour, civic organisations, and the associated press are expanding in number, and firms are being found responsible for a constantly changing set of CSR concerns. There is a growing pressure for accountability, with companies being required to calculate, monitor, and promote economic, social and environmental performance on a regular basis (Tsoutsoura M, 2004).

To better grasp CSR and produce a more comprehensive definition, there have been numerous attempts. This self-regulatory enterprise model enables companies be socially accountable to themselves, their stakeholders, and members of the general public alike. A company's CSR efforts can help them better understand their impact on society as a whole including the economic, social and environmental elements. For Business for Social Responsibility, CSR is attaining financial success while upholding ethical ideals and respect for people, communities, and nature. CSR is explained by McWilliams and Siegal (2001) as “observable activities that extend beyond the company’s interest and what the law requires.”

CSR may also be defined as the process of adopting the notion of sustainable development to the corporate environment. Corporations that value their stakeholders and pay attention to their concerns must, of course, be worried about their own growth and profitability, but they must also be concerned about the economics, the environment, social issues, and the broader societal implications of their industry. According to Kotler (2005), CSR has improved corporate image, raised share in the market, stronger brand presence, improved capacity to entice employees, reduced operation expenses, and elevated the attraction of the company to investors. Kotler, 2005, also emphasized that the company’s financial viability is influenced by CSR. Employee turnover is reduced by the company through the use of incentives, monetary bonuses, and a safe working environment that protects employees’ health and wellbeing. For the consumer, the firm charges a standard rate, and the standard pricing encourages the customer to say something positive about the company.

Existing theoretical and empirical contributions have identified an increasing number of mechanisms through which corporate social responsibility can be consistently linked to profitability (Orlitzky et al., 2003; Margolis and Walsh, 2003). Various empirical studies on corporate social responsibility (Liu & Li, 2022) in industrialised economies exist in the literature and varies as conducted by Gracia-Castro R. et al. (2010), and Cornett et al. (2014). An investigation was carried out by Cornett et al. (2014) into the relationship between corporate social responsibility (Chang et al., 2021) and financial results, with a special focus on commercial banks in the US. There was a statistically strong positive association (Viererbl & Koch, 2022) between the larger banks’ Return on Equity (Maury, 2022) and Return on Assets (Mocan et al., 2015) and their higher levels of corporate social responsibility, according to the authors.

The financial industry is partnering with private sector policymakers and others to improve prosperity (Busch & Schnippering, 2022; Ye et al., 2021) and build public confidence in the global economy as the world enters a period of global economic recovery. Nowadays, and perhaps even more so presently, the relationship between a company's commitment to corporate social responsibility (CSR) and its bottom line is very important. Corporate social responsibility (CSR) is one of the measures used by banks in order to stabilise the global financial crisis and enhance their financial performance. Bank of America's second annual report on corporate social responsibility was issued in August 2012, highlighting a variety of initiatives, including $1.5 trillion in community development loans and investment targets, $2 trillion in philanthropic investment goals, and $50 trillion in environmental business goals each over a ten-year period in developed economies. Banks are members of a group of publicly owned financial institutions that were founded solely for the aim of making a profit. Despite the fact that banks in Nigeria are controlled by government controlled (Ye et al., 2021), they are involved with broad activities and provide a wide range of products with the objective of generating profits for their shareholders. In contract, CSR is lacking in commitment. (Madugba, J., and Okafer, M., 2016).

### 1.1.1. CSR Activities within the Financial Industry

The features of organizations in each industry, as well as the setting in which they all operate, determine CSR operations. To put it another way, everything that goes into a company's social responsibility is determined by the circumstances of their particular business as well as the expectations that society has set on it. Globalization, financial innovation (Kim et al., 2020), and the emergence of new technology in service delivery have all had a substantial impact on banking service activities. The global economic crisis has resulted in a loss of trust in financial systems, as well as greater social awareness among regulators (Cho et al., 2019), shareholders, employees, and customers who expect better company practices. In contrast, corporate image serves as a vital channel for firms in the face of a worldwide confidence crisis. It is pertinent to the retail banking sector, which is currently experiencing one of the worst crises of confidence among its numerous stakeholders on a global scale. This is one of the primary reasons why the financial sector is now one of the most active investors in corporate social responsibility.

According to the Green Paper on Corporate Social Responsibility, financial institutions directly affiliated to the United Nations Global Compact represented 9.48% of a total of 3700 member corporations in 2008. Furthermore, financial institutions are the most prevalent in the primary global sustainability index, accounting for roughly 22 percent of corporations in the Dow Jones Sustainability Index in 2008. According to Martinez, Flores, and Martinez (2006), the banking business is one of the most active in implementing relationship marketing methods. Furthermore, when compared to other industries, financial institutions are more likely to have a high level of visibility in the community (Mandell, Orgler Lachman, 1981). There are no common techniques to implementing CSR in Malaysia. Bursa Malaysia, on the other hand, provides some basic elements that companies should consider while developing their CSR vision. “Ethics-based and stakeholder-respecting business practises that are open and accessible to the public and all stakeholders”, according to Bursa Malaysia (2008). According to Zulkifli & Amran (2006), Malaysia is regarded as one of the most active developing countries in terms of corporate social responsibility. The banking industry, like all other service industries, has demonstrated considerable participation in CSR efforts. For example, Public Bank Bhd (PBB) was named overall winner of the Malaysian Business CSR Awards in 2007 and 2008. Placing CSR on the business agenda is a clear indication that the banking institution's goal is not solely profit maximization, but also socially and ecologically responsible investment in creating strong relationships with its stakeholders. According to Holcomb et al. (2007), “most lately, firms like banks have noticed the value of making public their contributions because research suggests that excellent corporate citizenship increases employee morale and assists in promoting the corporation’s reputation as well as their brand image”. “Corporate social responsibility is no more about providing financial support to a random cause, wiping one’s hands clean of it, and walking away,” says Nazir Razak, Chief Executive Officer of CIMB bank. We wanted our CSR initiatives to be focused, long-term, and have a real, beneficial influence on the public from the start. The CIMB Foundation is our approach of ensuring that these initiatives are both focused and scalable.” (Source: CIMB, 2011).

## 1.2 Problem Statement

Since the 1960s, the relationship between a company's social responsibility (CSR) (Sun, 2012) and its financial performance has been the subject of intense argument. Researchers have found that corporate social responsibility has a positive (Pfajfar et al., 2022), negative, (Oh et al., 2017) and neutral impact on financial performance (McWilliams and Siegal, 2001). Several studies have found that company social performance is more likely than investor returns to have high connections with accounting results (Orlitzky et al. 2003). Despite lengthy arguments, analyses, and confusing and conflicting findings about the relationship (Lica, 2021) between social and financial performance of a company, a substantial number of studies have discovered a favourable association between the two (Makni et al. 2009). With its roots in the idea of active stakeholders (Donaldson and Preston 1995), the 'social effect hypothesis' claims that fulfilling the requirements of diverse stakeholder groups will lead to a improvement of the link between financial achievement (Dhir & Shukla, 2019) and social success. Alternatively, failing to meet stakeholder expectations may have a negative impact on the financial performance of the company.

Although some researchers discovered a positive relationship between corporate social responsibility (Krishnamurthy & Pria, 2011) and the company's financial outcomes, there are also some who discovered a negative relationship between corporate social responsibility and financial performance. Some empirical studies lend evidence to the idea that corporate social responsibility has a negative association with financial performance. In the opinion of Barnett and Solomon (2006), becoming socially involved through participation in charitable programmes, supporting and encouraging employee well-being, and mitigating environmental harm can be expensive and result in an administrative burden. It has also been suggested that CSR activities result in financial burdens for businesses. As Preston and O'Bannon (1997) demonstrate, the 'trade-off hypothesis', which states that the more a company does in terms of CSR policies, the lower its financial results, confirms that there is a negative association (Javed et al., 2017) between CSR and financial performance. Because of this, firms that are socially conscious would receive less advantage than enterprises that are not socially conscious. The proponents of this idea argue that corporations who engage in socially responsible projects end up jeopardising the company's primary mission, which is to maximise profits (Friedman, 1970). Aside from the association between corporate social responsibility and financial performance (Velte, 2021), several research has indicated that corporate social responsibility has an influence not only on financial performance, but also on numerous stakeholders, such as employees, customers, suppliers and community. This can be proven by the fact that satisfied employees will properly fulfil their jobs; satisfied customers will be eager to repeat purchases and suggest products to others; and satisfied suppliers will give discounts.

Sustainable growth, on the other hand, has the potential to be a source of success for businesses. Corporate social responsibility (CSR) is a critical strategy for achieving sustainable growth. The majority of empirical research undertaken on corporate social responsibility (CSR) are concerned with factors that have spurred CSR activities and factors that have influenced CSR in terms of economic performance. Studies undertaken by Waddock and Graves, Wright and Ferris, Teoh and Wazzan, and McWilliam and Siegal found that there is a positive and negative (Tarigan & Elsye Hatane, 2019), and neutral relationship between corporate social responsibility and economic success. Studies in which a positive link is detected show that corporate social responsibility (CSR) boosts a firm's productivity through increasing employee confidence and organisational cohesion. Furthermore, it is said that corporate social responsibility (CSR) helps to improve the company's reputation in the eyes of all stakeholders, not only shareholders. As a result, financial performance is increased.

The gaps in the literature were useful in identifying the problem or issue for this investigation. As a result, research questions have been developed to assist the researcher in accomplishing the study's objectives. The section that follows outlines the research questions and its objectives. Based on the foregoing discussion of the various definitions of corporate social responsibility (CSR) and its impact on stakeholders as well as financial performance, the following research questions and research objectives have been developed:

## 1.3 Research Questions

The research questions for this study are as below:

i. Is there any significant impact of CSR activities on Employee Support that link to the Financial Performance of a company in Financial Industry?
ii. Is there any significant impact of CSR activities on Customer Loyalty that link to the Financial Performance of a company in Financial Industry?
iii. Is there any significant impact of CSR activities on Supplier Commitment that link to the Financial Performance of a company in Financial Industry?
iv. Is there any significant impact of CSR activities on Community Support that link to the Financial Performance of a company in Financial Industry?

## 1.4 Research Objectives

The research objectives for this study are as follows:

i. To study on the impact of CSR activities on Employee Support that link to the Financial Performance of a company in Financial Industry.
ii. To study on the impact of CSR activities on Customer Loyalty that link to the Financial Performance of a company in Financial Industry.
iii. To study on the impact of CSR activities on Supplier Commitment that link to the Financial Performance of a company in Financial Industry.
iv. To study on the impact of CSR activities on Community Support that link to the Financial Performance of a company in Financial Industry.

# CHAPTER 2

# LITERATURE REVIEW

## 2.1 Introduction

The concept of corporate social responsibility will be discussed in this chapter, including CSR from the standpoint of stakeholders and the relationship between CSR and overall business success. This chapter will also discuss CSR activities and their effects on four types of stakeholders: employees, customers, suppliers, and the community, as well as how CSR activities affect and are linked to an organization's financial performance. The hypotheses and conceptual framework are developed as a result of the discussion.

## 2.2 Concept of Corporate Social Responsibility

Understanding the concept of CSR is essential to understanding the relationship between CSR and financial success of a firm, as well as the methodology used to measure the relationship between CSR and financial performance. Boroen published a paper on "Corporate Social Responsibility" in 1953, according to Madugba J. and Okafar M. (2016), who are credited with establishing the field of corporate social responsibility studies. There have been numerous studies on corporate social responsibility conducted since then, including Davis (1960), Cochran and Wood (1984), Carroll (1979), and others. Davis (1960) was one of many scholars who followed suit, and numerous studies on corporate social responsibility have been conducted since then. According to Freeman (1997), corporate social responsibility "is an activity that a corporation decides to do that has a significant impact on the welfare of a specific social stakeholder that has been identified."

Tsoutsoura (2004), on the other hand, believes that a socially responsible firm should go a step further and establish policies and business practices that go above and beyond the minimal legal requirements in order to promote the welfare of its primary stakeholders. Corporate Social Responsibility (CSR) refers to a broad range of policies, practises, and initiatives that are integrated into a company's supply chain activities and decision-making processes. These policies, practises, and initiatives typically address topics such as business ethics, community engagement, environmental sustainability, government, human rights, the economy, and the workforce.

According to Madugba J. & Okafar M., 2016, corporations employ various ways of engaging in corporate social responsibility depending on the strategies, the nature of the company and, of course, the business involved, the culture of the firms, the expectations of customers and how traditionally mainstream the organization is in participating in corporate social responsibility. A few examples of ways in which companies might become involved in corporate responsibility include, but are not limited to, the following:

a. *Charity:* Essentially, this is the act of transferring someone's usufructs to another person or organisation. It is a donation made for philanthropic purposes by a physical or legal individual for the benefit of the general public and the betterment of society. Of course, they can take the shape of cash offers, utilities, clothing, toys, food, vehicles, and other such items. Donations may be used for a variety of purposes, including disaster relief, growth funding, and medical needs such as blood donation and transplantation. Gifts in kind are things that are donated for charitable purposes. The gift was made jointly by the donor institution and the person or institution that will receive it (Igbal et al, 2013 as cited by Malik and Nadeem, 2014).

b. *Medical:* The financial institutions will cover the costs of their health insurance services for workers as well as those of other individuals in the society where they work. In the society where they live, they may also construct and sustain hospitals.

c. *Education:* Financial institutions should provide scholarships to the families of their employees, as well as to those individuals who are unable to pay their college tuition fees on time. Aside from this, they should also provide their staff with opportunities for in-service training, which may be a powerful tool for not only motivating but also improving their mental abilities.

d. *Maintenance and Construction:* Furthermore, financial institutions will invest in road building and maintenance in the communities in which they operate; this will go a long way toward fostering a sense of belonging to the community and, as a result, will have a good impact on the community.

e. *Development initiatives for young people:* It is essentially every initiative the banks have developed to empower the host community's youth. This contributes to the bank's ability to flaunt and portray a positive image.

### 2.2.1 CSR from Stakeholders' Perspectives

Freeman's key paper "Strategic Management: A stakeholder perspective", published in 1984, is the source of stakeholder theory. According to stakeholder theory, a company's principal goal is to provide for the needs of its many different constituents. An inclusive stakeholder strategy may help organisations maximise wealth of shareholders while also delivering benefits for other stakeholders as well (Foster & Jonker, 2005). In demonstrating a link with stakeholder management and business success, Donaldson and Preston (1995) point to the notion of stakeholder management (Donaldson & Preston, 1995). It is assumed that the interests of stakeholders are ways for enterprises to achieve their economic objectives, and that taking care of various stakeholders leads to a favourable reaction from stakeholders, which contribute to improved performance, when using an instrumental approach (Donaldson & Preston, 1995). Stakeholders considered to be primary are those who are critical to the organization's survival and success (Freeman, 1984). The key stakeholders recognised by Clarkson (1995) as having a significant impact on firms are shareholders, consumers, employees, suppliers, the community, and the environment. The pleasure of an organization's major stakeholders, according to Clarkson, is critical to its long-term survival and success in business. Organizations with deep ties to main stakeholders are better able to control stakeholder-induced expenses and exploit operational excellence (Barney & Hansen, 1994).

Consumer inference-making theory, signalling theory, and social identity theory may all be used to explain the influence of stakeholder-oriented CSR (Liu & Li, 2022) (Fu et al., 2022) on organisational performance. As suggested by Ghanbarpour and Gustafsson (2022) in their consumer inference-making theory, customers will be more enthusiastic about a company's product or service if the firm is viewed to be accountable to its many stakeholders (Dacin and Brown, 1997). According to Dacin and Brown (1997) as well as Handelman and Arnold (1999), this positive inference strengthens the organization's image and attracts customers' goodwill. As a result of this, consumers' buying behaviour is favourably influenced (Gildea, 1994; Owen & Scherer, 1993). It is argued in Signalling Theory (Boulding & Kirmani, 1993) that when buyers and sellers are confronted with information asymmetry, they seek for signs that distinguish between legitimate and illegitimate businesses. According to Signalling Theory, a company's CSR actions provide good signals that help to improve the organzation's reputation (Basdeo et al., 2006). Specifically, the signalling theory is useful in describing how corporate social responsibility affects a company's reputation (Walker et. al, 2010). The notion of social identity describes how belonging to a social organisation, including the organisation for which one works (Khattak, 2021), shapes one's self-concept (Mael and Ashworth, 1989). Employees' self-image is influenced by the reputation of the organisation. Consumers (Aaker, 1994) and investors (Graves & Waddock, 1994) are also interested in associating themselves with organisations that are socially responsible.

### 2.2.2 CSR and Organisational Performance

Following the theories of consumer inference making, social identity theory, and signalling theory, corporate social responsibility is believed to have an advantageous impact on an organization's financial and non-financial performance. Both meta-studies (Margolis et al., 2009) and literature reviews have concluded that there is a positive association between the two constructs across countries and over time (Lu et al., 2014; Margolis & Walsh, 2003). Taking a goal-oriented approach to CSR projects is supported by the positive correlation. Those who take an instrumental approach to CSR see it as a strategic tool for achieving the economic objectives of a company. Positive stakeholder connections are a result of increased organisational performance ("OP"), according to the instrumental approach. In addition, some experts believe that promoting the interests of stakeholders increases OP (Harrison & Wicks, 2013; Waddock & Graves, 1997). On the other hand, organisations' irresponsible behaviour irritates their stakeholders, who respond by boycotting the organisation (Donnell, 2013; Hayes & Pereira, 1990), limiting their purchases (Olofsson & Soderholm, 2014; Sen & Bhattacharya, 2001), filing legal action (Donnell, 2013; Greeno & Robinson, 1992), and spreading negative word-of mouth (Donnell, 2013; Greeno & Robinson, 1992), as well as spreading negative word (Antonetti & Maklan, 2016; Clair et al., 1995). Because of this, it is argued that corporate social responsibility (CSR) toward primary stakeholders (shareholders, customers; employees; suppliers; employees; suppliers; community; and environment) has a favourable impact on a company's financial performance.

### 2.2.3 CSR toward Employees

Employees are the most crucial stakeholders in a business (Freeman, 1984). In addition to the terms and conditions of their employment contracts, employee CSR encompasses efforts like as fair treatment in the workplace, personal and professional training, supporting employment policies, progressive remuneration, and pleasant working environment (Horisch, et al., 2016; Freeman & Reed, 1983). (Mullins A, Soetanto R , 2013). Employee-friendly policies and practises indicate a company's dedication to addressing employees' concerns while also enhancing productivity (Berman et al., 1999; Mensah et al., 2017). Koys, D. J., 2001; Yu et al., 2014). Effective human resource management reduces employee turnover and boosts productivity, both of which lead to higher productivity. Employees want to work for companies that are socially responsible, as well as doing good deeds for the world (Bai & Chang, 2015) (Mensah et al., 2017). Thus, it is believed that CSR towards employees has a positive effect on the financial success of the organisation.

### 2.2.4 CSR toward Customers

Customers are also key stakeholders in a firm (Freeman and Reed, 1983), and they are critical to the company's long-term viability. The following are only a few examples of CSR programmes directed towards customers: advertising standards, product quality, customer health and safety, and other CSR programmes focused at customers (Mishra & Suar, 2010). Customer-centric corporate social responsibility (CSR) brings value to a firm in a variety of ways. Improving the impression of an organization's customers can help it function more effectively (Waddock & Graves, 1997). Effective customer-facing CSR policies show the organization's commitment to social responsibility, which has a positive impact on purchasing behaviour and, as a result, boosts overall profitability. (Homburg et al., 2013; Vahdati and colleagues, 2016; Berman and colleagues, 1999). When customers have favourable impressions of a company's product quality and safety standards (Chung et al., 2015; Waddock & Graves, 1997), sales performance improves, resulting in an increase in the bottom line. Poor product quality, on the other hand, has a negative influence on operating profit. (Landon and Smith, 1997). As a result, it is assumed that corporate social responsibility (CSR) toward customers has a positive impact on the financial success of the organisation.

### 2.2.5 CSR toward Suppliers

Suppliers are commonly overlooked stakeholders, despite the fact that they are critical to organizational performance (Freeman, 1984) and are listed among the organization's major stakeholders (Freeman & Reed, 1983). Suppliers have become more important since businesses have begun to outsource some of their fundamental tasks to them (Govindan, et al., 2018). Health and safety, prompt payment, fair rates, and maintaining long-term partnerships are all examples of CSR programs aimed towards suppliers (Spiller, 2000). When a company protects the interests of its suppliers, it helps the company obtain high-quality inputs and produce high-quality goods (Rettab et al., 2009). CSR toward suppliers also improves a company's reputation (Homburg et al., 2013; Papasolomou et al., 2005) and, as a result, its performance. Neglecting the interests of suppliers, on the other hand, has a detrimental impact on OP. According to studies, companies who take care of their suppliers have better financial and non-financial results (Eltantawy, et al., 2009; Mishra & Suar, 2010). As a result, it is suggested that CSR toward suppliers has a favorable impact on the financial performance of the company.

### 2.2.6 CSR toward Community

The community is one of the most important stakeholders for organisations, as their communities may assist them in surviving and succeeding (Freeman & Reed, 1983). CSR programmes geared toward the community typically include initiatives such as health facilities, education development, poverty reduction, and revenue production. Charitable giving, community outreach, and contributions to socio-economic development are common forms of corporate social responsibility (CSR) for community stakeholders (Mishra & Suar, 2010). The reputation of being socially responsible is earned by organisations that participate in CSR efforts for the benefit of their communities (Husted, 2003; Kamalirezaei et al., 2020). Researchers have also discovered that when businesses participate in community activities, they get a competitive advantage over their competitors (Berman et al., 1999; Kamalirezaei et al., 2020). Tax breaks, simplified restrictions, and enhanced labour quality are all available to businesses who participate in community-based CSR activities (Madueno, et al., 2016; Waddock & Graves, 1997). As a result, it is hypothesised that corporate social responsibility (CSR) toward the community has a favourable impact on the financial performance of the firm.

### 2.2.7 Impact of CSR on Stakeholders

Before identifying the impact of CSR on financial performance, we are encouraged to study and understand the benefits of CSR as a whole. A few of researchers have found that the benefits of CSR would not only have an impact on financial performance, but would also have an impact on other stakeholders. According to Madugba, J. and Okafer, M., 2016, benefits of CSR are illustrated as follows:

a. *Enhanced brand image and reputation:* According to Tsoutsoura (2004), buyers are typically lured to brands and companies that have a high reputation in terms of corporate social responsibility. A good reputation improves a company’s capacity to acquire finance and trading partners. However, he believes that reputation is difficult to assess and define.

b. *Less risk of negative rare events:* Through participation in corporate social responsibility, companies can exert control over and take care of negative rare events that could have a negative impact on their operations or productive activities. For example, erosion, earthquakes, and so on.

c. *Increased ability to attract and retain employees:* Companies that are regarded to have significant corporate social responsibility typically have greater ability to attract and retain (Islam et al., 2012) employees, which results in a reduction in labour turnover, recruiting, and training costs, and a reduction in labour costs.

According to Siddiq, S. and Javed, S. (2014), various factors impact the company’s productivity as a whole when it comes to CSR. This helps to increase (Windari & Hasibuan, 2022) the financial performance of the organization so that the company is able to expand rapidly and maximise its market share. When a company adheres to CSR and strives to meet the needs of its stakeholders, it will have an advantage over its competitors. The CSR issues and practices have been growing rapidly over the last few decades. The dispute over who will gain from CSR activities and who will face the costs of implementing them has persisted for a long time among shareholders, stakeholders, and community organisations as a result of greater knowledge of the requirements and demands for CSR among them (Tsoutsoura, 2004). Consequently, no one can agree on what constitutes "corporate social responsibility," and various researchers have come up with a variety of definitions. For example, Hill (2006) describes it as a set of practises that expands on the function of competent governance, commercial activities (Roopaa, 2020) and processes and is more about organisational responsibility and stakeholder transparency.

Corporate social responsibility has a direct impact on the company's financial sector, which in turn has an impact on shareholder benefit. According to the preceding literature, much of the research contrasts business efficiency calculations, which still necessitates the use of a theoretical repot to demonstrate. As stated by the authors, the empirical literature on corporate social performance was not appropriate for the factors in question, such as whether type of metric was appropriate for particular stakeholder. Additionally, market-based variables and their theory have been used to establish a consistent relationship between social and financial performance (Wood & Jones, 1995). Becchetti et al. (2005) investigated the efficiency and benefit maximisation requirements in a model for product differentiation.

Traditional approach actively influences the degree of the stakeholders and CSR. The realistic assumptions hold the hypothesis that consumer incentive is varied to pay for social and environmental problems and is actively resolved by persistence of inclination. This is socially significant since it allows a company to have a broader perspective while simultaneously caring for society and the environment. "The trend of corporate social responsibility (CSR) has been quickly expanding in recent years. According to the authors, it is not possible for CSR to focus on every problem in society, which is "clearly not in the best interests of both business and society." CSR should, however, be focused on "the most important problems in society." (Bhattacharyya et al., 2008).

Surveyed businesses were asked for both their understanding of corporate social / corporate citizenship and environmental responsibility as well as any policies or acts in these fields. Dhaliwal et al (2012) spoke about the company that spends high costs on CSR being fairly superior in its results and taking advantage of reducing the cost of owners' equity. In addition, the CSR-based company will draw more members than other companies that do not rely on corporate social responsibility. It helps also to reduce potential errors and dispersions. Now a day CSR has come up as a view that can help to improve the organization's overall financial efficiency by suggesting various forms of decision-making to the organization's top management and shareholders. Implementing CSR improves both stakeholders and shareholders' sense of concern, community, and environmental relationships. So, each company has different ways of bringing CSR into action in its business practices. The definition of CSR is explained in the simplest way, according to Dibella and Woodilla (2006), that the CSR process establishes equilibrium between the shareholders and the stakeholders. The relationship between CSR and ownership, discrepancies between two key factors of any organization's social responsibility; stakeholders and social issues were identified by Goergen and Renneboog (2002) as well as explaining how different ownership structures affect CSR level.

Organizations may appeal to the linkages that CSR has to economic objectives in their explanations for CSR activity, according to Crane and Matten (2007), despite the fact that social and economic goals appear to be unrelated. Organizations may choose to adopt CSR in order to improve their public image as a result of increased public awareness of a company's detrimental social and environmental impact. Second, corporations may defend their CSR efforts on the grounds that the practises will attract new clients or consumers to their business. Third, engagement in socially responsible actions may be justified on the grounds that it improves employee morale, according to some theories. What is fascinating, however, is that firms frequently incorporate corporate social responsibility into their operations despite the absence of any credible proof of these relationships (Said, Zainuddin, & Haron, 2009).

### 2.2.8 Impact of CSR on Financial Success

Relationship between the CSR and the financial achievement (Musdiana et al., 2012) of an organization is also an important element to study, as some researchers have found that there is no link between the two, while some researchers have found that their relationship is correlated. According to Arlow and Gannon (1982), they claimed that the relationship between a corporation's corporate social responsibility (CSR) or its corporate social responsiveness and financial results has been the subject of intense debate since the 1960s. Researchers found no clear consensus on the relationship between these variables. In particular, a recent study analyzed seven earlier empirical studies and concluded that "economic performance is not directly linked, either positively or negatively, to social responsiveness." Whether or not there is a relation is a big problem for corporate management. If such behavior (classified as socially responsible) appears to be negatively associated with firms' financial performance, it may be advised that managers be cautious in this field. When, on the other hand, there is evidence of a successful relationship, management can be motivated to undertake these practices more actively or to examine the root causes of the relationship.

It is possible to identify the link between corporate social responsibility and financial success by conducting two kinds of empirical research: According to McWilliams A. and Siegel, D. (2000), one group of research utilises the event study approach to analyse the short-term financial effect (abnormal returns) when businesses engage in socially accountable or ignorance behaviour (see, for example; Posnikoff, 1997; Teoh et al., 1999). These inquiries have yielded a diverse range of results. When looking at divestitures from South Africa during the Apartheid dispute, Wright and Ferris found a negative correlation between CSR and financial performance; Posnikoff found a positive correlation; and Teoh et al. found no correlation between CSR and financial success. Other studies have shown a similar lack of coherence in the link between socially responsible business practises and immediate financial gain. Corporate social success (CSR) is a metric that examines the link between CSP and long-term firm performance measurements such as accounting or financial profitability (Waddock and Graves, 1997). These research have also shown contradicting results, making it difficult to draw any conclusions. There was no correlation between CSP and profitability found by Aupperle et al, McGuire et al, and Waddock and Graves, however there was a strong positive correlation between an index of CSP and performance indicators such as return on assets (ROA) in the succeeding year. It is not unexpected that the conclusions of these research on the link among corporate social responsibility and profitability are contradictory, given the complexity of the models that provide the framework for empirical assessment.

Igbal et al. (2014) researched corporate social responsibility and its possible impact on the financial performance of enterprises in Pakistan’s banking industry, with the goal of finding the effects of CSR disclosure on corporate profit margin and earnings per share (EPS). The research was conducted over a seven-year period, from 2005 to 2011. Simple regression was used to examine the data in this study. The donation element of CSR was employed as an Independent Variable in the study, and the net profit margin and earnings per share (EPS) were used as dependent variables. The findings of the study revealed that there is a positive and statistically significant relationship between corporate social responsibility and financial results. It was recommended that firms adopt an ISR policy that would be regularly reviewed and enforced, and that the Board of Governors approve this.

A stakeholder’s reputation is defined by Peloza and Papania (2008) as the identification of a stakeholder. Based on stakeholder and legitimacy theory, a company may improve its reputation and corporate image by engaging in CSR activities that fulfil stakeholders’ expectations and achieve acceptability. The improved reputation/corporate image can be honest signals (signalling theory) or strategic resources (resource-based view), reducing transaction costs on the one hand and attracting more supportive behaviour or investment from financial stakeholders on the other, thus leading to better financial performance on both. Firms may obtain an advantage over their competitors by using their intangible assets, such as their reputation and brand name (Malik and Kanwal 2016; Mohtsham Saeed and Arshad 2012). For the vast majority of businesses, customer happiness is a significant and positive mediator in the CSR-Corporate Financial Performance linkage. Ethical customer service, product quality improvement, and competent post-sale care are the primary CSR activities that focus on consumer satisfaction. If you show your clients that you care, they'll be more satisfied and eager to buy from you in the future.

CSR practises, on the other hand, may have a significant impact on customer retention and re-engagement (Saeidi et al. 2015; Xie et al. 2017). Improved customer happiness, reduced customer defection, and customer loyalty all have a direct impact on financial performance. Mediators' competitive advantage is another metric for the CSR-CFP link's success. Research consistently shows that corporate social responsibility leads to greater financial performance by helping an organisation improve and maintain its competitive edge in the market (Saeidi et al. 2015). One of the CSR principles is that a company must respond quickly to the expectations of its stakeholders, notably its workers and consumers. A company's capacity to recruit and retain top talent and improve customer satisfaction may be shaped and sustained by successful CSR policies, and this in turn can help the company's profitability rise over time (Jain et al. 2016).

It is not a guarantee that a company's social responsibility efforts would result in an increase in profits; rather, the value of such initiatives will be determined by how customers perceive them in relation to the company's operations, rather than the act itself. As a part of CSR, companies are expected to provide a healthy work environment that values differences and promotes an equitable sharing of the company's earnings across society (Zulfiqar, 2019). For most companies, the problem has been finding a middle ground where everyone is happy. Those who advocate for corporate social responsibility (CSR) argue that firms can really only endure to be socially accountable if its shareholders and investors are equally happy. According to Hou (2019), CSR activities are used as a creative stimulant for value generation, preservation and a way of reacting to developments in the stakeholders' attitude.

Corporations may engage in CSR activities as a remedial action for issues that have arisen as a result of the company's operations or that existed before to the company's inception. CSR may also be used as a charitable activity by companies to help underserved areas by providing facilities and other support systems. In the United States, for example, major tech companies have acted directly in their host towns or built apps that are widely utilised and considered as a contribution to society in general. Proponents of corporate social responsibility (CSR) argue that the most important concerns are balancing conflicting stakeholders' demands with company resources and providing financial accountability and transparency to investors and other stakeholders. This is due to the fact that CSR offers a framework for managing externalities. As a result of elements of voluntarism, organisations may adopt duties and go above and beyond the legal minimum in the benefit of society and various stakeholders. Some scholars have broken down the impact of corporate social responsibility on business into three broad areas. First, a growing body of evidence suggests that corporate social responsibility (CSR) has a favourable impact on financial performance, even if this claim is debatable (Orlitzky et al., 2003).

Increasing an organization's ethical reputation may be accomplished in part by engaging in CSR initiatives. Firms with strong ethical identities, according to Berrone, Surroca and Tribo (2007), are more likely to have satisfied stakeholders, which has a favourable effect on the financial success of the organisation. Between 2009 and 2013, Giannarakis et al. (2016) examined 104 S&P 500-listed US businesses from nine different sectors. Taking part in socially conscious endeavours, they've discovered, has a big favourable impact on financial results. Financial performance was shown to be influenced statistically by characteristics such as total remuneration for directors, the participation of women on the board, and the existence of a dual CEO. The findings of Oh, Hong and Hwang (2017), who looked at both conventional and strategic CSR connections, support this conclusion.

Fonseca and Ferro (2016) studied a large sample of small and medium-sized Portuguese businesses to examine the link between social performance and crucial commercial outcomes. That organisations with socially responsible practises and a focus on stakeholder satisfaction outperform their rivals and establish positive differentiation is shown by the findings of this research. Oh et al. (2017) conclude that conventional CSR activities had a greater impact on business performance than strategic CSR initiatives, based on responses from 212 participants in a 2015 survey. In addition, the research shows how R&D focuses on technology, commercialization of technology, and CSR affect financial success. A intentional sampling strategy was used by Resmi et al. (2018) to study four agriculture businesses between 2015 and 2017. It examines the impact of CSR on agricultural producers in terms of revenue and examines the link between CSR and Earning Per Share of agribusiness organisations. According to the data, CSR has a considerable impact on both net income and equity returns. According to the second group of studies, CSR initiatives really have a negative impact on financial performance. Zhu's research is in the frontline of this group.

Shanghai stock exchange-listed companies are rated based on their social responsibility and financial performance. The final results show that for most companies, corporate social responsibility has a negative impact on their overall performance. Corporate social responsibility (CSR) and profit are examined by Han, Kim, and Yu (2016) by comparing the financial performance of Korean stock market companies listed between 2008 and 2014. Research shows no statistically significant correlation between CSR performance and financial results. Similarly, Moore (2009) examines the impact on financial performance of changes in organisations' CSR fulfillments. Revenue and CSR are adversely connected, and environmental CSR ratings have a detrimental influence on business financial performance, according to the study's findings. Researchers in the third group found no link between corporate social responsibility (CSR) and financial success.

Nelling and Webb (2009) found no correlation between CSR and financial success in companies when time-series effects were removed. There will be less of a link between corporate social responsibility (CSR) and financial success with a sound research model, according to this line of reasoning. Surroca, Tribo, and Waddock (2010) point out that prior research have been unable to account for the mediating role of intangible assets in the design phase. In other words, the favourable connections among CSR and financial success that prior studies have shown may be attributed to study design mistakes. Inconsistencies in the link between CSR and business success may be ascribed to sampling mistakes and biases, inability to articulate cause and effect, lack of control variables in this study. Researchers are currently working to adjust CSR projects to ensure that they serve the interests of all stakeholders, rather than just confirming previous findings on the financial performance benefits of CSR.

A mutually beneficial CSR effort may be achieved by the mapping of CSR activities, according to Keys, Malnight, and Graaf (2009). In this way, CSR initiatives would be mutually beneficial for both parties involved. In addition, companies might use strategic partnership. As a result, the emphasis will be on developing crucial areas of impact that fulfil both social and corporate goals in order to solve the difficulties that affect both parties. Having a well-thought-out CSR strategy is essential to executing a successful social project. As part of a well-designed CSR framework, the company and its supply chain partners will be able to easily understand and implement the plan. This might be an entrance point for recognising and predicting possible sustainable development difficulties, and solutions for dealing with them, if or when they happen, in terms of CSR development.

Margolis and Walsh (2003) showed that among the 127 research published between 1972 till 2002, 55 percent revealed a favourable connection. In light of these findings, it is clear that enhancing CSR performance adds considerable value to a company's bottom line. As a consequence, companies should match their social and financial goals and see CSR as an important instrument for achieving both (Ferrarini & Hinojales, 2019, Husnaini & Basuki, 2020). CSR is seen as a company’s defence against damaging information that might hurt the company’s image, which in turn protects the company's financial results. Yet other research has shown a link between CFP and CSR to be unfavourable. There is a direct correlation between the adoption of corporate social activities and decreased profitability, according to Brammer et al. According to Kao et al. (2018), CSR has a detrimental impact on nonSOEs (non-state-owned firms) in developing countries, but has no effect on SOEs. There was a significant correlation between corporate social activities and financial success in Malaysia between 2008 and 2010, according to Arshad et al. (2012). CSR disclosure is linked to financial success in Vietnam, according to Bich (2015). Firm value is adversely affected by employee transparency, whereas environmental information disclosure has the opposite effect.

### 2.2.9 CSR Activities in Different Countries

In a research by Kumar, N. (2019), the following concerns were observed in connection to various CSR efforts in various regions of the nation:

- The general public has little interest in engaging in or contributing to corporate social responsibility (CSR) initiatives. Many Indian firms and their stakeholders have a poor understanding of CSR. There is a widespread misconception that firms are already socially responsible. There is a communication breakdown between CSR firms and their customers, which makes matters worse.

- Survey respondents raised concerns about a lack of transparency as a major problem. According to the corporations' statements, the local councils lack accountability since they do not adequately share the information on their activities, audit problems, assessment, and the appropriation of cash. This stated lack of openness has a detrimental influence on the process of creating trust between corporations and local neighborhoods, which is critical to the successful implementation of any local CSR effort.

- There are also reports of a lack of well-organized nongovernmental groups in distant and rural regions that can analyse and evaluate community needs and cooperate with corporations to guarantee effective CSR efforts. This supports investing in surrounding communities to strengthen their capacity to carry out local development initiatives.

- The media's involvement in exposing successful CSR activities is appreciated as it distributes positive information and educates the local people about current CSR initiatives. So many voluntary groups get caught up in activity and programmes that they overlook on important base interventions.

- When it comes to CSR, most non-profits and government entities have a restricted view of what constitutes effective CSR. As a consequence, individuals are unsure if they should continue participating in these activities in the medium or long term.

- Corporate social responsibility efforts are not guided by any specific legislation criteria or policy requirements. Companies' CSR actions should be based on their size and profile. To put it another way, a company's CSR programme grows in scale as it grows in size.

- Concerning CSR initiatives, local organisations are unable to form a consensus. This lack of agreement often leads in corporate house operations being duplicative in the realms of their involvement. Competition between local implementation agencies rather than collaboration on problems outcomes. An organisation may be unable to periodically conduct impact assessments of its projects because of this problem.

Having said that, some of the advantages that might occur when a corporation adopts a social responsibility strategy include: greater profitability; reduced expenses; a more positive public perception of the company's brand; an increase in sales and engagement by customers; increased productivity; the ability to recruit and retain top talent; reduced regulatory burdens; easier access to capital; a more diverse workforce; and reduced product liability risks. Charitable donations and employee volunteer programmes, as well as corporate participation in community education and employment and homelessness initiatives and consumer safety and quality are all examples of CSR's advantages for the community at large.

## 2.3 Hypotheses Development

Based on the above discussions and findings, the following hypotheses were formulated as follows:

$H_1$: There is a significant impact of CSR activities on Employee Support that link to the Financial Performance of a Company in Financial Industry.

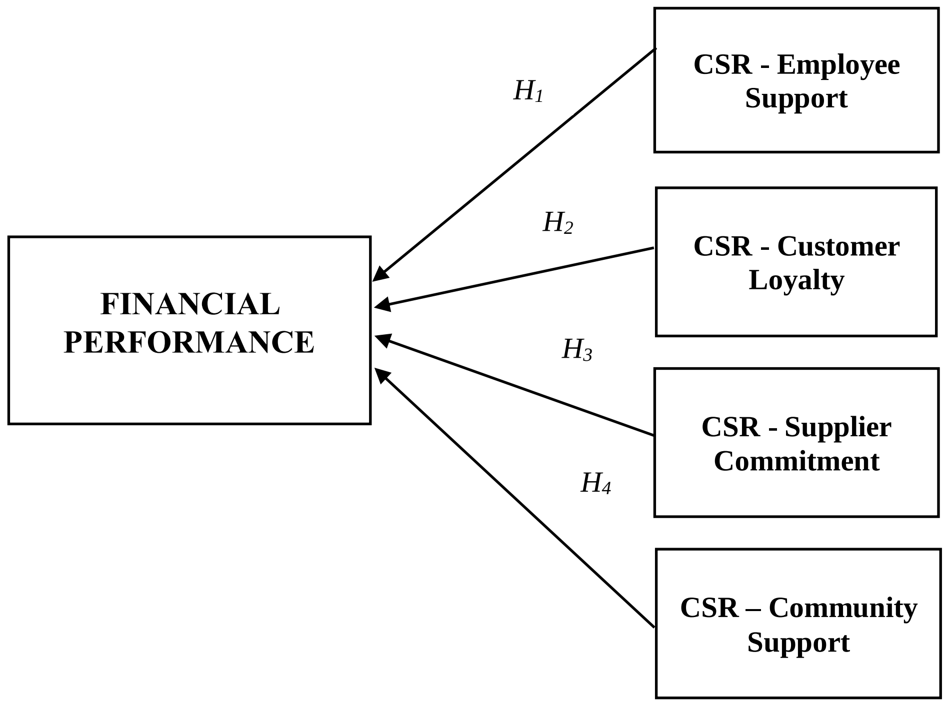
$H_2$: There is a significant impact of CSR activities on Customer Loyalty that link to the Financial Performance of a Company in Financial Industry.

$H_3$: There is a significant impact of CSR activities on Supplier Commitment that link to the Financial Performance of a Company in Financial Industry.

$H_4$: There is a significant impact of CSR activities on Community Support that link to the Financial Performance of a Company in Financial Industry.

## 2.4 Conceptual Framework

Based on the discussion above, the proposed research model is as below:



In summary, this chapter evaluated the literature to provide a general overview of the principle of CSR toward stakeholders, as well as how it affects them, and therefore link to the financial performance of a company. The following key findings from the literature review are discussed further below:

- CSR activities encompass a wide range of meanings, including not only doing good for stakeholders, but also moving forward in corporate processes, as well as meeting regulatory requirements.

- This study has revealed that there are numerous sorts of CSR that include stakeholders, not only in monetary terms, but also in non-financial contributions.

- The influence of CSR efforts on stakeholders has an impact on a company's financial performance as well as its organisational performance.

- The study of the relationship between CSR programs and stakeholders, according to this literature review, will truly engage dedication and support, which will, in turn, boost a company's financial performance.

- The findings on the connection between CSR and financial performance varies. Some of the researchers discovered the link, while others did not.

- This chapter has also justified the impact of CSR activities on stakeholders and how it affects financial performance as the most relevant underlying theory for this study in order to construct the conceptual framework.

# CHAPTER 3

# METHODOLOGY

This chapter will go through the research design and methodology that were adopted for this study. This chapter presents the justification, relevance, and appropriateness of the research strategy and methodology.

It is the systematic, theoretical analysis of procedures applied to a field of study or the theoretical analysis of methods and principles linked with a branch of knowledge that is known as research methodology. A research technique is a method for approaching and solving a research problem in a systematic manner. It can be thought of as a branch of science that studies how scientific research is carried out. It consists of methodologies and procedures for analysing and interpreting what a researcher wishes to accomplish.

According to Kothari (2004), some people consider research to be a transition, a transition from the known to the unknown. It is just an exploration ride. We all possess the essential instinct of inquisitively, for when the unknown threatens us, we wonder, and our inquisitively makes us try and attain a deeper and better understanding of the unknown. This inquisitiveness is the mother of all intelligence, and the tool that man uses to gain knowledge of whatever is unknown can be called as research. The research methodology was more extensive than the research method; therefore, the research methodology would take into account both the research methods and the logic behind the methods instead of only discussing the methods.

## 3.1 Research Population

The population for this study consists of stakeholders in financial industry in Kuala Lumpur and Selangor area as majority of the organization headquarters are mostly located in the city of Kuala Lumpur and Selangor respectively. The population chosen is between the ages of 25 to 60 based on eligibility criteria. The element of sampling refers to demographic information i.e. age, gender, ethnicity, marital status, academic qualification and etc. (Hitzig, 2009).

The study's primary objective is to poll the perspectives/perceptions of different stakeholder groups on the impact of CSR. In particular, the study sets out to provide answers whether CSR will impact them which in directly the info gather will link to the financial performance. For this reason, a survey was conducted to elicit the opinion of stakeholder groups i.e. employees, customers, suppliers and communities. The choice of these groups was based on the grounds that they represent the primary groups of stakeholders of financial industry in Malaysia. The selection of these groups was in accordance with the widely accepted definition of stakeholders, which is described as "any group or individual who has the ability to influence or is affected by a company's achievement of its objectives" (Freeman 1984).

## 3.2 Sampling Design

Quantitative research is the most fundamental research method, which employs classical mathematics and statistical methods to assess study outcomes (Shuttleworth, 2008). Quantitative approaches are being utilised in this study to test hypotheses and generalise a conclusion or findings. Primary data is the sole type of data collected for this study. Primary data are new pieces of information that will be gathered and used for a specific study goal. A survey questionnaire, which will interview a big target population, is one of the collection approaches (Bowling, 2005). According to Kothari (2009), data are facts, information, or measurements that have been gathered and analysed in order to determine the research outcomes. Primary data will be gathered through the use of questionnaires. As it will collect information from the intended respondents, this questionnaire approach will be widely employed in social science research.

In statistics, probability samples and non-probability samples are the two main categories to consider. Non-probability samples, on the other hand, do not enable the researcher to estimate the chance of inclusion for each element in the sample. A non-probability sample is one that is based on convenience, judgement, or quota selection processes; a probability sample is one that is based on random, systematic sampling, stratified sampling, and cluster/area sampling approaches (Kothari, 2004). Due to time, expense, and accessibility constraints, sampling is required for a survey research approach involving a broad population. This is due to the fact that it is not always feasible or feasible to include the entire population in a study. There are two types of sampling methods: random sampling and non-random sampling (Richard F. Fellows, 2008). It was decided to use the non-random sampling strategy in this research. It is impossible to utilise a random sample strategy since it requires a full list of responders (Kothari, 2004). Non-probability sampling was used since a comprehensive list of the population's responses was not readily available.

## 3.3 Survey Instrument

Questionnaires are important for acquiring first-hand information about people, their behaviour, experiences and social interactions, attitudes and opinions, and awareness of events (McLafferty, 2010; Parfitt, 2005). They mainly entail gathering quantitative and qualitative data. For this study, 200 sets of questionnaires were delivered to all respondents who have been designated as financial industry stakeholders. According to Kline (2005), a sample size of fewer than 100 is regarded small, a sample size of 100 to 200 is considered medium, and a sample size of more than 200 is considered large. As a result, a sample size of 200 respondents was utilised, which was sufficient to yield a valid result. To accelerate the procedure, self-administered questionnaires with closed-ended questions were disseminated solely via the internet via Google Forms to the selected respondents.

The language of the questionnaires will be used is in English as it is universally understood by different races i.e. Malay, Chinese and Indian. The questionnaires were divided into two sections. From the literature survey, the major stakeholders group of the financial industry are identified and their perspective is recorded through a structured questionnaire. This questionnaire was designed to seek general information of the respondents, impact of CSR activities towards employees, customers and suppliers would influence and give impact on the financial performance. Respondents were asked to rate on a 5-point Likert scale a list of statement and questions provided based on the Key CSR Practices. In Section 1, the survey is on demographic information where it distinguishes the respondents' profile. While in Section 2, there are four independent variables which consist of Employee, Customer, Supplier and Community's perceptions towards the Key CSR Practices crafted. All of the questions are intended to test the connection between financial performance (the dependent variable) along with the independent factors in financial industry.

A pre-test will be conducted after the design of the questionnaire. Pilot testing is a rehearsal of research study, allowing us to test research approach with a small number of test participants before conducting main study. This additional step, enable the questionnaire be assessing and refined prior to sending to the respondents. According to Teijlingen and Hundley (2001), conducting a pilot study prior to collecting data can aid in determining the reliability of the research protocol, identifying potential problems that may arise, and determining whether the technique being used is effective and efficient. According to the findings of Isaac and Michael (1995), a sample size of 10 to 30 respondents is sufficient for a pilot study to be carried out. Consequently, 10 sets of questionnaires were delivered to a chosen group of respondents, which included industry experts, for the purpose of pilot testing. Since the characteristics of the respondents from the pilot test were similar to those of the actual target respondents, it is anticipated that the findings of the actual survey would be similar as the pilot test.

### 3.4 Descriptive Statistic

This study makes use of the descriptive statistic to determine the central tendency and dispersion of the variable's distribution (Saunders et al., 2012). Mode, median, and mean were employed by Saunders et al. (2012) to characterise data quantitatively in respect of central tendency when describing the data numerically. The mode is the most commonly occurring value, the median is the middle of a range of values organised from low and high or vice versa, as well as the mean is the average. Two common approaches for assessing data dispersion are range and standard deviation (Saunders et al., 2012). We may use the standard deviation and range of a distribution as an indicator of the distribution's dispersion to obtain a measure of how wide or narrow a distribution is. Using the standard deviation and the range, a spread index is formed.

The quantitative data gathered from the survey was divided into two categories of data, namely, categorical data and numerical data, which were then analysed separately. The categorical data relate to data that has no monetary value and may be divided into two types: nominal data and ordinal data, the latter of which can be analysed primarily by the mode and number of occurrences of the data (Saunders et al., 2012). Ordinal data, on the other hand, may be ranked in the same way, allowing it to be analysed by its median as well. The numerical data relate to data that has a value and may be divided into two types: interval data and ratio data. Both types of data were analysed using the mode, median, mean, minimum, maximum, standard deviation, and number of occurrences, as well as the number of occurrences (Saunders et al., 2012).

## 3.5 Analysis Method

Factor analysis is an interdependence technique whose primary purpose is to define the underlying structure among the variables in the analysis. Obviously, variables play a key role in any multivariate analysis (Hair et al., 2014) (C.Beckett, L. Eriksson, E. Johansson et al., 2014, Multivariate Data Analysis, 2014). This study is a quantitative research that will be conducted using a deductive approach which involves highly structure methodology whereby hypotheses are identified through literature review to develop a theoretical framework prior to collection of data to test the hypotheses for acceptance or rejection. Data analysis technique is done by crosstab descriptive analysis using SPSS application. According to Saunders et al. (2012), quantitative research focus is using data to test a theory which are measured in numerical and analysed with a statistical technique. By evaluating the nature and degree of a relationship, regression analysis establishes causal links. Because it considers constructs, hypotheses, and synthesizes the study findings using numerical values, the quantitative approach is impartial (Neill, 2007).

Cronbach's Alpha was also used to assess the reliability and validity of the findings. According to Lim (2014), internal consistency reliability or homogeneity has resulted in a check of the dependability and correctness of the study data results. The most often used statistical measure for the internal consistency test is Cronbach's alpha. (Sekaran and Bougie, 2009). Cronbach's alpha is a measure of dependability that runs from 0.0 to 1.0, with values ranging from 0.0 to 0.7 considered the lowest limit of acceptable. Cronbach's alpha is most effective when five-point Likert scale questions are included in the questionnaire. Furthermore, the value of the coefficients, which is near to 1.0 in Cronbach's alpha, indicates that the finding is consistent.

## 3.6 Statistics Package for Social Science (SPSS)

Data analysis will be performed using the SPSS program supported by previous studies and related secondary sources using descriptive and inferential statistical methods. This SPSS program has many advantages because it can analyse various types of large data and produce a concise, accurate and concise summary. There are two stages in interpreting the results of the study, namely descriptively presented in tabular form and in accordance with crosstab instructions (cross distribution) as looking at the relationship between socioeconomic background (gender, age, education, working experience and working sector) with selected questions. Primary and secondary data are modified and presented in the form of simple tables.

# CHAPTER 4

# RESEARCH RESULT

An introduction to the study and a review of the relevant literature were presented in Chapters 1 and 2. The research methodology and data collection for the pilot project were covered in Chapter 3. The purpose of this chapter is to summarise the findings of the descriptive analysis of the data collected. The analysis is divided into two sections. The first section presents a descriptive analysis of the organisation and the demographics of the respondents. Based on the findings from the questionnaires, the second part presents the results of respondents' perspectives on CSR activities on stakeholders. A crosstab analysis will be conducted to develop a relationship between CRS activities and four categories of stakeholders that will impact a company's financial performance.

## 4.1 Descriptive Analysis

In this chapter, I will discuss about the personal information of the target respondents. I was able to collect 108 sets of completed survey questionnaires out of a total of 200. This is due to limits imposed by Covid19, which restrict me from conducting a face-to-face interview, as well as a tight deadline for submission. All of the collected data is being evaluated and interpreted in the sections below.

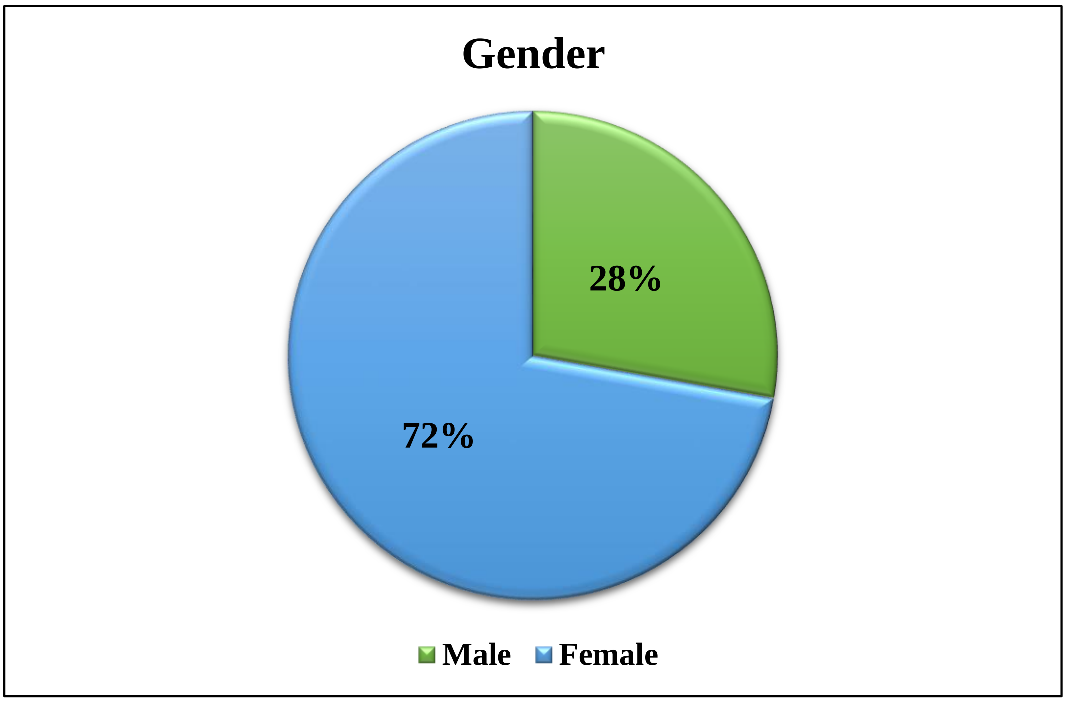
Table 4.1: Demographic

| Demographic Categories | Percentage (%) | Frequency |
|---|---|---|
| Gender | | |
| Male | 27.8 | 30 |
| Female | 72.2 | 78 |
| Age | | |
| 20 - 30 | 13 | 14 |
| 31- 40 | 35.2 | 38 |
| 41 - 60 | 51.9 | 56 |
| Education | | |
| SPM | 10.2 | 11 |
| Diploma | 11.1 | 12 |
| Degree | 68.5 | 74 |
| Master | 9.3 | 10 |
| Phd | 0.9 | 1 |
| Working experience | | |
| Less than 5 years | 12.0 | 13 |
| More than 5 years | 13.9 | 15 |
| More than 10 years | 74.1 | 80 |
| Working sector | | |
| Government | 36.1 | 39 |
| Private | 63.9 | 69 |

Table 4.2: Gender

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Male | 30 | 27.8 | 27.8 | 27.8 |
| Female | 78 | 72.2 | 72.2 | 100.0 |
| Total | 108 | 100.0 | 100.0 | |

Figure 4.2.1: Gender

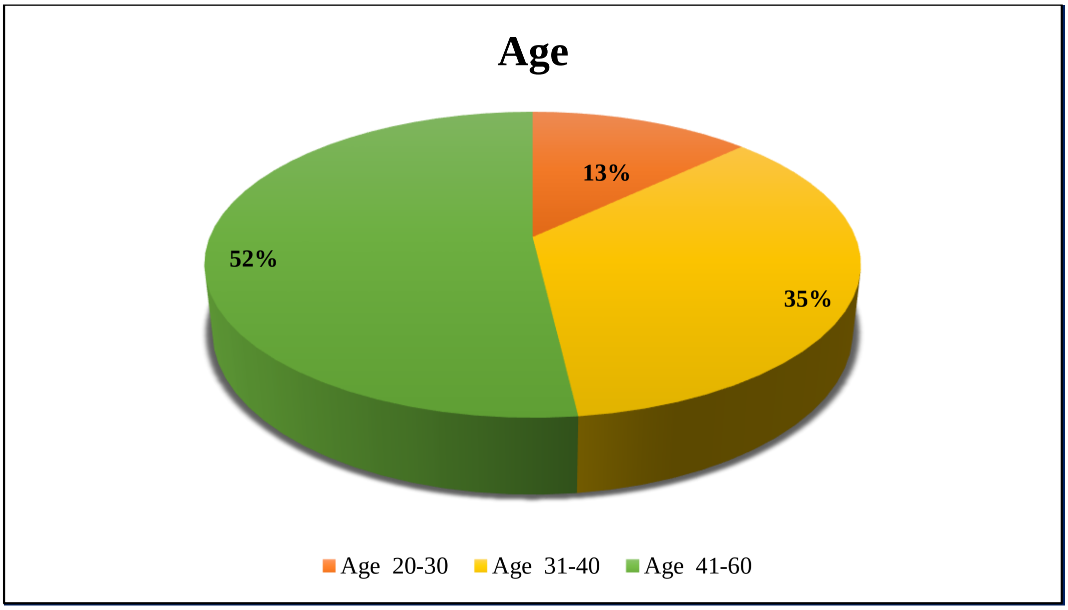



The frequency of gender of the research respondents is shown in Table 4.2 and Figure 4.2.1. According to the figure, 78 or 72 % of respondents are male, while 30 or 28 % are female. According to the results, the majority of survey respondents were female.

Table 4.3: Age

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| 41 - 60 | 56 | 51.9 | 51.9 | 51.9 |
| 31 - 40 | 38 | 35.2 | 35.2 | 87.0 |
| 20 - 30 | 14 | 13.0 | 13.0 | 100.0 |
| Total | 108 | 100.0 | 100.0 | |

Figure 4.3.1: Age

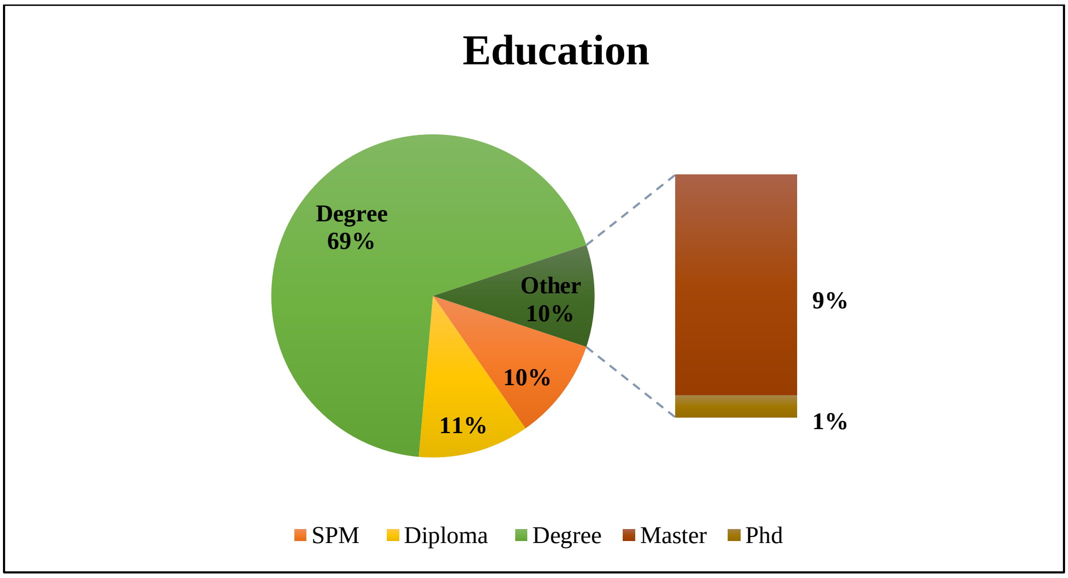



The frequency of age group of research respondents is shown in Table 4.3 and Figure 4.3.1 respectively. According to the table above, majority of respondents (51.9% or 56 respondents) were between the ages of 41 - 60. The respondents who are between the ages of 31 - 40 represent the second largest group, standing for 35.2% or 38 respondents. Finally, 14 respondents between the ages of 20 - 30 with 13%.

Table 4.4: Education

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| SPM | 11 | 10.2 | 10.2 | 10.2 |
| PhD | 1 | .9 | .9 | 11.1 |
| Master's Degree | 10 | 9.3 | 9.3 | 20.4 |
| Diploma | 12 | 11.1 | 11.1 | 31.5 |
| Degree | 74 | 68.5 | 68.5 | 100.0 |
| Total | 108 | 100.0 | 100.0 | |

Figure 4.4.1: Education

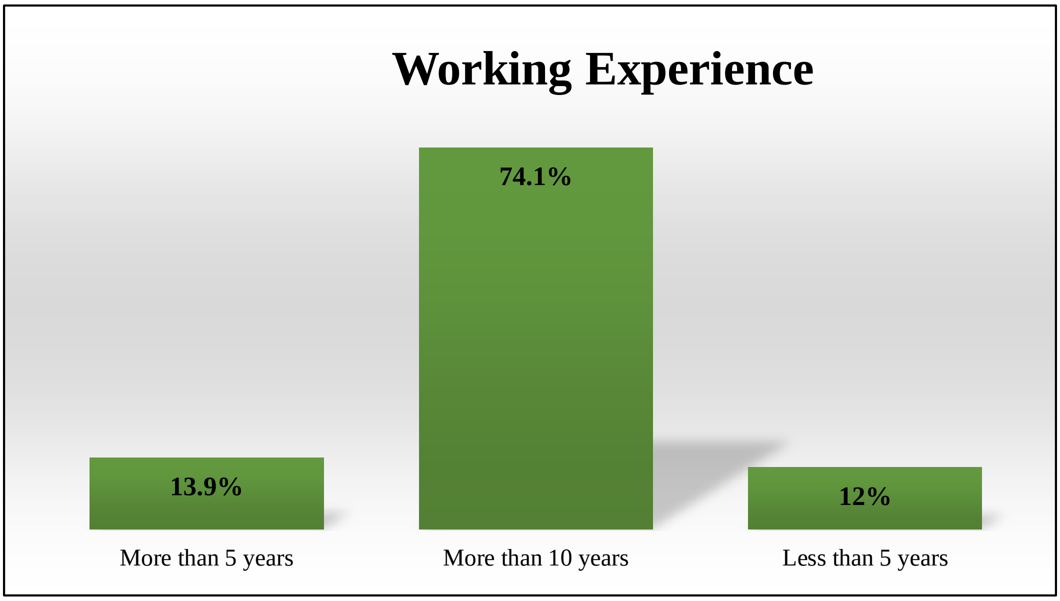



The frequency of education level of the research respondents is shown in Table 4.4 and Figure 4.4.1. 74 respondents, or 69% of all respondents, have completed their Bachelor's degree. Diploma is the second highest portion. Individuals who received a diploma for their schooling accounted for 11.1 %, or a frequency of 12. Up to 10.2 %, or 11 respondents, hold an SPM, while 9.3 %, or 10 respondents, hold a Master's Degree. Only 1 respondent (0.9%) has a PhD. According to the table, no other educational level was attained by the respondent in this study. As a result, we can deduce that the majority of respondents held a specific level of education.

Table 4.5: Working Experience

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| More than 5 years | 15 | 13.9 | 13.9 | 13.9 |
| More than 10 years | 80 | 74.1 | 74.1 | 88.0 |
| Less than 5 years | 13 | 12.0 | 12.0 | 100.0 |
| Total | 108 | 100.0 | 100.0 | |

Figure 4.5.1 : Working Experience




The frequency of working experience of the research respondents is shown in Table 4.5 and Figure 4.5.1. According to the figure, 15 (13.9%) of respondents have worked for more than 5 years, 80 (74.1%) have worked for more than 10 years, and 13 (12.0%) have worked for less than 5 years. The majority of poll respondents had worked for more than 10 years, according to the results.

Table 4.6: Working Sector

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Government sector | 39 | 36.1 | 36.1 | 36.1 |
| Private sector | 69 | 63.9 | 63.9 | 100.0 |
| Total | 108 | 100.0 | 100.0 | |

Figure 4.6.1: Working Sector

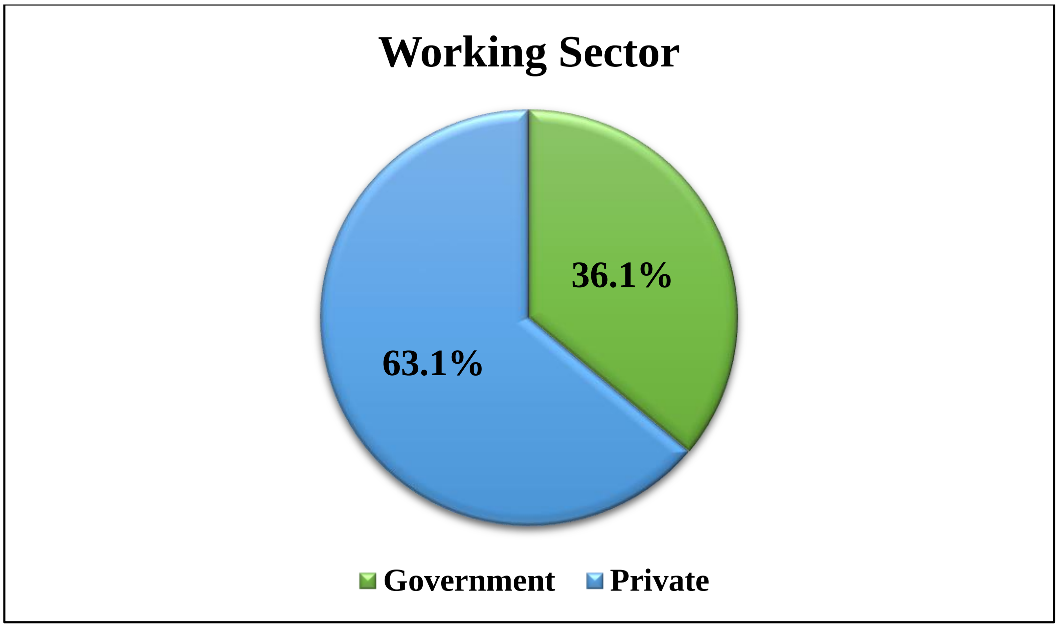



Table 4.6 and Figure 4.6.1 illustrate the frequency of working sector among research respondents. According to the table above, the majority of respondents (63.1 % or 69) work in the private sector, which makes up the majority of the respondents. Meanwhile, the government sector represents for 36.1 % or 39 of all respondents.

## 4.2 Construct Measurement of Central Tendencies

In this section, the mean and standard deviation values for the dependent and independent variables were generated using the central tendency measurement technique. The Questionnaire comprised a total of 20 questions, which were introduced in Section 2. The Statistics Package for Social Science ("SPSS") software will be used to analyse all of the questions, and the Likert Scale will be used to assess them. For example, 1 denoted "Strongly Disagree", 2 denoted "Disagree", 3 denoted "Neutral", 4 denoted "Agree", and 5 denoted "Strongly Agree".

Table 4.7: Employee

| Question No. | Statement | Mean | Std. Deviation | Ranking |
|---|---|---|---|---|
| 1 | Fair remuneration/salary will attract employees' loyalty in a company. | 4.26 | 0.797 | 4 |
| 2 | Effective communication to employees will gain support and commitment from them. | 4.31 | 0.870 | 3 |
| 3 | Learning, training and career development opportunities will help employees in developing their career progress. | 4.40 | 0.789 | 2 |
| 4 | A healthy and safe work environment is one aspect that contributes to employee job satisfaction. | 4.40 | 0.823 | 1 |
| 5 | Employees will be more satisfied at work if they have equal job opportunities for all genders. | 4.21 | 0.798 | 5 |

Table 4.7 displays the major trends of employees. Question No. 4 has the highest mean score of 4.40 in the table above, indicating that most respondents agree with the statement that "A healthy and safe work environment is one aspect that

contributes to employee job satisfaction". Second was Question No. 3, which had a mean value of 4.40. The mean values for Questions No. 2 and 1 were 4.31 and 4.26, respectively, placing them in third and fourth position in the rankings. Only Question No. 5 had a mean score of 4.21, making it the fewest popular.

Question No. 2 has the largest standard deviation of 0.87, followed by Question No. 4 with 0.823. Question No. 5 ranked third, while Question No. 1 ranked fourth, with a standard deviation of 0.797 and 0.798, respectively. Only Question No. 3 earned a standard deviation score of 0.789, which makes it the lowest ranked.

Table 4.8: Customer

| Question No. | Statement | Mean | Std. Deviation | Ranking |
|---|---|---|---|---|
| 1 | Quality of products/services offered by a company will add value to customer. | 4.37 | 0.707 | 1 |
| 2 | Safety and reasonable price of a products/services will gain support from customer. | 4.33 | 0.737 | 2 |
| 3 | Full product disclosure (i.e. providing transparent Terms & Conditions) on products/services is important to attract customer’s support. | 4.20 | 0.770 | 3 |
| 4 | Product and services review is important for customer’s loyalty. | 4.13 | 0.870 | 4 |
| 5 | Regular communication with customers (i.e. sharing info on social media) will gain more support from customers. | 4.10 | 0.764 | 5 |

Table 4.8 shows the customer's central tendencies measurement. We can see from the statistics above that Question No. 1 has the highest mean value of 4.37. Question No. 2 was the second highest, with a mean score of 4.33. Question No. 3 received the third highest mean value of 4.20. The following is the answer to Question No. 4, with a mean score of 4.13. Question No. 5 came in last, with a mean score of 4.10. Question No. 4 has the highest standard deviation value of 0.870, according to the table above. The standard deviation figure for Question No. 3 is 0.770, which is the second highest. Question No. 5 was ranked third, and Question No. 2 was ranked fourth, with standard deviation values of 0.764 and 0.737, respectively. Finally, Question No. 1 has the lowest standard deviation value of 0.707.

Table 4.9: Supplier

| Question No. | Statement | Mean | Std. Deviation | Ranking |
|---|---|---|---|---|
| 1 | Developing and maintaining long-term purchasing partnerships is critical for a company's relationship with its suppliers. | 4.01 | 0.759 | 4 |
| 2 | Suppliers will tend to be committed if the company's practices are according to the purchase contract/agreement. | 4.07 | 0.785 | 3 |
| 3 | Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers. | 4.16 | 0.675 | 2 |
| 4 | Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers. | 3.95 | 0.832 | 5 |
| 5 | Fair treatment (e.g. payment on time) will encourage suppliers to support company. | 4.22 | 0.744 | 1 |

The measurement of supplier central tendencies is shown in Table 4.9. Question No. 5 has the highest mean value of 4.22, according to the statistics shown above. With a mean score of 4.16, Question No. 3 came in second, followed by Question No. 2 with a score of 4.07. The mean scores for questions 1 and 4 were 4.22 and 3.95, respectively, and they were rated fourth and fifth. Question No. 4 has the highest standard deviation (0.832) in the table above. With a standard deviation of 0.785, Question No. 2 has the second highest value. With a standard deviation value of 0.759 and 0.744, respectively, Question No. 1 was ranked third and Question No. 5 was ranked fourth. With a standard deviation of 0.675, Question No. 3 has the lowest ranking.

Table 4.10: Community

| Question No. | Statement | Mean | Std. Deviation | Ranking |
|---|---|---|---|---|
| 1 | Financial donations to community will establish a good reputation for a company. | 4.08 | 0.779 | 4 |
| 2 | Non-financial contributions to community will establish a good reputation for a company. | 3.89 | 0.915 | 5 |
| 3 | Support for education (i.e. scholarships) will encourage community, particularly the underprivileged to achieve their ambitions, hence would bring a good brand for a company. | 4.21 | 0.714 | 1 |
| 4 | Society volunteer initiatives are a good way for a company to create trust and brand awareness, thus will lead to a better support from community. | 4.12 | 0.736 | 3 |
| 5 | Job opportunities for underprivileged will provide community to enhance their skills, thus will lead to a better support from them. | 4.15 | 0.698 | 2 |

Table 4.10 depicts the community's central tendencies assessment. According to the data shown above, Question No. 3 has the highest mean value of 4.21. Question No. 5 came in second with a mean score of 4.15, followed by Question No. 4 with a mean value of 4.12. Question Nos. 1 and 2 have mean values of 4.08 and 3.89, respectively, and are rated fourth and fifth, respectively. According to the table above, Question No. 2 has the greatest standard deviation value of 0.915. With 0.779, question No. 1 has the second highest standard deviation value. Question No. 4 was ranked third, while Question No. 3 was ranked fourth, with standard deviation values of 0.736 and 0.714, respectively. Question No. 5 had the lowest rating, with a standard deviation of 0.698.

## 4.3 Scale Measurement

To ensure the validity of the findings, scale measurements were conducted throughout the survey. The goal of doing a reliability analysis was to figure out how well a group of items correlate with one another. Consequently, SPSS software and Cronbach's Alpha were employed to study these variables and determine reliability.

Table 4.11: Cronbach's Alpha

| Strength of Association | Alpha Coefficient Range |
|---|---|
| Very Good | 0.80 - 0.95 |
| Good | 0.70 - 0.80 |
| Fair | 0.60 - 0.70 |
| Poor | < 0.60 |

Table 4.12: Reliability Analysis

| No. | Variables | Cronbach's Alpha | Number of items |
|---|---|---|---|
| 1. | Employee | 0.902 | 5 |
| 2. | Customer | 0.915 | 5 |
| 3. | Supplier | 0.890 | 5 |
| 4. | Community | 0.908 | 5 |

Customer has the highest Cronbach's Alpha value of all at 0.915 on a scale of 0.80 to 0.95, according to Table 4.12. A great degree of reliability can be attributed to it. 0.908 and 0.902 were the second and third best scores, respectively, in the range of 0.80-0.95, which indicates good dependability. Lastly, the Supplier variable has the least reliability, with a 0.890. The total Cronbach's Alpha score in this analysis was more than 0.70, which indicated that the questionnaire used in this study was reliable.

## 4.4 Crosstab Analysis

Table 4.13: Crosstab between Working Experience with Fair remuneration/salary will attract employees' loyalty in a company

| | | Fair remuneration/salary will attract employees' loyalty in a company | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Working Experience | More than 10 years | 1.2% | 1.2% | 10.0% | 52.5% | 35.0% |
| | More than 5 years | 6.7% | 0.0% | 0.0% | 26.7% | 66.7% |
| | Less than 5 years | 0.0% | 0.0% | 7.7% | 46.2% | 46.2% |

According to Table 4.13, majority of respondents with more than 5 years of experience recorded strongly agree that "Fair remuneration/salary will attract employees' loyalty in a company". The reason for this is that most of those who have worked in the industry and have appropriate knowledge and expertise believe that a good salary and fair remuneration will entice them to stay in a company for a longer period of time. As a result, it shows that their involvement and support in a company would increase its financial performance. This is because employees are not only a company's asset, but they are also the ones who work to ensure the company's survival, therefore if a company has a high staff turnover, it shows they do not have enough support from them. A satisfied employee will perform their job properly, and when a company has enough support from its employees, the company's operations will function smoothly. Not only will the operations be better, but the financial condition will also improve. Previous research has shown that effective human resource management practices would reduce employee turnover and increase organisational productivity, resulting in greater operational and financial performance.

Table 4.14: Crosstab between Working Experience with Learning, training and career development opportunities will help employees in developing their career progress.

| | | Learning, training and career development opportunities will help employees in developing their career progress | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Working Experience | More than 5 years | 6.7% | 0.0% | 0.0% | 26.7% | 66.7% |
| | More than 10 years | 1.2% | 2.5% | 2.5% | 50.0% | 43.8% |
| | Less than 5 years | 0.0% | 0.0% | 0.0% | 23.1% | 76.9% |

Table 4.14 shows that the majority of respondents with less than 5 years working experience which recorded 76.9% Strongly Agree that "Learning, training and career development opportunities will help employees in developing their career progress". This view is obvious, indicating that employees with less job experience will require professional advancement as advancement in their career would lead to a raise in their compensation. They will gain new knowledge and skills in their field as a result of good training and development. For example, they may have started as an executive, but they eventually climbed the ranks to become the company's leader over the years, and thus, allowing them to make important decisions on behalf of the company. They have supported the organisation in making critical decisions as a result of this attribute and assistance, and as a manager, they can delegate and supervise their subordinates' work. A company's operational and financial performance would improve with competent management, effective governance, and adequate training, learning, and career development. Employee engagement and productivity are boosted through career development. Career development is important for a company's ability to attract and retain top talent. A company's financial performance would be enhanced by a valued and loyal employee who would reduce turnover.

Table 4.15: Crosstab between Gender and Quality of products/services offered by a company will add value to customer

| | | Quality of products/services offered by a company will add value to customer | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Gender | Male | 0.0% | 0.0% | 3.3% | 43.3% | 53.3% |
| | Female | 1.3% | 2.6% | 1.3% | 51.3% | 43.6% |

Referring to Table 4.15, majority of male respondents strongly agree that "Quality of products/services offered by a company will add value to customer". Males, on general, prefer high-quality products/services provided by a company because they are the breadwinners and bear a great deal of responsibility for their families. They are also quite selective when it comes to what they buy or choose any product/services in order to ensure that their family will get the best option. Females, on the other hand, are usually supplementary to their husbands and assist in carrying the weight carried by the spouse. For example, in terms of fashion, females always want to look beautiful and they frequently shop clothes a lot so that they have more collections, whereas males have extremely limited options and must ensure that if they buy something, it will last longer and be reliable. That is why the quality of products/services adds value to the customer because a quality product fosters unbreakable customer loyalty, which generates more leads. When customers discover a product they appreciate, they are more likely to return, to make repeat purchases, and to recommend it to others. Product quality is crucial since it has an impact on the company's success and helps to establish the company's reputation in the client markets. When businesses are able to manufacture high-quality products that continue to meet the needs of their customers, they can expect decreased production costs, higher investment returns, and a rise in financial revenues.

Table 4.16: Crosstab between Age and Regular communication with customers (i.e. sharing info on social media) will gain more support from customers

| | | Regular communication with customers (i.e. sharing info on social media) will gain more support from customers | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Age | 41 - 60 | 1.8% | 1.8% | 5.4% | 57.1% | 33.9% |
| | 31 - 40 | 0.0% | 5.3% | 13.2% | 60.5% | 21.1% |
| | 20 - 30 | 0.0% | 0.0% | 21.4% | 42.9% | 35.7% |

Table 4.16 shows that "Regular communication with customers (i.e. sharing info on social media) will gain more support from customers" has majority agreement from respondents for age group of 20 – 30 years old. In general, this age group does not have more commitments than other age groups. The respondents from this group are mostly single and prefers to enjoy life. They also have a large circle of friends that always share the most advanced and new developments in mobile or gadgets technology. Hence, they are eager to gain new experiences and learn how to experiment as a result of this. This group of age will spend more time by looking at the phone as most of them are still students. Customers' support can be obtained if a company maintains regular communications and updates on the development of new or existing products or services. Regular communication with customers is an effective strategy for a company to maximise productivity and proactivity, which will ultimately aid to increase revenues. By interacting on a frequent and proactive basis, everyone in the organisation gains experience and learns accustomed to responding to consumers even before they ask for assistance. The organisation would see a reduction in the number of inbound calls for support and complaints, and it is a terrific way to engage and establish connections with customers over time. As a result, the company's operational and financial performance will improve as it runs more smoothly and effectively.

Table 4.17: Crosstab between Working Sector and Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers

| | | Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Working Sector | Government sector | 1 | 1 | 2 | 25 | 10 |
| | | 2.6% | 2.6% | 5.1% | 64.1% | 25.6% |
| | Private sector | 0 | 0 | 6 | 42 | 21 |
| | | 0.0% | 0.0% | 8.7% | 60.9% | 30.4% |

Table 4.17 showing that majority of respondents from private sector strongly agree that "Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers". This is due to the fact that those who worked in the Company Secretary or Compliance departments, for example, were obliged to follow the rules and requirements outlined in a company's Corporate Governance ("CG") disclosures pertaining to fair and ethical client handling. Those who worked in the government sector did not required to adhere to and observe CG rules as they are not a company established by nature. Furthermore, if the company is listed on Bursa Malaysia, the CG requirements are even more demanding and strict. As a result, people from this sector may not fully comprehend the preceding statement because they are not privy to it. Furthermore, commitment and relationships with suppliers and the company are only properly developed in the private sector. In general, supplier and supply relationship management through strategies, activities, and metrics that better align supplier (Ngoc Thao Trang & Sina Yekini, 2014) business conduct with purchaser standards, with the goal of minimising the purchaser's entire risk of corporate integrity failure in the supply chain. As a result, the operational and financial performance of a corporation would increase.

Table 4.18: Crosstab between Age and Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers

| | | Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Age | 41 - 60 | 3.6% | 1.8% | 3.6% | 69.1% | 21.8% |
| | 31 - 40 | 0.0% | 7.9% | 13.2% | 55.3% | 23.7% |
| | 20 - 30 | 7.1% | 0.0% | 14.3% | 71.4% | 7.1% |

Table 4.18 showing that majority of respondents from age group from 31 - 40 strongly agree that "Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers". This is due to the fact that this age group has more working experience engaging with suppliers. They typically work longer in a company than recent grads. Even if they do not directly engage with suppliers, they benefit from being in a working environment that exposes them to colleagues and real-world scenarios, increasing their knowledge of the industry in which they operate. As a company's profit margins grow higher relative to costs, the benefits of cost transparency diminish, and financial performance improves. Price transparency is significant because knowing what others are bidding, asking, and trading can assist determine supply and demand for a security, good, or service, i.e., its genuine value; it also shows that reliable financial disclosures can build more confidence in a security's stated price.

Table 4.19: Crosstab between Age and Financial donations to community will establish a good reputation for a company

| | | Financial donations to community will establish a good reputation for a company | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Age | 41 - 60 | 1.8% | 0.0% | 5.4% | 64.3% | 28.6% |
| | 31 - 40 | 0.0% | 5.3% | 7.9% | 60.5% | 26.3% |
| | 20 - 30 | 7.1% | 0.0% | 28.6% | 35.7% | 28.6% |

According to Table 4.19, majority of respondents with age from 41 – 60 years old strongly agree that "Financial donations to community will establish a good reputation for a company". This is due to the fact that they are the group that has worked in a company for the longer time when compared to the other groups. They are also well-established with a consistent wage, and they are the ones that have better understanding and have the opportunity and money ability to give back to the community. The other group typically does not have enough money due to their lack of years of experience, as their income is relatively smaller than those in senior positions. As a result, the majority of respondents believe that financial donations will assist a company's reputation-building efforts. This scenario is similar to the one described above, in which firms include CSR activities into their business plan in order to benefit the company, improve sales, and build a more appealing and pleasant brand for consumers by contributing to the community. By implementing CSR, they indirectly display a good brand and image in the eyes of the community; thus, by giving back to them, a company's financial performance would improve.

Table 4.20: Crosstab between Education and Non-financial contributions to community will establish a good reputation for a company

| | | Non-financial contributions to community will establish a good reputation for a company | | | | |
|---|---|---|---|---|---|---|
| | | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |
| Education | SPM | 0.0% | 9.1% | 9.1% | 36.4% | 45.5% |
| | PhD | 0.0% | 0.0% | 100.0% | 0.0% | 0.0% |
| | Master's Degree | 0.0% | 0.0% | 10.0% | 60.0% | 30.0% |
| | Diploma | 0.0% | 0.0% | 25.0% | 58.3% | 16.7% |
| | Degree | 4.1% | 4.1% | 20.3% | 48.6% | 23.0% |

Table 4.20 shows that majority of respondents who hold an SPM strongly agree "Non-financial contributions to community will establish a good reputation for a company". This is due to their belief that, in compared to the other groups, they require the most assistance. This group frequently holds non-executive positions and has a lower position within the organisation, resulting in less privileges such as a lower income or any other perks offered by a company. As a result, they believe that non-monetary contributions will also help them have a beneficial impact in light of their current situation. People living in poverty require opportunities for advancement in order to escape poverty. When a corporation provides money or makes non-monetary contributions to help the working poor get out of poverty, the company is directly helping to establish a stronger neighborhood population. This contribution will therefore help to minimise a company's tax burden, which will help to improve a company's financial performance. Another factor to consider is that when a company contributes to the community, it establishes a positive reputation among them, which boosts financial performance by influencing and attracting the community to purchase products or use services from the company.

## 4.5 Correlation

Table 4.21: Correlation between Independent Variables and Independent Variable from the SPSS

| Research Objectives | Hypotheses | Results | Supported |
|---|---|---|---|
| To study on the impact of CSR activities on Employee Support that link to the Financial Performance of a company in Financial Industry | There is an impact of CSR activities on Employee Support to the Financial Performance of a company | Percentage of "Strongly Agree" and "Agree" conducted in SPSS | Yes |
| To study on the impact of CSR activities on Customer Loyalty that link to the Financial Performance of a company in Financial Industry. | There is an impact of CSR activities on Customer Loyalty to the Financial Performance of a company | Percentage of "Strongly Agree" and "Agree" conducted in SPSS | Yes |
| To study on the impact of CSR activities on Supplier Commitment that link to the Financial Performance of a company in Financial Industry. | There is an impact of CSR activities on Supplier Commitment to the Financial Performance of a company | Percentage of "Strongly Agree" and "Agree" conducted in SPSS | Yes |

| Research Objectives | Hypotheses | Results | Supported |
|---|---|---|---|
| There is an impact of CSR activities on Community Support that link to the Financial Performance of a company in Financial Industry | There is an impact of CSR activities on Community Support to the Financial Performance of a company | Percentage of "Strongly Agree" and "Agree" conducted in SPSS | Yes |

Table 4.21 displays the correlation between the independent variables of CSR initiatives on various stakeholders, i.e. Customer, Employee, Supplier and Customer on the financial performance of company that are used in this model. The majority of respondents who "strongly agree" and "agree" on the independent variables have demonstrated that it is correlated to the dependent variable, where the CSR initiatives on Customer, Employee, Supplier and Community will have an impact to the financial performance of a company. The following is how the SPSS findings will support findings.

This chapter described the descriptive and closed-ended question analysis that was performed on the questionnaire survey data. It presents a summary of the facts relating to the demographic profile of the respondents, as well as the dimensions (profiling, benefit, and obstacles) investigated in the present study. It also includes a table report that detailing the percentage of respondents who agreed to the variables that will be used to develop the relationship between the independent (CSR activities on the stakeholders) and dependent variable (impact to the financial performance). The conclusions of the study will be discussed in the following chapter.

Table 4.22: Results of Correlation between Independent Variables and Dependent Variable from the SPSS

| **Variables** | | **Demographic** | Gender | | Age | | Education | | Working Experience | | Working Sector | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % | | % | | % | | % | | % | |
| | | | A | SA | A | SA | A | SA | A | SA | A | SA |
| Employee | Q1 | Fair remuneration/salary will attract employees' loyalty in a company. | 48.1 | 40.7 | 48.1 | 40.7 | 48.1 | 40.7 | 48.1 | 40.7 | 48.1 | 40.7 |
| | Q2 | Effective communication to employees will gain support and commitment from them. | 43.5 | 48.1 | 43.5 | 48.1 | 43.5 | 48.1 | 43.5 | 48.1 | 43.5 | 48.1 |
| | Q3 | Learning, training and career development opportunities will help employees in developing their career progress. | 43.5 | 50.9 | 43.5 | 50.9 | 43.5 | 50.9 | 43.5 | 50.9 | 43.5 | 50.9 |
| | Q4 | A healthy and safe work environment is one aspect that contributes to employee job satisfaction. | 41.7 | 52.8 | 41.7 | 52.8 | 41.7 | 52.8 | 41.7 | 52.8 | 41.7 | 52.8 |
| | Q5 | Employees will be more satisfied at work if they have equal job opportunities for all genders. | 45.4 | 39.8 | 45.4 | 39.8 | 45.4 | 39.8 | 45.4 | 39.8 | 45.4 | 39.8 |
| Customer | Q1 | Quality of products/services offered by a company will add value to customer. | 49.1 | 46.3 | 49.1 | 46.3 | 49.1 | 46.3 | 49.1 | 46.3 | 49.1 | 46.3 |
| | Q2 | Safety and reasonable price of a products/services will gain support from customer. | 52.8 | 42.6 | 52.8 | 42.6 | 52.8 | 42.6 | 52.8 | 42.6 | 52.8 | 42.6 |
| | Q3 | Full product disclosure (i.e. providing transparent Terms & Condition) on products/services is important to attract customer's support. | 52.8 | 36.1 | 52.8 | 36.1 | 52.8 | 36.1 | 52.8 | 36.1 | 52.8 | 36.1 |
| | Q4 | Product and services review is important for customer's loyalty. | 51.9 | 35.2 | 51.9 | 35.2 | 51.9 | 35.2 | 51.9 | 35.2 | 51.9 | 35.2 |
| | Q5 | Regular communication with customers (i.e. sharing info on social media) will gain more support from customers. | 56.5 | 29.6 | 56.5 | 29.6 | 56.5 | 29.6 | 56.5 | 29.6 | 56.5 | 29.6 |

Notes: A (Agree); SA (Strongly Agree)

| Variables | | Demographics | Gender | | Age | | Education | | Working Experience | | Working Sector | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | % | | % | | % | | % | | % | |
| | | | A | SA | A | SA | A | SA | A | SA | A | SA |
| Supplier | Q1 | Developing and maintaining long-term purchasing partnerships is critical for a company's relationship with its suppliers. | 63.9 | 22.2 | 63.9 | 22.2 | 63.9 | 22.2 | 63.9 | 22.2 | 63.9 | 22.2 |
| | Q2 | Suppliers will tend to be committed if the company's practices are according to the purchase contract/agreement. | 63.9 | 25.9 | 63.9 | 25.9 | 63.9 | 25.9 | 63.9 | 25.9 | 63.9 | 25.9 |
| | Q3 | Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers. | 62.0 | 28.7 | 62.0 | 28.7 | 62.0 | 28.7 | 62.0 | 28.7 | 62.0 | 28.7 |
| | Q4 | Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers. | 64.5 | 20.6 | 64.5 | 20.6 | 64.5 | 20.6 | 64.5 | 20.6 | 64.5 | 20.6 |
| | Q5 | Fair treatment (e.g. payment on time) will encourage suppliers to support company. | 57.4 | 35.2 | 57.4 | 35.2 | 57.4 | 35.2 | 57.4 | 35.2 | 57.4 | 35.2 |
| Community | Q1 | Financial donations to community will establish a good reputation for a company. | 59.3 | 27.8 | 59.3 | 27.8 | 59.3 | 27.8 | 59.3 | 27.8 | 59.3 | 27.8 |
| | Q2 | Non-financial contributions to community will establish a good reputation for a company. | 49.1 | 25.0 | 49.1 | 25.0 | 49.1 | 25.0 | 49.1 | 25.0 | 49.1 | 25.0 |
| | Q3 | Support for education (i.e. scholarships) will encourage community, particularly the underprivileged to achieve their ambitions, hence would bring a good brand for a company. | 60.2 | 33.3 | 60.2 | 33.3 | 60.2 | 33.3 | 60.2 | 33.3 | 60.2 | 33.3 |
| | Q4 | Society volunteer initiatives are a good way for a company to create trust and brand awareness, thus will lead to a better support from community. | 60.2 | 28.7 | 60.2 | 28.7 | 60.2 | 28.7 | 60.2 | 28.7 | 60.2 | 28.7 |
| | Q5 | Job opportunities for underprivileged will provide community to enhance their skills, thus will lead to a better support from them. | 64.8 | 27.8 | 64.8 | 27.8 | 64.8 | 27.8 | 64.8 | 27.8 | 64.8 | 27.8 |

# CHAPTER 5

# DISCUSSION AND CONCLUSION

## 5.1 Introduction

After obtaining the results analysis in the previous chapter, an abstract of the descriptive analysis would be included in this chapter. A further in-depth assessment of the major conclusion, which is how CSR activities function as an independent variable, is conducted on four types of stakeholders, namely employee, customer, supplier, and community, influences the dependent variable, i.e. a company's financial performance.

Furthermore, this final chapter would include limitations of present research as well as recommendations for future study. For the present research effort, a final conclusion has been produced to provide a concise summary of the findings.

## 5.2 Statistical Analyses Summary

### 5.2.1 Descriptive Analysis

The study's target respondents included a total of 200 participants. Only 108 respondents have responded to the questionnaires. The cause for non-response was due to Covid19 circumstance that limited my ability to conduct physical interviews, therefore the surveys were distributed online only, where respondents were reluctant to answer and also the level of rejection was very high despite continuous reminders. The number of male is 30, representing for 27.8% of the targeted respondents, while the number of female is 78, standing for 72.2%.

The age categories in the research were divided into three groups: 20 - 30 years old, 31 - 40 years old, and 41 - 60 years old. The largest age group, with 56 respondents, is between the ages of 41 and 60, contributing for 51.9 % of all respondents. Meanwhile, the age group between 31 and 40 years old is the second highest, representing for 38 of all respondents (35.2%). The youngest age group is between the ages of 20 - 30 years old, accounting for 14% of all respondents and consisting of only 13 people.

In the study, education levels were categorized as SPM, Diploma, Degree, Master Degree, and PhD. Degree holders make up the majority of respondents, accounting for 68.5% of the total of 74 respondents. Diploma holders are the second most common respondent, contributing for 11.1% of all respondents (a total of 12 respondents). The third most numerous respondent is a Master Degree holder, who represents for 9.3% of the total respondents (10 respondents). The fourth largest response, with 10.2%, is an SPM holder. The response with the fewest votes is a PhD holder, who contributes for 0.9%, and consist of only 1 respondent. There is no other respondent besides these five education levels.

The research classified working experience into three categories, i.e. less than 5 years, more than 5 years, and more than 10 years. The majority of responders (74.1% of the total of 80 persons) have more than 10 years of working experience. The second largest respondent has more than 5 years of employment and represents for 13.9% of the total respondents (15 respondents). The fewest respondents have worked for more than 5 years, accounting for 12% of the total number of respondents (13 respondents).

The working sector had been separated into two groups: government and private. With 69 respondents, the largest working sector accounts for 36.1% of all respondents. Meanwhile, the government sector is the second largest under working sector, accounting for 39 respondents (36.1%).

## 5.2.2 Inferential Analysis Summary

### 5.2.2.1 Reliability Test

Since all variable coefficient alpha values are between 0.80 to 0.90, the reliability test shows that all variables are considered high level of reliability. The employee variable has a value of 0.902, the customer variable has a value of 0.915, the supplier variable has a value of 0.890, and the community variable has a value of 0.908.

## 5.3 Major Findings Discussion

### 5.3.1 Employee

$H^1$: There is significant impact of CSR activities on Employee Support that link to the Financial Performance of a company in Financial Industry

The research found that fair salary/remuneration plays an important factor in determining the relationship between CSR activities on employee support which link to the financial performance of a company. Based on crosstab analysis between working experience with fair remuneration/salary will attract employees' loyalty in a company, majority of respondents with more than 5 years of experience strongly agree that "Fair remuneration/salary will attract employees' loyalty in a company". Employee participation and support in a company would improve its financial performance. This is due to the fact that employees are not only a company's asset, but they are also the ones that work to secure the company's business existence; hence, if a company has a high staff turnover, it indicates that they do not have adequate support from them.

This corroborates Mensah's study (2017), which found that effective human resource management reduces employee turnover and increases organisational productivity, resulting in improved operational performance. It has been proven that CSR activities will engage employee support, which will lead to an increase in a company's financial success, as a result of the involvement of long-term employees working in a company. It also aligned with Bai and Chang's (2015) study, which found that employees prefer to work for companies that are socially responsible.

### 5.3.2 Customer

$H^2$: There is significant impact of CSR activities on Customer Loyalty that link to the Financial Performance of a company in Financial Industry.

The research found that quality of products/services offered by a company plays an important factor in determining the relationship between CSR activities on customer loyalty which link to the financial performance of a company. Based on crosstab analysis between gender and quality of products/services offered by a company, majority of male respondents strongly agree that "Quality of products/services offered by a company will add value to customer". They believed that product/service quality offers value to the customer since a quality product creates everlasting customer loyalty, which generates more opportunities. Customers who find a product they love normally will make repeat purchases, and recommend it to others. As a result, a company's sales will increase, which will improve the company's financial performance.

This further support the research of Chung et al., 2015 that sales performance improves when customers have positive impressions of a company's product quality and safety standards, hence improving the bottom line. Poor product quality, on the other hand, has a detrimental impact on a company's operational and financial performance. This study is also consistent with the findings of Hombugh and colleagues (2015), who found that corporate social responsibility initiatives that have a direct impact on the purchasing decisions of a company's customers have a positive impact on the company's total profitability.

### 5.3.3 Supplier

H$^3$: There is significant impact of CSR activities on Supplier Commitment that link to the Financial Performance of a company in Financial Industry.
The research found that Fair and ethical handling of conflicts and disputes plays an important factor in determining the relationship between CSR activities on supplier commitment which link to the financial performance of a company. Based on crosstab analysis between working sector and fair and ethical handling of conflicts and disputes, majority of respondents from private sector strongly agree that "Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers". They are of the view that supplier and supply relationship management should be accomplished through strategies, initiatives, and measurements that better align supplier (Nicolescu, 2021) business conduct with purchaser standards. This is consistent with the fair and ethical handling element included in the Malaysian Code of Corporate Governance.

This is in accordance with past research by Mishra & Suar, 2010, which has shown that organisations who look after their suppliers have better financial and non-financial outcomes. Homburg et al., 2013 conducted research to back up the claim that a company's reputation and performance are both enhanced when it practices CSR toward its suppliers. Conversely, a company's performance suffers when its suppliers' interests are neglected.

### 5.3.4 Community

H$^4$: There is significant impact of CSR activities on Community Support that link to the Financial Performance of a company in Financial Industry.

The research found that financial donations to the community plays an important factor in determining the relationship between CSR activities on community support which link to the financial performance of a company. Based on crosstab analysis between age and financial donations to community, majority of respondents with age from 41- 60 years old strongly agree that "Financial donations to community will establish a good reputation for a company". They feel that financial donations will aid a company's reputation-building efforts when it incorporates CSR activities into its business plan in order to benefit the company, increase sales, and create a more appealing and pleasant brand for consumers by giving back to the community.

This has been demonstrated by the fact that when organisations engage in CSR projects for their communities, they gain a reputation for being socially responsible (Saiedi et al., 2016). As a result, it has a favorable impact on the organisation's financial performance.

Table 4.23: Summary of Hypothesis Result

| *No* | *Hypothesis* | *Significant* | *Conclusion* |
|---|---|---|---|
| 1. | There is an impact of CSR activities on Employee Support to the Financial Performance of a company | $P = 0.027 < 0.05$ | Supported |
| 2. | There is an impact of CSR activities on Customer Loyalty to the Financial Performance of a company | $P = 0.052$ | Supported |
| 3. | There is an impact of CSR activities on Supplier Commitment to the Financial Performance of a company | $P = 0.023 < 0.05$ | Supported |
| 4. | There is an impact of CSR activities on Community Support that link to the Financial Performance of a company in Financial Industry | $P = 0.016 < 0.05$ | Supported |

Table 4.24: Correlation between Working Sector and Employee

| | | | Working Sector |
|---|---|---|---|
| Spearman's rho | 2) Effective communication to employees will gain support and commitment from them. | Correlation Coefficient | .212 |
| | | Sig. (2-tailed) | .027 |
| | | N | 108 |

Table 4.25: Correlation between Gender and Customer

| | | | Gender |
|---|---|---|---|
| Spearman's rho | 5) Regular communication with customers (i.e. sharing info on social media) will gain more support from customers. | Correlation Coefficient | -.188 |
| | | Sig. (2-tailed) | .052 |
| | | N | 108 |

Table 4.26: Correlation between Gender and Supplier

| | | | Gender |
|---|---|---|---|
| Spearman's rho | 4) Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers. | Correlation Coefficient | -.220 |
| | | Sig. (2-tailed) | .023 |
| | | N | 108 |

Table 4.27: Correlation between Gender and Community

| | | | Gender |
|---|---|---|---|
| Spearman's rho | 5) Job opportunities for underprivileged will provide community to enhance their skills, thus will lead to a better support from them. | Correlation Coefficient | -.231 |
| | | Sig. (2-tailed) | .016 |
| | | N | 108 |

## 5.4 Limitation of Study

The researcher encountered a variety of issues during the period of the research. This challenge, however, is manageable with the assistance of supervisor's instruction and wise counsel. The main problem is that the researcher has no way of controlling how people respond to questionnaires. This is due to the fact that the questionnaire was circulated via Google Form, which makes it difficult to keep track of responders, which may be resulting in inaccurate and incomplete data analysis.

The researcher is also having difficulty getting responses, as just 108 of the 200 questionnaires sent out to the chosen respondents have been returned. Due to limitations imposed by Covid19, the researcher was unable to conduct face-to-face interviews as physical interviews during Covid19 are highly risky. As a result, the researcher was unable to increase the response rate, which contributed to the low percentage of non-response among them. After repeated and constant reminders, there was also an issue of intolerance and ignorance among respondents. As a result of the tight deadline and balancing work and report preparation, the researcher was only able to analyse the data based on 108 respondents.

In addition, the researcher is unable to determine the accurate number of respondents residing in Kuala Lumpur and Selangor. As the researcher has no complete control over questionnaire dissemination, some respondents have just forwarded surveys to anyone in any city, not just Kuala Lumpur and Selangor.

Communication was also one of a major problem for the researcher because the questionnaires were only provided in English. This may generate discomfort among other races, particularly Malay, who struggle to learn and interpret English. They were also unable to verify and obtain clarification from the researcher because the surveys were distributed via online. There appears to be no platform accessible for obtaining additional clarification prior to answering the questionnaires.

The problem also arose because the questionnaire was developed for the first time, making it impossible to ensure that the questions constructed are complete and comprehensive. Aside from the aforementioned issues, the researcher is under pressure to complete the research because working commitments are a big obstacle and constraints in completing the thesis.

## 5.5 Impact of Study

According to the findings of the study, the influence of CSR efforts on various stakeholders has an impact on a company’s financial performance. Taking that factor into consideration, it is recommended that every organisation be more aware of the necessity for CSR initiatives towards stakeholders, because it will ultimately improve a company's financial success.

This may be seen in situations where a company’s employees would prefer to stay longer in the company thus the longer they stay, the more support they provide, and therefore the company’s performance in terms of operational and financial performance grows. This is because an employee can be considered an asset for a company. Hiring new employees might be simple and easy, but retaining them in a company for a longer period of time can be tough. By implementing the findings on CSR to employees, one organisation will be able to acquire their support.

This strategy can likewise be used to address various types of stakeholders. Customers, for example, would prefer to repeat purchases or engage services from a company whose image or brand appealing to them. This would also raise revenue and equity because repeated consumers would refer their family and friends for services and purchases offered by a company. This might also apply to suppliers, where any openness on a company’s purchasing price or policies practiced by a company would entice them to commit, and as a result, their commitment would boost the company's financial success. Last but not least, community support would undoubtedly be engaged, as CSR actions undertaken by a company, such as financial or non-financial donations, particularly to the underprivileged, would gain support from them, and therefore financial performance would be improved.

Taking the above examples into account, this research can be used as a benchmark for a company when conducting a survey of their stakeholders, and as a result, the findings can be used as an example of CSR initiatives that could be practiced by any organisation, particularly in Malaysia, because it would not only maintain a company's relationship with its stakeholders, but it would also increase a company's financial performance. This is significant for every company because as profits climb, so can dividend declarations, making stakeholders pleased.

## 5.6 Recommendation for Future Studies

Before proceeding to the conclusion, this study provided recommendations and resources for future researchers who are interested in this topic. Based on the findings, a wide understanding of the various variables that may affect the financial performance of a company is provided for further research.

One of the most significant points to consider is that the sample population for this research study is limited to 108 people. This number does not represent the full working population in Kuala Lumpur and Selangor, and the future study may need to focus primarily on working respondents in specific industries, such as SMEs or public companies. As a result, it is critical for future study to include more samples from other industries and areas in order to provide a broader perspective conclusion. To increase the study's sample size, a future researcher may travel outside of Kuala Lumpur and Selangor to conduct a survey in person.

For the next research, it is recommended that the questionnaire be prepared in a dual language, such as Malay and English, because the majority of Malaysians are Malay. This is implemented to maintain that a better knowledge is achieved for better result analysis and a more transparent answer.

## 5.7 Conclusion

This research study focused on CSR activities on four types of stakeholders, such as employee, customer, supplier, and community, that will have a significant impact on a company's financial performance in the financial industry. The research was carried out in accordance with the objectives indicated in Chapter 1.

The second part of the thesis presented various other researchers' findings or emphasized the importance of CSR initiatives to stakeholders. The conceptual framework is shown for a better understanding of the factors that influence a company's performance, and the hypothesis development is also presented. Aside from that, there are still a variety of approaches to doing research, analysing, and exploring the CSR idea and theory, which results in varying outcomes from previous studies.

After completing this research, the understanding of CSR efforts toward employees, customers, suppliers, and communities that are linked to financial performance in the financial industry would have improved. The study's findings indicate that all CSR activities have a favorable and significant impact on a company's financial performance. The research that can assist companies in the financial industry recognises the relevance of CSR activities that are linked to a company's financial performance. Insurance and banking firms, for example, might adopt CSR activities on their various type of stakeholders in order to improve a company's financial success and survival for a long run.

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APPENDIX

QUESTIONNAIRES

# CORPORATE SOCIAL RESPONSIBILITY AND ITS IMPACT TO THE FINANCIAL PERFORMANCE: STUDY ON FINANCIAL INDUSTRY IN MALAYSIA FROM THE PERSPECTIVES OF STAKEHOLDERS

I am Mohd Fathanah Bin Shukri Saghiri, a final year postgraduate student pursuing Master of Business Administration (Corporate Governance) at Universiti Tunku Abdul Rahman. Currently, I am conducting a study with the above mentioned title as a partial requirement for the Master's degree.

This survey objective is to examine the Corporate Social Responsibility and Its Impact to The Financial Performance: Study On Financial Industry in Malaysia from The Perspectives of Stakeholders. This survey will take about 5-10 minutes to complete, and the information obtained will be used primarily for academic statistical research. The information submitted will be treated as sensitive and confidential, and it will not be disclosed to any third parties.

Thank you in advance for taking your time to complete this survey!

## Demographic and General Info

1) Gender

- ◯ Male
- ◯ Female

2) Age

- ◯ 20 - 30
- ◯ 31 - 40
- ◯ 41 - 60

3) Education

- ○ SPM
- ○ Diploma
- ○ Degree
- ○ Master's Degree
- ○ PhD

4) Working Experience

- ○ Less than 5 years
- ○ More than 5 years
- ○ More than 10 years

5) Working Experience

- ○ Private Sector
- ○ Government Sector

6) Name of Organisation and Department

Your answer ______________________

## Corporate Social Responsibility ("CSR")

This section is intended to assess CSR activities toward financial performance of a company. Please select the number best represents your answer where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree

Profitability is the financial performance benchmark in a business organisation. Profitability is the traditional metric used to assess an organisation's performance. In general, profitability measures include return on assets, return on equity, and net profit margin. CSR is believed to improve the company's reputation in the eyes of all stakeholders, not just shareholders. As a result, financial performance is improved.

## Employees

When employees like to do what they are assigned, they are completely involved in their job to perform their best and bring desired results. Engaged workforce are more productive than those who are not engaged. When engagement level among employees increases, it increases their productivity which in turn, improves the financial standing and performance of the company.

1) Fair remuneration/salary will attract employees' loyalty in a company.

Choose

2) Effective communication to employees will gain support and commitment from them.

Choose

3) Learning, training and career development opportunities will help employees in developing their career progress.

Choose

4) A healthy and safe work environment is one aspect that contributes to employee job satisfaction.

Choose

5) Employees will be more satisfied at work if they have equal job opportunities for all genders.

Choose

## Customer

Customer loyalty has a significant impact on the company, as loyal customers are more likely to repurchase the products/services they valued/like. Customer loyalty is able to become a screening to the company's financial performance in the future. Effective customer-facing CSR policies represent the organization's responsible behavior, which has a beneficial impact on purchasing behavior and, as a consequence, increases financial performance of a company.

1) Quality of products/services offered by a company will add value to customer.

Choose

2) Safety and reasonable price of a products/services will gain support from customer.

Choose

3) Full product disclosure (i.e. providing transparent Terms & Condition) on products/services is important to attract customer's support.

Choose

4) Product and services review is important for customer's loyalty.

Choose

5) Regular communication with customers (i.e. sharing info on social media) will gain more support from customers.

Choose

## Suppliers

Most companies rely on timely delivery, price reduction and service quality offered by their suppliers in order to gain more profit. As a result, the successful management of supplier performance directly affects the quality of the whole supply chain i.e. strategic alliance, hence will effect to the financial performance of a company.

1) Developing and maintaining long-term purchasing partnerships is critical for a company's relationship with its suppliers.

Choose

2) Suppliers will tend to be committed if the company's practices are according to the purchase contract/agreement.

Choose

3) Fair and ethical handling of conflicts and disputes will lead to a better long term support/commitment from suppliers.

Choose

4) Transparent / share necessary information (e.g. cost) will encourage commitment from suppliers.

Choose

5) Fair treatment (e.g. payment on time) will encourage suppliers to support company.

Choose

## Community

Almost all businesses incorporate CSR activities into their business strategy in order to benefit the company, increase sales, and create a more appealing and pleasant brand for consumers by contributing to community. This is how they indirectly portray a good brand and image in the eyes of community by implementing CSR; hence, by giving back to them, a company's financial performance would improve.

1) Financial donations to community will establish a good reputation for a company.

Choose

2) Non-financial contributions to community will establish a good reputation for a company.

Choose

3) Support for education (i.e. scholarships) will encourage community, particularly the underprivileged to achieve their ambitions, hence would bring a good brand for a company.

Choose

4) Society volunteer initiatives are a good way for a company to create trust and brand awareness, thus will lead to a better support from community.

Choose

5) Job opportunities for underprivileged will provide community to enhance their skills, thus will lead to a better support from them.

Choose