



Contribution of Public Relations (PR) to Corporate Social Responsibility (CSR): A Review on Malaysia Perspective

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Abstract

The main objectives of this study are to review on current public relations (PR) contributions to corporate social responsibility (CSR) programs, and also to review the current CSR activities applied in Malaysia. Numbers of research have been done on PR and CSR (examples Freeman, 1984; Grunig and Hunt, 1984; Hooghiemstra, 2000; Cutlip et. al, 2006; Golob and Barlett, 2007; Harrison, 2007; and Argenti, 2007), and also impacts on the business (examples Cannon, 1992; Gray et al., 1995; Woodward et. al, 1996; Johnson & Johnson, 2000; Volkswagen AG, 2000; Doane, 2002; Abdul Rashid and Ibrahim, 2002; Van der Laan, 2004; Orlizty et. al, 2004; Kotler and Lee, 2005; Savitz and Weber, 2006; Porter and Kramer, 2006; Golob and Bartlett, 2007; and Janguu et. al, 2007). The objectives of the application of PR and CSR mainly related to “social responsibility of business which is encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point of time” (Carroll, 1979). The concept of PR and CSR are also concern for society, communities, environment, employees and ethics. CSR attracted great attention of the government, public-listed and private companies in Malaysia. This can be seen from various governmental and non-governmental efforts in creating awareness and provide initiatives to public listed and private companies to align their business objectives with CSR concerns (example The Malaysia Institute of Integrity (IIM), The Institute of Corporate Social Responsibility Malaysia (ICRM), Sahabat Alam Malaysia, and Federation of Malaysian Consumers Association and Consumers Association of Penang).

Keywords: Corporate social responsibility, Public relations

1. Introduction

The most cited definition of Public Relations is by Carroll (1979), “social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point of time”. It was a theory that emphasises that other than focus on making profits, business should also concern for society, communities, environment, employees and ethics. World Business Council for Sustainable Development’s (2008) definition for CSR “is 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 society at large”.

CSR theory is very different from traditional business mind set, in fact, it is an opposite of the traditional business mind set of profits maximisation as proposed by Friedman (1973), Nobel Prize winner for Economics in his famous quote “the social responsibility of business is to increase its profits” and argued that, “corporation’s principal purpose is to maximise return to its shareholders, while obeying the laws of the countries within it works” (Golob and Barlett, 2007). Holmes (1976) examined the executives’ perceptions of CSR and how their opinions and the philosophies of their firms concerning social responsibility had changed. CSR has been viewed as the continuing commitment by business to behave ethically and to contribute to economic development while improving the quality of life of the workforce and their families (Abdul Rashid and Ibrahim, 2002).

A review on few companies from number of researches by Abdul Rashid and Ibrahim (2002) shows that some companies committed to the extent of socially responsible activities involved:

- Lord Sieff, the former chairman of Marks & Spencer plc said that business only contributes fully to society if it is efficient, profitable and socially responsible (Cannon, 1992).
- Johnson & Johnson (2000) believes it is a company's responsibility to be fair, honest, trustworthy, and respectful, in dealing with all its constituents.
- Volkswagen AG (2000) adopted the position that it is essential to build both shareholder value and worker value in order to deliver sustainable future growth. Volkswagen defined CSR as the ability of a company to incorporate its responsibility into society to develop solutions for economic and social problems. These positions suggest that CSR is still a major concern among companies worldwide.

2. PR, Stakeholders theory and CSR

Both PR and CSR theories emphasise the importance of business organisations pay attention to their stakeholders or publics, not just their shareholders and profits. This can be observed from various PR literatures.

Cutlip et. al (2006) define PR as a management function that maintains mutually beneficial relationships between organisations and publics. Wilcox et. al. (2006) also stated that PR should foster open, two-way communication where an organisation will change its attitudes and behaviour in the process, not just the target audience's.

One important theory related or contributed to the development of CSR is stakeholder theory. Freeman (1984); and Golob and Barlett (2007) found that there are reciprocal responsibilities between business and society, and with a range of stakeholders. Stakeholder theory, according to Freeman (1984); and Golob and Barlett (2007) also suggests that there is a wide range of groups in the social environment that an organisation can affect, and that these groups have legitimate claims on the organisation due to agency and property theories. These stakeholders are such as local communities, corporate governance, environmental impacts, employees, customers and suppliers, shareholders and government. The central to PR practice is maintaining an excellent communication with its various publics. The public with an "s" is not commonly used by other literatures outside of public relations literature however it is commonly agreed by the PR professionals that it can be understood as "stakeholders" (Harrison, 2007).

PR, Stakeholders theories and CSR therefore are related in many ways:

- They all focus on the relationship between organisations and society (or various publics or stakeholders) (Freeman, 1984)
- Hooghiemstra (2000); and Golob and Bartlett (2007) offered corporate communication as a model for organisation to use CSR reporting as a strategy to legitimise their activities.
- Grunig and Hunt (1984, p.48); and Golob and Barlett (2007) suggested that PR is the practice of social responsibility and that social responsibility has become a major reason for companies to employ communicators.
- Argenti (2007) includes CSR as a part of corporate communication or PR function.

3. Past Research on CSR's Implications for Businesses

- John Elkington, a UK consultant coined the term "Triple Bottom-Line" in 1980 which asked business to look into not just one, but three bottom line namely economy, social and environment as the business objectives (Savitz and Weber, 2006).
- Porter and Kramer (2006) published "The Link between Competitive Advantage and Corporate Social Responsibility" which argued that "license-to-operate" approach is a pragmatic way in balancing business goals and their inputs on CSR. Under this approach, a business will identify issues that that matter to its stakeholder and make decisions about them.
- Kotler and Lee (2005) designed an easy-to-follow model on CSR as a general guide for businesses.
- Van der Laan (2004); Woodward et. al (1996); Doane (2002); and Golob and Bartlett (2007) discovered that CSR reporting comes in three main approaches: mandatory, voluntary and solicited.
- Orlizty et. al (2004) found a correlation between social/ environmental performance and long-run financial returns.
- Previous studies found that a number of companies' characteristics such as size, profitability, leverage, size of audit firm, industry in which the company is identified and country of ownership influence corporate social disclosure practices (Gray et al., 1995; Janggu et. al, 2007):
 - CSR does appear to be related to company size but results are not reliable.
 - There is some evidence to industry effects but studies are not clear.

- CSR does not appear to be related to profitability in the same period but some evidence suggests that it might be related to lag profit.
- Country of ultimate ownership seems to have a significant effect.

4. CSR in Malaysia

In recent years, CSR attracted great attention of the government, public-listed and private companies in Malaysia. This can be seen from various governmental and non-governmental efforts in creating awareness and provide initiatives to public listed and private companies to align their business objectives with CSR concerns.

From the government, there is The Malaysia Institute of Integrity (IIM) established under National Integrity Plan (IIM, 2008) in 2004 to promote the practice of ethical principles, good values and integrity in both the public and private sector and to heed the call for CSR.

There is also The Institute of Corporate Social Responsibility Malaysia (ICRM), a not-for-profit network of corporate, regulatory institutions and an advisory panel comprises of the Securities Commission, Bursa Malaysia Berhad and Khazanah Nasional Berhad, with the commitment to promote the development of socially responsible business practices (ICRM, 2008).

Non-governmental organisations such as “Sahabat Alam Malaysia” (Environment Friends of Malaysia), Federation of Malaysian Consumers Association and Consumers Association of Penang have also raised issues related to CSR such as environmental pollution, health hazards products, product safety and discrimination against the handicapped (Rashid and Ibrahim, 2002).

In term of CSR awards which aim to give recognition to the companies which make an impact in the communities through their active involvement in CSR, there are The Prime Minister’s CSR Awards (2008) and Starbiz, namely ICR Malaysia’s corporate responsibility awards.

In 2005, MIA (Malaysia Institute of Accountants) reported that in Malaysia private and public listed companies had started to focus into the CSR. This shows a growing acceptance of socially responsible business. But somehow the effort is still not enough because only few of the big corporations or international corporations in Malaysia are the ones really involved in CSR projects (MIA, 2005).

Ng (2008) also reported that Malaysia listed corporations are far behind international standards when it comes to implementing CSR practices, with nearly two-thirds of those surveyed ranking between poor and average categories.

A study by Abdul Rashid and Ibrahim (2002) on the attitudes of Malaysian managers and executives towards social responsibility, the extent of socially responsible activities involved, corporate disclosure, and the factors determining the attitudes towards social responsibility shows that than 50% agreement or endorsement of socially responsible activities. 69% believed that involvement by a business in improving its community’s quality of life will also improve long run profitability 65% agreed that socially responsible activities provide a favourable public image. The companies were involved in socially responsible activities will responsive to consumers’ complaints and maintaining product/service quality.

5. Conclusion

There are numbers of CSR researches conducted in Malaysia, but mostly concerning CSR and management, which are related to executives and management attitudes towards CSR (Rashid and Ibrahim, 2002); ownership structure and CSR (Ghazali, 2007); and the current state of CSR among industrial companies in Malaysia (Jangu et. al, 2007). There is not much research concentrate on PR and CSR or PR contributions to CSR.

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