

# Is Corporate Social Responsibilities Hypocritical?

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## 1.0 Introduction

Corporate Social Responsibility (CSR) has receives much limelight from the business community, society, academics and law makers for the past several decades. Businesses have increasingly willing to spend on CSR. The number of CSR activities has mounted considerably. Activities ranged from simple philanthropy aid to expensive scientific researches. CSR is a costly venture, often with little or no financial contribution to the company's profit and loss. If that is the case, why bother doing it ? Is there other hidden advantage ? Or is there hidden agenda? Corporate Watch (2006b) affirms that CSR is no longer a win-win game – businesses profited, but society does not. Schütte (2011) concurred Milton Friedman's view that “.....*corporate social responsibility [is] not much more than disingenuous marketing ('hypocritical window-dressing' ....)*...”

This survey seek to provide a preliminary settlement, if not confirm, the validity of the critic. Is CSR really hypocritical ? The author settled that CSR is truthful if it remedies real problems. “Problems”, in this context, refers to the harm inflicted by the company to the society and environment of which it is functioning. The company is truthful in offering CSR if its activities remedy the harm it caused to everyone, vice versa. To answer this question, a total of 50 public listed companies are surveyed. This survey is geographically situated in Malaysia for convenience purposes. More than 200 CSR activities are identified. Quantitative data will be more informative if public perspectives are considered as well. Consequently, a total of 188 average citizen are interviewed.

## 2.0 Literature

### 2.1 Defining CSR

The phrase CSR was coined in 1953 in H.R. Bowen's "Social Responsibilities of the Businessman" (Bowen, 1953) which questioned the reasonable expectation to be placed upon businesses. Is it reasonable to expect businesses to be responsible to the society? It was argued that businesses should bear other non-legal obligations besides fulfilling statutory requirements (Carroll, 1999). Leaving the fine line of argument debating between "should" and "should not", it is quite settled in today's business practices that CSR is a "...must or else..." scenario. Previously, CEOs have to justify spending on non-profit making activities. Nowadays shareholders, though still wish [logically] cost saving on unprofitable activities, has to consider impact on the company's reputation. Hence, the definition of CSR has been gradually stretched to covers "*...voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner.*" (Foreign Affairs, Trade and Development Canada, 2014).

World Business Council for Sustainable Development defines CSR as "*the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and the society at large.*" Harvard Kennedy School (2008) says CSR is not limited to issues concerning disposal of business proceeds, but also the *mean* of which profit is derived. Consideration of the *mean* require businesses to scrutinize all facets involved in the course of making the profit, such as the society, the environment, internal and external stakeholders and the public at large.

These definitions literally place limitless obligation on businesses. Pro-consumer activist is gradually pushing the capitalist market towards the Kantian view that business is only ethical if it treats humanity as an end and never as a means. Business sustained if the society grant them legitimacy (Donaldson and Dunfee, 1994). It is a contractual relationship between the company and the society. Resources are drawn from the society. Fairness is only served if society's output / sacrifice are matched with input / benefit. Businesses should pay for resources extracted from its giver. If full reimbursement is impossible, it must at least not add salt to injury.

### 2.2 Reasons for providing CSR

The Ethical Consumer has maintained a list of consumer boycott against some very well known brands like Adidas, Walmart, BP, Cadbury, Coca-cola and many more, for issues concerning animal rights, environment, violation of human right, military supply, participation in political tussle etc. (Ethical Consumer, 2014). Though there are researches (Delacote, 2006) that find that consumer boycott is unlikely to change corporate behavior due to its least impact on the company's profit, but such confrontation nurture awareness towards unethical business practice. For example, the ripple of the renowned boycott against Nestle in 1977 over issues of unethical marketing that discourages breast feeding in third world countries is still felt and remembered till today, thanks to its documentation in various media and textbooks. If the main corporate goal is sustainability, perhaps perpetuality, then allowing negative sentiment to accumulate counters the objective. A sustainable business must create value not only for shareholders but also for the society and the environment as a whole.

But Milton Friedman disagreed. He argued that businesses should not be bogged by burden that is not income related. The "society" in a capitalist definition is shareholders. Business's only social responsibility is to operate profitably within the rules of the game. Anything exceeding this boundary should be the task of the government (Shaw and Barry, 2010).

Broader view theorists who advocate the Stakeholder theory campaigned that businesses have obligations not only to their shareholders, but to all stakeholders, whether directly or indirectly, affected by the

company's act. Stakeholders encompasses employees, consumers, suppliers, local communities, lawmakers, the media, interest groups etc. The list is yet to be exhausted depending on the nature of the business. The more harmful the business (such as oil and gas), the larger is the scope of stakeholders. Corporations must take responsibility for externalities and weigh the social costs of their activities before acting (Donaldson and Dunfee, 1999).

Peter Drucker harmonized the conflict by suggesting drawing opportunity from social problems (Drucker, 1984). The solution struck a balance between corporate spending on unprofitable encounters and the need to show concern as expected by the society. Apparently, the business world was welcomed the idea with open arm.

CSR serves many strategic importances. Firstly, the reputation as a socially responsible corporation adds value to the company's value. Corporations nowadays are trading not on products or services alone. 85% of consumers assert that they perceive a company positively if it is seen as making the world a better place (Chadwick, 2005). Though CSR are non-financial disclosure made in annual report. It has a price tag (Corporate Watch, 2006b). Studies have shown that CSR enhances shareholders value and have positive relationship with firm's value (Buckingham, Gregory and Whittaker, 2011; Servaes and Tamayo, 2013).

Secondly, a record of CSR serves to cushion the company against attack from NGOs and campaigners. As asserted by CSR consultancy, Sustain Ability, CSR helped to "prevent the unfolding backlash against globalisation and reverse the recent erosion of trust" (Chadwick, 2005).

Thirdly, a company reputed as CSR cautious wins employees' and investors' preference. Study shows that 60% of people preferred to work for such company (Chadwick, 2005), while 86% of institutional investors believe that CSR is bring positive impact on the business (Keeble and Turner, 2003). Hence CSR attracts talent and opens access to source of finances.

CSR distinguish the company from its competitors, especially when the effort is the forerun among its kind. For example, Nestle who uses recyclable packaging or Starbuck who purchased freetrade coffee. Subsequent participant are seen as follower. This pushes the company towards a pioneer status, a ticket to access to the targeted market.

Victimized citizen turns to regulator for protection. Constant regulatory control makes business environment less accommodating. Well behaved corporate citizen keeps regulator at bay. There is no need for regulatory control if corporate players honour their prima facie obligation to the society. This objective gives businesses more incentive to spend on CSR. Its return may not be readily translated into immediate empirical reward, but less control means less opportunity cost.

Lastly, from financial efficiency point of view, many CSR efforts actually help to save cost for the company, for example the use of renewable energy from biomass, hydroelectric or solar. An environmentally friendly waste management system not only reduces disposal costs, but also generate by product that can either be reused or resale. The costly initial investment (mostly tax deductible) offset the long term saving that company will enjoy later.

The types of activities commonly undertake by companies in an attempt to be seen as socially responsible include (Corporate Watch, 2006a):

- 1) Initiating philanthropy activities such as charitable drive to raise donation for the needy. It is the easiest, PR friendly and speediest mean to portray a caring image
- 2) Associate themselves with charities and the use the mark of the latter in the company's marketing campaign or brand promotion.
- 3) Sponsor awards in areas related to its business. The sponsor positions themselves as experts in the field and leader of CSR. Examples of companies that actively involves in this type of CSR are Loreal and Canon

- 4) Have in place corporate policy that articulate the company's values and standards in addressing issues concerning, for example, workers health and safety, relationship with consumers, supply chain management, social bearing, environmental issue, human rights, health and safety, transparency and dealings with suppliers, etc.
- 5) Report on their social and environmental achievements
- 6) Engage stakeholders
- 7) Develop community projects such as housing, utilities, amenities, education, medical facilities etc for the underprivileged or those resides at remote location.
- 8) Minimizing the company's environmental impact by replacing lamp to LED, use water cool air conditioner to reduce CO2 emission, reduce carbon footprint by reducing the amount of transportation trips, invested in CO2 recovery plan, use low carbon fuels and many more
- 9) Some large company buy-out smaller companies that have been set up for moral purposes. This is the shortcut to shorten the journey to fame. The buyer shares the limelight of the smaller company.

### 2.3 Categories of CSR

In a report prepared by Ashridge Business School for The Danish Ministry of Economic and Business Affairs (DCCA, 2005), CSR activities are categorized in seven (7) broad dimensions as follows:

- 1) CSR in leadership, vision and values – the act of defining and setting purpose, values and vision of which the business operates. The corporate vision and values are encoded into written policies that become the blueprint that drive the company's operation.
- 2) CSR in marketplace activities – involves implementing policies that reinforce responsibility towards customers and adopt fair and ethical competition
- 3) CSR in workforce – adopt policies that ensure fairness to employees in all aspect of employment such as employees representation, equality, health and safety, concern for the disadvantaged etc
- 4) CSR in supply chain – this involves establishing good relationship with suppliers. This requires the company to behave reasonably in dealing in its capacity as buyer. This is important as an unhappy relationship will later reflect on the quality of the end product produced by the buyer using materials supplied by the supplier
- 5) CSR in engaging stakeholders – an ethical business will understand and address the needs and expectation of its stakeholders. CSR activities in this facet involve installing constant communication with stakeholders and answer their concerns.
- 6) CSR in community activities – this involve providing services, dialogue, assistance, donations etc to communities in need
- 7) CSR towards the environment – business address impacts of their operation towards the environment and find ways to either resolve or minimize those impact.

### 2.4 Hypocritical purpose

77 of the world's 100 largest companies now produce CSR reports. Reports purport to improve corporate accountability to stakeholders, but their value is increasingly questionable for a number of reasons:

- there are no standard benchmarks that allows parallel comparison with other operator in the field
- CSR is non-financial disclosure that is not guarded by well established standards acronym to the accounting. The width and depth of disclosure is at the company's discretion. This enables companies to claim credit on so-called achievement that is neither measureable nor exist significantly! Worse still, readers of such report has no avenue to seek legal redress because it has been well established in the case

of *Caparo Industries v Dickman* (1990) that no duty of care is owed to reader of a corporate report, even if it is negligently produced by a negligent auditor, let alone CSR report.

Companies that offer CSR alleged care but profit motivated at core. It was reported that 80% of corporate decision maker are convinced that CSR is an effective branding exercise (Echo Research, 2005). It launders the company's image by saturating the media with positive images of the company's CSR credentials. Company's reputation improves, or at least real ethical issue is concealed, when they associate themselves with highly visible welfare activities.

### 3.0 This study

Objective of this study is to examine whether it is true that CSR is sheer hypocrisy. The survey begins by finding the types of CSR most undertaken by Malaysian companies. Malaysia is a typical capitalist market that mirrors the western model. Laws and political frameworks are generally inherited from the Britain following its two centuries of colonization. Malaysia followed international standards for accounting, banking, governance etc. 50 companies listed on the Malaysia Stock Exchange are randomly sampled. CSR activities undertaken by these companies are categorized into seven (7) dimensions as suggested by DCCA (2005). Frequency distribution derived will paint the picture of current CSR landscape practiced by Malaysian companies.

The next question that ensues is whether the CSR activities are genuine (Question 1). Did the CSR activities reimburse the harm that the company inflicts to the society and environment? It is intuitively observed that people is easily duped by the amount of CSR activities shown by a company. After all, businesses want to be *seen* as an ethical and responsible. Gradually, people lose sight on the "depth" of the contribution. This is especially true when businesses have vocally trumpets its CSR contribution. The question is, is presence in form means substance as well? If substance is not considered, then social fairness and justice has not been served. This study looked beyond the point of simply "making a presence". The substance of the CSR activities is weighted as well.

*Measurement of CSR activities undertaken by the Company* – information of company's CSR activities is gathered from the Company's latest annual report. CSR is not a regulatory requirement in Malaysia. But most company chooses to display their CSR activities in Annual Reports and on the Company homepage. Each CSR activities undertaken by the company will be matched against its harm. Number "0" and "1" will assigned to each CSR to denote its relevance to the harm (0 = not relevant at all ; 1 = relevant). A CSR activity will not be given a "1" score simply because it falls comfortably within the 7 dimensions.

For example, Company A used polluted source in the production of infant milk and at the same time actively financed health awareness talk for the community at large. The latter is a legitimate CSR activity within the "Community" dimension. However, it does not rectify the health hazard inflicted by the company. As a result, this CSR activity is classified as "not relevant" and will be awarded a "0" score. Likewise, when Company A makes donation to tsunami victims, it falls within the "Community" dimension. However, only a "0" score can be awarded because it has no relevance whatsoever to the health hazard inflicted by the company.

On the other hand, Company B committed air pollution by excessive emission of CO<sub>2</sub> through the course of manufacturing. At the same time, Company B collaborated with the local forestry department to replant 1500 trees at selected area. The magnitude of the CSR afford is, undeniably, minimal as compared to the harm done. Nevertheless, it is correlated. Consideration is given to the fact that some CSR afford is still at its infancy. CSR takes time to develop and to yield result. Company should be given the credit for addressing the issue directly. Hence, a "1" score will be awarded for this afford. Thereafter, descriptive

statistic is produced to aggregate the percentage of CSR activities that is really undertaken to remedy harm inflicted.

*Measurement of harm* – all businesses, to certain extent, harm the environment or interests of stakeholders in varying degree. Harm may be directly or indirectly inflicted by the company. For example Company-102 is an oil palm producer. Hence deforestation and forest burning is a harm directly incurred by the company, whereas Company-104 trades, manufactures and invest in precious stones and gold ornaments. Raw materials are sourced from foreign supplier (Malaysia is not a producer of gem stones and precious stones) that practices workers exploitation. In this way, Company-104 has indirectly contributed to the societal injury. Likewise, multinational company that has establishment worldwide and inflicted harm to the people and environment of another country will be taken into account too because a wrong should not be condoned by reason that it is not committed within the national border. Harm inflicted on the citizen and environment of another country is not less evil than those committed in the country. Likewise, CSR taken in other country is counted as well. Reports of harms inflicted by the company are gathered from media or NGO investigation report.

Question two (2) examines into the perception of common citizen towards specific CSR activity having regard to the business nature and harm inflicted by the company. A total of 188 average citizen between the age of 20 to 40 years are randomly interviewed. This category of citizen is selected because they are generation Y citizen that has literally unlimited access to online information, mass media and social network. Respondents are furnished with a list of names of 50 companies where they will select one or more companies that they wish to appraise. Upon selection, respondents will be given brief information of CSR activities undertaken by the company, followed by the harm inflicted by the business. Thereafter, respondent is required to comment on the CSR activities whether, in their perception, the company is genuinely committed in their social responsibility.

Responses are codified as:

- 1 – “I don’t think they are honestly doing good for the society”
- 2 – “The company’s CSR coincide with the harm inflicted by the company, but it is not enough”
- 3 – “The company’s CSR does not redeem the harm done by them, but it is nevertheless a good effort”
- 4 – “The company’s CSR coincide with the harm inflicted by the company and it is sufficient enough”

#### **4.0 Results**

*Harm inflicted* – Companies surveyed posed a total of 208 form of harm to the society and environment. These harms can be categorized into 8 major categories as follows:

- 1) Animal abuse– examples : use of medicines on cows to produce milk continuously ; serving shark fin in food and beverages chain ; captivated animals for amusement activities
- 2) Consumer abuse–examples : unreasonable pricing ; monopolization ; unfair terms in consumer purchase agreement ; discrimination rural residence
- 3) Deceptive marketing–examples : did not display accurate nutrition facts ; misleading advertisement ; Company's website does not state warning of safety of their product
- 4) Environmental pollution / destruction – examples : deforestation ; pollution to air, river, soil ; destruction such as open burning, erosion, gas emission, oil spill ; excessive consumption of energy ; other form of pollution such as fume, noise ; disposal of non-recyclable product ; endanger wildlife
- 5) Health hazard – examples : encourage unhealthy diet such as use of high fat, sugar and salt in cereals ; use of polluted sources in food production ; electromagnetic field radiation ; workers exposure to hazardous workplace

- 6) Human right issue – examples : child labour; gender discrimination ; workers exploitation ; invading the aboriginals ; unfair dismissal
- 7) Safety hazard – examples : hazardous workplace ; explosion risk
- 8) Social problem – examples : encouraged anthropocentric value ; drinking habit ; nicotine addiction at early age ; social breakdown (crime rate) ; corruption ; bad influence on children bankruptcy ; suicide ; domestic violence ; psychological abuse

It is found that most harm involve pollution and distortion to the environment (54.8%). 10.1% involve health hazard issue, 8.7% on social problem, 7.7% abuses on consumer, 7.2% involve violation of human right, 5.3% poses safety hazard on both employees and/or the general public and 4.8% of deceptive marketing tactics. There are least issue concerning animal abuse (1.4%). The breakdown is represented in Diagram 1.

It is of no surprise that environment pollution is the most common harm inflicted by corporate bodies. This may due to the lack of enforcement in preventing pollution in Malaysia. This coincides with the 2014 Environmental Performance Index (Yale University, 2014) that ranked Malaysia at 129 out of a total of 178 countries in the world for weak forest conservation policy. In fact air quality, government's policy on use of pesticides in agriculture and fisheries conservation has depleted dramatically for the past 10 years. WWF Global reported similar worries that Malaysia faces massive deforestation, erosion, air, marine and inland pollution (WWF Global, n.d).

*CSR activities undertaken* – A total of 282 CSR campaigns from 50 companies are identified with certainty. Classification in accordance to DCCA (2005) is performed. Most CSR campaign focused on community development. It amounted to 44.5% or 125 of the campaigns identified. Activities undertaken are such as:

- Establish charitable foundation to finance welfare projects such as building schools and community centers, community education program
- Finance and organize community awareness campaign to inculcate social awareness on issues of shared importance such as recycling, anti-smoking, health awareness etc. Campaigns are launched through community wide events like walk, tournament, marathon, roadshow and charity concert
- Donation for disaster relief, dialysis centers, food aid for the poor and disable
- Education scholarship, study loan, tuition for rural and under-privileged students, motivational talks etc.

35.9% of CSR effort focused on environmental issues. The corporate community display limited creativity in the choice of environmental activities. It mainly revolves around matters like 3R (reduce, reuse and recycle), replant trees within a limited space area and use recyclable packaging.

Energy conservation is encouraged under the 10<sup>th</sup> Malaysian Plan. Means of conservation mainly involve use of energy saving equipment such as LED light bulb, LNG, water cool air-conditioner, heat-pump systematic. Larger companies that can afford more expensive program invested in high-tech facilities such as CO<sub>2</sub> recovery plant, waste management facilities, impregnator machine boiler economizer, biomass power plant, scrubber system etc. Companies that are accused of endangering wildlife, mainly oil palm plantation and oil-and-gas companies, showed initiative to restore, or at least pacify criticism, by investing in animal conservation projects like wetland and mangrove development, underwater cleaning, turtle rescue, firefly conservation, sanctuary etc.

Ranked third in the hierarchy is CSR effort spent on strengthening the workforce. A total of 10.7% of CSR effort is poured on workforce welfare. Activities reported are such as providing learning opportunities (ie : on-the-job training, education scholarship, first aid training, occupational safety procedures), recreational activities (ie : sports, outings, annual dinner, family day gathering), medical and insurance coverage and spiritual facilities.

CSR campaign connected to marketplace shared only 4.6% of the total CSR campaign undertaken by companies. Manufacturers provide informative product labeling beyond nutrient facts required by the law, to inform consumer of the content of their product, especially in term of alcohol content, sugar and nutrient content. Some food producer takes extra initiative by obtaining food safety certification from accredited bodies like WHO. Technology based companies are inclined to assure consumers of their privacy and data security policy. Others echoed government's policy by contributing in heritage conservation to promote tourism and extend expertise to help groom new market entrant.

Even less CSR campaign (2.5%) is attributed to reinforce leadership, vision and values. A handful of companies take initiative to promote whistleblowing practice, anti-graft, anti-corruption and corporate integrity policy

Unlike western producers, Malaysian companies are less concern with integrity of their supply chain. Only 1.4% of CSR effort is attributed to this area. Efforts include providing training to farmers on controlled use of pesticides, visitation to pilot farms and fair trade of agriculture product.

CSR campaigns that address the need of stakeholders of the company is minimal (0.4%). Only one CSR activity can be related to this category. It concerns adoption of quality safety, health and environment policy. The breakdown is represented in Diagram 2.

#### *Answering Question 1*

The result reviewed that 166 or 58.9% of the CSR campaign does not remedy those harms, leaving only 116 or 41.1% are genuine CSR effort – Diagram 3.

#### *Answering Question 2*

The 188 respondents made a total of 1,033 responses expressing their perception of the CSR activities. 48.7% of the responses believe that corporate entities do not honestly do good for the society. Among the interesting comments made are :

*“Project is only limited to Selangor. It is believed to intend to create brand awareness and is a mere minute one-off activity. The amount spent on welfare programs is also no comparison to the profit made by the company every year. Though issues of human right and exploitation happens at the supplier end, the company does not seem to take any step or precautions to avoid involvement with these immoral, perhaps illegal, phenomenon.”*

*“A whitewashing activity. The main focus is to gain good publicity and reputation. Does not reimburse the harm done to the environment*

*“This is not a proactive initiative. They simply reacted to public and media pressure.”*

*“...CSR activities done to maintain business in a socially acceptable way. It does not encourage decrease in tobacco demand and healthy lifestyle because this will be contradictory to the business.”*

*“...consumption of sweetened drinks affects health. CSR taken by the company is no comparison to the harm caused by the company. It is a blatantly lazy attempt to cover up their harm.”*

10.26% of the responses, however, adopt a tolerant behavior and assert that though the CSR effort did not completely eradicate pollutions, but they did reduce the impact. 11.5% of the responses hold a more stringent scrutiny of corporate effort. They demand not only relevancy but also sufficiency. For instance, Company–



102, a cross border oil palm planter and logger, committed deforestation that threatened endangered species. On the other hand, the company preserved 120,000 hectares of forest for animal conservation. 46.7% disapproved the effort. 53.3% opined that the effort is not commensurate with the scale of deforestation committed by the company. Only 29.5% of the responses perceived the companies' effort positively. Some respondent accept that:

*"the industry is generically polluting"*

others agree that :

*"they have tried their best"*.

One commented that :

*"Clearing forest to make way for development is unavoidable. Urbanism is an irreversible trend. Deforestation occurs everywhere in the world."*

Yet another adopt a more liberal view that :

*"It is common and nothing wrong with casino business as it is profitable. The social problems are not caused by the casino, but the individual themselves. The CSR programs are visible and beneficial to the communities in need"*.

Overall, respondents' perceptions are summarized in Diagram 4.

## 5.0 Conclusion

Results revealed that more than half of the CSR activities are considered hypocrite. Having considered the enormous amount of expenditure that is poured into CSR, this finding is alarming, perhaps unwelcomed. If CSR effort does not necessarily lift corporate reputation – what then, is the true agenda behind CSR ? The author speculates tax incentives.

In the Malaysia circumstances, tax incentives give businesses the impetus to provide CSR and to invest in environmental conservation. Taxation is an effective instrument used by governments to promote some desired behavior. In Malaysia, environmental issue becomes one of its major concerns since the 90s. First, due to the Government's entrance into the Langkawi Declaration on Environment in 1989, as part of the Commonwealth nation, followed by the increasing pressure from issues of environmental degradation, such as the collapse of the Highland Tower in 1993 that killed 48 victims, as a result of excessive land clearing for construction. Concrete effort comes in the 8<sup>th</sup> Malaysia Plan that span 5 years starting from 2001. The highlight was tax incentive for private companies that use renewable energy, undertakes forest plantation projects or adopt energy conservation measures. These companies will receive Pioneer Status with 10 years tax 100% tax exemption on their statutory income. Alternatively, they receive Investment Tax Allowance of 100% on the qualifying capital expenditure incurred within 5 years, which can be offset against 100% of the statutory income for each year of assessment (Economic Planning Unit, 2014). 100% tax exemption is also given to companies that obtain the Green Building Index.

Sec.34(6), Sec.44 and Schedule 2 of the Income Tax Act 1967 provides an array of incentive to encourage CSR. Unlike incentives allowed under economic plan, provision under the Act is not periodic but a permanent form of encouragement. Companies may claim tax deduction for, among others, monetary contribution to approved sport bodies, to provide facilities to disabled or to healthcare facilities (including contribution of medical equipment). Sec.34(6)(h) allows deduction for expenditure incurred to provide services, public amenities and contributions to a charity or community project pertaining to education, health, housing, conservation or preservation of environment, enhancement of income of the poor, infrastructure, and information and communication technology approved by the Minister. Cost spent on provision of infrastructure that is available for public use is claimable under Sec.34(6)(ha). The Malaysian

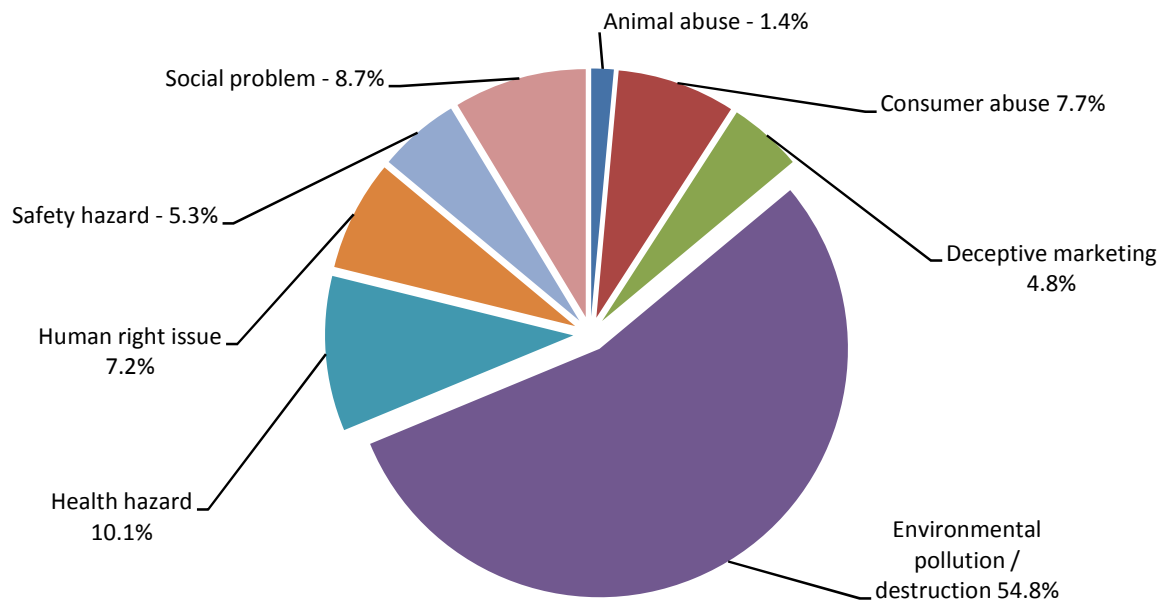
government also concern workers welfare. Employers that provide childcare centre for its employees and scholarship to eligible students may claim tax deduction under Sec.34 too. The list goes on.

Perhaps these tax reliefs partly explain overwhelming responses to the call for CSR. But technology advancement has almost eliminates information asymmetry. Disguise can only succeed so far. A truly socially responsible company should: (Corporate Watch, 2006a)

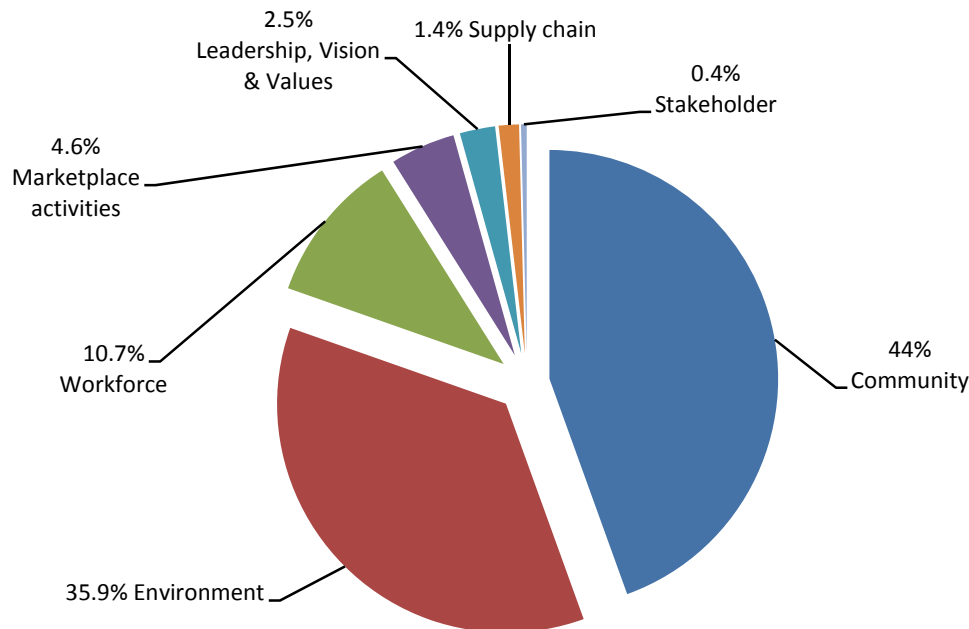
- Address climate change problem by reducing greenhouse gases emission through reduction in energy consumption, use renewable energy and cut reliance on nonrenewable resources
- Cease dealing in products which are intrinsically harmful such as tobacco, weapon, logging or fast food.
- Not encourage anthropocentric value through misleading advertisements
- Internalize costs spent on providing welfare, rather than transferring it to consumers.
- Pay taxes in full. Though tax avoidance arrangement is not illegal in many countries, in fact CEOs are merely performs their fiduciary duty to shareholders, it is nevertheless eat into social welfare.
- Not lobby for regulation that counter public interest, or support political parties whose agenda is disadvantage to the public.
- Honour humanity. Respect workers right and allow workers collective bargaining
- Restrict growth. Contrary to business logic, it is only ethical that companies restrict growth to avoid irresponsible exploitation of resources.

The limitation to this survey is that respondents are informed. Information on both harms inflicted and CSR activities initiated by the company is supplied to respondents for evaluation. Results may vary is respondent only have one sided information. This highlighted the important role played by mass media to expose, not only irregularities committed by businesses, but also to applause good behavior. Non-independent media is a threat to the society. Likewise, an ignorant media operator failed its corporate social responsibility.

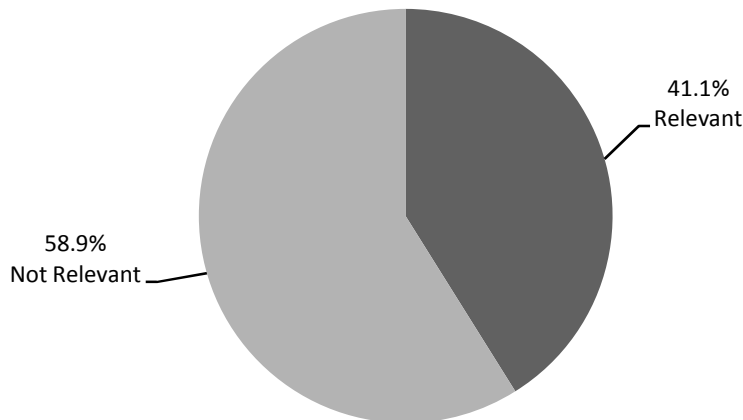
**Diagram 1**



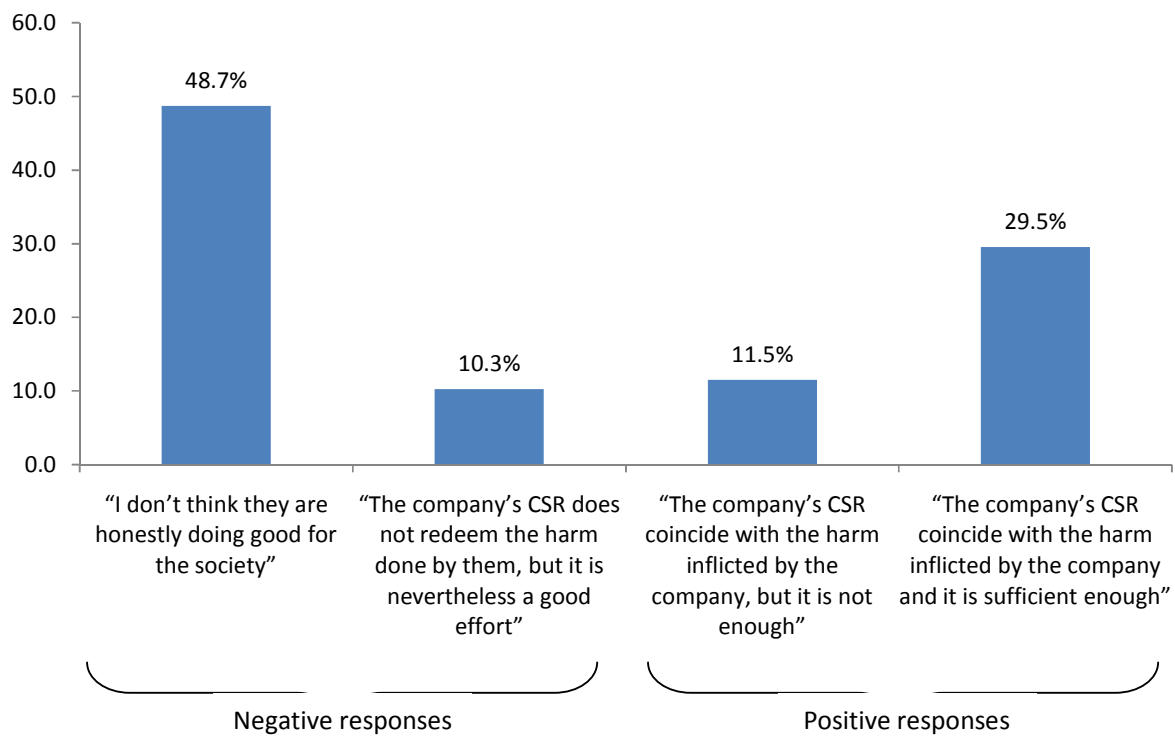
**Diagram 2**



**Diagram 3**



**Diagram 4**



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