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Research Article
Corporate Social Responsibility (CSR) for Global Market Access: A Malaysian Case Study on Small and Medium Enterprises (SMEs)

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Abstract: The Corporate Social Responsibility (CSR) is a powerful tool or channel for ensuring greater market access and enables a better engagement in the global market. The study examines how Corporate Social Responsibility (CSR) is contributing to mass access of Small and Medium Enterprises (SMEs) in the global market. The study used cross section primary data from the level of executives of the corporations. Towards the achievement of its objectives this study uses descriptive statistical tools. The findings of the study revealed that practicing of CSR is playing pivotal role to pick up the brand image and reputation of the Malaysian SMEs to the customers in the global arena.

Keywords: Benefits of CSR, Corporate Social Responsibility (CSR), small and medium enterprises (SMEs) and Malaysia

INTRODUCTION

Today, the concept of Corporate Social Responsibility (CSR) may emerge as one of the business’ preferred strategy in the most challenging and competitive business world. Because the figures of conscious customers are dramatically escalate (Wigley, 2008). They are concern about the environment, community and workplace management of the corporation before acquiring their products or service. Specially, when the issue come for corporate customer regarding their raw material or outsourcing than may be the figure of conscious customers is much higher. Thus, the corporate improve their reputation or brand image through focusing their committeemen towards the sustainable development (Baden et al., 2009; Burke and Logsdon, 1996; Doane, 2005). It is well known that brand is a name or trademark connected with a product or producer, increasingly more fundamental components then ever-before for global market access (Hui, 2008; Kotler and Lee, 2005). The branding and reputation of corporations are dependent on how corporation are carefully realized the issues of social benefits (McWilliams and Siegel, 2000; Tureac et al., 2010). In such, issues the practices of CSR are playing more influential role to develop trustful bridge between corporation and society.

Malaysia has done well to make a stable economic development rapidly over the past few decades. A remarkable part contributions have come from Malaysian SMEs in such development, but the practice of CSR by SMEs towards the wellbeing of society are not in remarkable stages in compared to other developed nations (Nejati and Amran, 2009). At the same-time, early study demonstrates that the CSR awareness and practice in Malaysia is still lower than even Singapore (Ramasamy and Ting, 2004). The tenth Malaysian Plan mentioned that government will assist SMEs to reduce the regulatory cost as well as support SMEs to access global market (Unit, 2010). In such situations, it is the key issues to know how corporations get access from the cross border customer, because Malaysia planed to become developed nation by 2020. Early study proves corporate social responsibility (CSR) plays a vital role to get customer satisfaction or market access (Luo and Bhattacharya, 2006). Therefore, this research intended to stumble on reason behind the social activities by the SMEs as well as how corporations increasing brand image and reputation through CSR activities.

Definition of corporate social responsibility:
Corporate Social Responsibility briefly known as CSR means the responsibility of company towards economy, environment and society. Business would embrace...
resource, product service, community work and the
including social reporting. The authors surmised that
definitions; in a different point of view. Let’s have looked on few
notion of CSR, several author and institute define CSR
practices that harm the public sphere, regardless of
growth and development, and voluntarily eliminating
promote the public interest by encouraging community
stakeholders and all other members of the public
environment, consumers, employees, communities,
responsibility for the impact of their activities on the
twentieth century, CSR practices of Malaysian
disclosed. However, as late as the closing years of the
time. The development of corporate social
better livelihoods through transparency at a given point in
tions of business to contribute to sustainable economic development-working with
employees, their families, the local community and society at large to improve the quality of life in
ways that are both good for business and good for
development (World Bank, 2008).”
According to Bursa Malaysia (2009), “CSR is
defined as open and transparent business practices
that are based on ethical values and respect for the
community, employees, the environment, shareholders and other stakeholders.”
According to Carroll (1979), “Social responsibility
of business is to encompass the economic, legal,
ethical and discretionary expectations that society
has of organizations at a given point in time.”
According to Kotler and Lee (2005), “Corporate
Social Responsibility is a commitment to improve
community well-being through discretionary
business practices and contributions of corporate
resources.”

Based on the above the definitions, this study
defines CSR is a commitment of business to ensure
better livelihoods through transparency at a given point of
time. The development of corporate social
responsibility in Malaysia has, over time, moved to
higher levels than ever before (Crguide, 2008). The
concept of CSR in Malaysia is new but the practice in
not new. Research shows that not only Malaysian large
corporations but also SMEs are practicing CSR
in terms of economic and environmental aspect but the,
SMEs need to improve social aspect (Siwar and Hossain, 2009). One of the earliest studies on the
development of CSR in Malaysia was carried out by
(Teoh and Thong, 1984)In that study, author examined
various aspects of corporate social performance,
including social reporting. The authors surmised that
companies were mainly involved in areas of human
resource, product service, community work and the
physical environment. Later studies focused on the
level of reporting, the themes, and the type of news
disclosed. However, as late as the closing years of the
twenty-first century, CSR practices of Malaysian
companies were still need to improve (Amran et al.,
2007).

**Benefits of CSR:** Socially responsible consumption is increasing and many companies are responding to the
desires and demands of socially and environmentally
responsibility consumers (Webb et al., 2008). Thus, CSR
activities improve a company’s image to its consumers
as well as stakeholders; whereas their motivation
becomes negative when the company’s CSR policy is
ambiguous. Variables affecting perceived sincerity
include the benefit salience of the cause, the source
through which consumers learn about CSR, and the
ratio of CSR contributions and CSR-related advertising.
This backfire effect can be overcome by spending more
on CSR activities than on advertising that features of
CSR (Yoon et al., 2006). The roles and responsibilities
of business in society, in particular global business, are
being defined more broadly by an expanding range of
stakeholders (Warhurst, 2005). Thus, this study intends
to examine the benefits of practicing corporate social
responsibility.

Corporate social responsibility (CSR) is not just
about doing the right thing; rather it is something more
than that. It refers behaving responsibly, and also
dealing with stakeholders who do the same. It also
ensures benefits for the business, by publishing
corporate social responsibility (CSR) disclosure. CSR
disclosure may ensure all kinds of stakeholders that the
corporate is not affecting their environment and society.
CSR lends itself to good news stories. People want to
buy the product of responsible businesses corporation.
Thus, in recent years, corporate social responsibility
(CSR) has received increased attention in both
academic and practitioner realms (Waldman and Siegel,
2008). At the same time, CSR can be seen as part of a
continuing process of building long-term value.
Everything done by the corporation should help
improve its reputation and encourage customers and
other stakeholders to stay involved with this
corporation. A business that buys recycled paper- but
exploits its customers and ignores the community has
missed the point (Hirschhorn, 2004). Now, after
knowing all the above benefits of CSR and its impact, it
is interesting to search the benefits of CSR and list
down the most potential benefits of CSR in the below;

**Image and reputation:** Practicing Corporate Social
Responsibility (CSR) brings many benefits to a
corporation including improvement of image,
reputation, good-will, employee motivation and
positive approach from stakeholders (Branco and
Rodrigues, 2006; Said et al., 2011). Just like previous
study, CSR may work as a global brand insurance
(Werther and Chandler, 2005).

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Trust and understanding: CSR improve business trust and understanding within its customers because responsible businesses are always careful about sales service which is the best tool to achieve customer satisfaction. The customer service is a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation (Schouten, 2007).

Customer service may be provided by a person (e.g., sales and service representative), or by automated means called self-service. Examples of self service are Internet sites. The experience a customer has of a product also affected the total service experience, but this is more of a product direct feature than what is included in the definition of customer. Better customer service lead corporations to access Global market through improving trust and understanding within stakeholder (e.g. customer, supplier).

Better market position: Corporate Social responsibility may play a role to get better market position through potential customer. A responsible corporation ensure better customer satisfaction by minimizing cost of production, which allow customer to get better product with a less price. One study in 1993 at Wright State University in Dayton, Ohio, found that managers believe corporate social actions have an effect on perceived market share (Makower, 1995). Corporate social responsible ensure better market position through global market access.

Improve financial performance: Corporate Social responsibility improves the financial performance through cost reduction, efficient employee and more sales. There are several research supports that CSR ensure better financial performance for corporations. Research shows that responsible corporation has better reputation which led to the better financial performance than the irresponsible corporation. In 1994 study at Florida International University that tried to link social performance with financial performance found a significant positive relation between CSR and growth in sales return on assets and so on (Makower, 1995). Thus, the concept of CSR is becoming more popular today; more than 80% of the Fortune 500 companies address CSR issues in their webpage (Bhattacharya and Sen, 2004).

Potential recruits: One of most important benefit of CSR practice is potential recruitment (Welford and Frost, 2006). When a corporation improves its workplace management, show respects towards all level of employees, responsible attitude towards the society and straight towards the conversation of heritage than the next thing comes automatically e.g., better company culture. Better company culture led the organizations toward increasing attractiveness to potential recruits. When a corporation able to recruits potential candidate than the corporation may able earn more revenue by efficient workforce.

Cost saving: Environmental friendly business process may cost more in the short run business, but it is tremendously meaningful for long-run business. Environmental friendly process also encourages employees to work efficiently and reduce the total cost in a long financial time series. There are lot of example are surrounding the world. One of Malaysian experience is that Tex Cycle SdnBhd reduces their total cost through environmental friendly business process (CRGuide, 2008). They are currently using solar system for their electricity and reduce their water bill through recycling. Other study also proves benefits of CSR include cost saving and risk reduction (Welford and Frost, 2006).

Employees motivtion: One of the most difficult job for any corporation to make happy its employess. But corporations may reach in the optimal position through better responsible business attitude. Recent study indicates that corporate social responsibility (CSR) is gradually a significant factor in magnetizing talented and diverse workforce (Woodward et al., 2001). Organizations that ensure the interests of their workforce by offering excellent working environments will achieve superior performance in terms of quality and therefore, experience superior levels of productivity (Brown et al., 2009).

Efficient risk management system: The research finding proves that the investors are increasingly focusing corporate social responsibility (CSR) as akin to long-term risk management and ethical governance practices (Hill and Knowlton, 2006). The study also indicates that analysts place as much importance on corporate reputation as they do on financial performance. At the same time corporate social responsibility brings new business network which assist corporation to mitigate financial as well as non-financial risk.

More business: Corporate social responsibility not only vital for successful corporation but also bring prospect for small and medium corporation. Now-a-days, large corporations are also careful about the supplier. They are asking their supplier to introduce responsible business. At the same time corporations are rejected by the responsible consumer group, if they are irresponsible. In this way, CSR brings more business for the corporations.

RESEARCH METHODOLOGY AND DATA ANALYSIS

The study used cross section primary data from the level of executives of the corporations. Towards the achievement of its objectives this study uses descriptive statistical tools. The descriptive model has been used through means, ranges, and frequency, percentages,
careful about the image and reputation. And why the Small and Medium enterprise (SMEs) are now improve image and reputation. Question may raise that some more benefits of CSR but the most chosen one is simple for image and reputation. Although there are the managers of SMEs feel that they practice CSR score of 2.72 with 2.37 standard divisions. It means that improve image and reputation, with the lowest mean the most beneficial aspect of CSR practice is to.

Findings of the study: According to the respondents the most beneficial aspect of CSR practice is to improve image and reputation, with the lowest mean score of 2.72 with 2.37 standard divisions. It means that the managers of SMEs feel that they practice CSR simple for image and reputation. Although there are some more benefits of CSR but the most chosen one is improve image and reputation. Question may raise that why the Small and Medium enterprise (SMEs) are now careful about the image and reputation. And why they rank image and reputation as most significant benefits of CSR. In personal interview they mentioned that image and reputation is need for global market access. Specially, when a product goes to the develop countries from a developing country.

The second most significant issue is that CSR improve trust and understanding, which can increase the gross profit of the firm. Respondents mention during the interview that the customer likes to purchase goods and services from the responsible organization. It is some kind of assurance that the product they are purchasing is better quality. Practices of CSR bring trust and understanding from customers and assist the SMEs to access global market. When a corporation achieves the trust and understanding then the second thing comes automatically e.g., better market position which improves financial performance of SMEs. Through the practices of CSR, SMEs get image and reputation from the customer which led SMEs to attract to potential employees. And potential recruits save the cost of production through efficient management. All these bring efficient risk management and more business for SME. So this study, the researcher can summarize that the benefits of CSR is not one or two like reputation and image, rather CSR bring cycle of benefits which come one after another. One more issue rise by the Manages of SMEs that the initial cost of CSR is sometime higher for them, as they are conducting small business. This extra cost may rise-up the unit price of product, which create barrier for them to access local market. They ask for Government support or tax holiday for CSR activities.

CONCLUSION

This study examines how Corporate Social Responsibility (CSR) is contributing to mass access in global market by the SMEs. The overall findings of the study revealed that practicing of CSR is playing pivotal role to pick up the brand image and reputation of corporations to the customers in the global arena. Furthermore, the output of the study revealed that the managers of SMEs agreed that they practice CSR,
because CSR improve image and reputation, build-up faithful trust and understanding as well as better market position which improve financial performance of SMEs. Finally, the study summarize that the benefits of CSR is not one or two like reputation and image, rather CSR bring cycle of benefits which come one after another. One more issue raised by the Managers of SMEs that the initial cost of CSR is sometime higher for them, as they are conducting small business. This extra cost may rise-up the unit price of product, which create barrier for them to access local market. According to tenth Malaysian plan, government recognized training institutes will arrange training to build-up the capacity and capability of SMEs (Unit, 2010). The plan also mentioned that the government will reduce the regulatory cost for SMEs as well as support SMEs to access Global market. Thus, it is highly recommended to arrange training on corporate social responsibility for SMEs to encourage them to practice CSR for long term business gain.

REFERENCES