Determinants of Corporate Social Responsibility (CSR) and Intrinsic Job Motivation: A Case of Malaysian Banking Company

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Abstract

This study aimed to examine the relationship between dimensions of corporate social responsibility (CSR) practices and intrinsic job motivation of employees in one of the banking companies in Malaysia. The study utilised CSR framework by Bursa Malaysia with localised CSR best practices dimensions developed by Mohd Hasan (2013). Multistage sampling was employed in this study, whereby simple random sampling and cluster sampling were employed. A survey method was used in this study, whereby questionnaires were distributed to 110 bank staff (managerial and non-managerial), but with 37 valid responses received. A set of self-administered questionnaires was used as the instrument for the data collection. The data was then analysed using Spearman’s rho correlation test through the SPSS version 22.0. Based on the findings, all the dimensions namely; workplace, environment, community, and marketplace have a positive and moderate relationship with internal job motivation. Limitations of the study, implications of the findings, and suggestions for future study are also discussed.

Keywords: dimension of corporate social responsibility, intrinsic job motivation, employees, banking company

Introduction

Over the years, corporate social responsibility (CSR) continues to gain interest among academics and practitioners globally (Wong & Ahmad, 2010; Carroll & Shabana, 2010). According to Tam (2007), corporations today need to consider various interest of affected stakeholders in their business operations. This is because the companies has realised the significance of CSR which lead to increase of organisational credibility (Lin, Chen, Chiu, & Lee, 2011) enhance the organisation’s image and reputation (Tewari, 2011), reduce employee retention (Kim & Park, 2011), and promote client relationship (Matute, Bravo, Pina, 2010; Peloza & Shang, 2011).

In a Malaysian context, the concept of CSR was not new, whereby companies in Malaysia are already aware of the pivotal effects of CSR (Lo & Yap, 2011). For instance, the Malaysian government puts efforts in implementing CSR initiatives among the public listed companies (PLCs) by introducing the CSR framework in year 2006 as a guideline for PLCs to disclosure their reporting, implementation, and priorities. The aim is to have a through CSR initiatives which cut across the four (4) areas: 1) marketplace; 2) workplace; 3) community; and 4) environment (Bursa Malaysia, 2006). However, the studies done by Tee (2008) showed that the social reporting in the Malaysian PLCs was relatively low,
indicating CSR involvement and reporting in Malaysia (Amran et al., 2013). In addition, Ramasamy and Hung (2004) further added that awareness and understanding of CSR in developing country like Malaysia is still at the minimal stage. Thus, this scenario has urged active commitment from all parties in order to achieve sustainable future (Lo & Yap, 2011).

Furthermore, CSR has become a significant issue for banks as the financial challenges, such as economic recession, and turbulent business environment had caused the level of trust of stakeholders towards the financial institution deteriorate (Matute et al., 2010). Hence, banks has started to realise that the triumph of their business not merely focused on the economic aspects such as profitability and growth, but also need to portray as organisations that carried out social good deeds which is required by certain standards and regulations (McWilliams, Siegel, & Wright, 2006). Banking industry is valuable for the CSR study as it has now become a significant industry which play a pivotal role in the nation’s economy. Hence, banks are more likely to susceptible towards reputational damages as compared to other industries (Thompson & Cowton, 2005). Hence, banking industry seems to be most responsive to the CSR impact as it exposes to various stakeholders (Achuam, 2008).

In championing through CSR practices, it is crucial that employees are involved in an organisation’s CSR processes and outcomes because employees play a vital role in boosting organisation’s identity and reputation. This is because the awareness of employees towards CSR will positively affect the sense of self-esteem, pride of the organisations, emotional commitment, perception of the corporate reputation, and job satisfaction on working behaviour (Helm, 2011; Maignan & Ferrell, 2001; Peterson, 2004). Thus, understanding their perceptions or view on organisation’s CSR practices and how it affects their job satisfaction is very crucial in order to promote sense of belonging in an organisation.

In addition, past study has shown that the employees often prefer to work with organisations that are ethical and responsible (Mamic, 2004). This is because employees will identify themselves with the organisation that has strong and favourable reputation (Peterson, 2004). Hence, employees’ perception on the CSR initiatives which function as an organisation values and norms will influence employees’ attitude and behaviour, whereby this will help to attain the organisation’s goals. Thus, the function of CSR as strategies to help the organisation maintain favourable and efficient workforce is a pillar to sustainable reputation (Stancu, Grigore, & Rosca, 2011).

Despite increasing interest towards CSR in banking industry, clear cut CSR measurement guided by existing CSR framework and best practices remain largely unexplored in Malaysia. For instance, Visser, Tolhurst, and Smit (2010) highlighted, that in developing economic workplace issues, ethical and responsible behaviour, and obeying the regulations get less attention. In addition, studies based on employees’ point of views as an internal stakeholder are still scarce and require further study. Hence, this paper aims to fill the gap by investigating the relationship between CSR dimensions and the intrinsic job motivation of employees in one of the Malaysian banking companies listed in the Kuala Lumpur Stock Exchange (KLSE).

**Literature Review**

**Corporate Social Responsibility (CSR)**

Aguinis (2011) defined CSR as “context-specific organisational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance”. According to Coombs and Holladay (2012), CSR is the voluntary actions that a corporation implement as it pursues its mission and fulfils its perceived obligations to stakeholders, including employees, communities, the environment, and society as a whole. Bursa Malaysia (2012 in Darus, Mat Isa, Yusoff, and Arshad, 2015) defines CSR as an “open and transparent business practices that based on the ethical value and respect for the community, employees, environment, and shareholders”.

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CSR is also known as corporate social performance, corporate citizenship, and sustainable business, means operating a business in a socially responsible manner by undertaking ethical practices in workplace, making social investments, protecting environment, and contributing to sustainability, and corporate governance (Kanji & Copra, 2010). Thus, CSR is a company’s obligation to exert a positive impact and minimise its negative impact on society (Wagner, Lutz, & Weitz, 2009). Hence, it can conclude that CSR is corporations’ actions to exert positive influence on various stakeholders based on the triple bottom line, namely economic (financial), social, and environment.

Workplace

Employees who are the strategic asset of organisations play a pivotal role in achieving organisational goals and objectives (Santos, 2011), thus become an asset for corporations. In addition, employees are someway or another, members of a community beyond the affiliated organisation, therefore organisations need to be socially responsible for the issues regarding employees (Bursa Malaysia, 2006). In line with Bursa Malaysia (2006), Malaysian organisations are required to be sensitive towards employees’ religious beliefs and other local values and norms, such as, allowing employees of various race to perform their prayer routine, being sensitive to diverse culture, and values. Thus, practising ethical human aspects of CSR in Malaysia as a multi-cultural country can be significant as it represents harmony of business and society as an entity (Ahmad & Ramayah, 2012). The CSR workplace elements including involvement of employees, workplace diversity, human capital development, human rights, labour rights, health and safety, quality of life, and gender issue.

Environment

Okafor, Hassan, and Hassan (2008) stated that environmental CSR is the synergy effect of corporations towards the balance of nature, whereby the use of resources are based on renewable resources in order to protect the environment from pollution, minimise the use of natural resources, and environmental wastes. Hence, CSR initiatives towards the environment aim at preserving and conserving the ecosystem and biodiversity of life as well as managing the organisation’s operations towards the environment which include climate change, energy consumption (renewable energy, energy efficiency, CO₂ emission), biodiversity and endangered wildlife. Haw (2010) further argued that majority of the Malaysian companies are practising environment CSR by promoting and educating green living to the society.

Community

According to Ismail (2009), in the early development of community development initiatives, organisations doing corporate philanthropy (donation) support the social and cultural aspects of local community, whereby it is the initial concept in which CSR was built on. The idea that giving back to the community through CSR initiatives is supported by Russo and Perrini (2010), in that organisations should comprehend the significance of building and managing good rapport with the community, as it were in line with the Malaysian government policies for nation building (see Abdullah, 2010). The elements in the CSR community include employee volunteerism, education, less advantaged group (underprivileged), graduate employee (internship).

Marketplace

Marketplace dimension indicates the corporation economic area of CSR initiatives and actions (Santos, 2011) which aims at encouraging shareholders, vendors and customers to act according to the sustainable manner across the value chain. For instance, Germanova (2008) investigated CSR practices and corporate governance in Bulgaria and found out that CSR practices that are integrated with the corporate governance values, incorporating social and environmental values in their operations portray
better accountability and transparency towards a wider range of stakeholders. This construct includes introducing green products, stakeholder engagement, ethical procurement, image and reputation formation (branding), and corporate governance.

**CSR in Developing Countries**

The pioneer paper on CSR in Malaysia was conducted by Teoh and Thong (1984) whereby they carried out surveys to 100 PLCs from plantation, mining, manufacturing, and services industries to see the CSR and reporting in developing country like Malaysia. The finding of the research revealed that the social involvement of the companies and the social reporting was not balanced. In addition, the finding also showed that main determinant of CSR for the Malaysian companies were based on the information related to employees and product/services. Based on the discussion above, it can conclude that in 1984, government of Malaysian did not impose regulations towards PLCs’ requirement for social reporting. However, at that particular time, there was number of PLCs that conducted CSR practices, but they were mostly from the large corporations and have strong financial standing.

For instance, Singh, Yahya, Amran, and Nabiha (2009) conducted a study in Public Bank Bhd in Malaysia to look into various aspects of CSR practised by the organisation. The result revealed that the bank has given focus on the corporate philanthropy (charitable donations) to the society and community, preserving the various biodiversity and environment, and encouraging education and arts programmes in the name of nation building. This was in line with Chapple and Moon (2005) study that suggested CSR initiatives in the developing countries mainly focus on philanthropy and community development.

In another current study, Wong and Ahmad (2010) attempt to find out the understanding of CSR activities of multinational corporations (MNCs) by using a case study. The findings of the study revealed that MNCs in Malaysia are trying new modus operandi incorporating the field of CSR in their operations. Furthermore, the results also proved that different operation of home country and foreign country will have different influences on CSR initiatives.

Oeyono, Sammy, and Bampton (2011) conducted a study to see the link between CSR and profitability among the top 50 Indonesian listed companies. The result showed that there is a positive and weak relationship between CSR and profitability. In addition, Chen and Wongsurawat (2011) attempted to see the casual relationship between CSR domain, which are accountability, responsibility, transparency, and competitiveness. The finding indicates that accountability and transparency CSR dimensions are the significant predictors of the competitiveness, which have a significant effect on social responsibility.

Hadfield-Hill (2014) investigated CSR in Indian context by focusing on the banking industry. The findings revealed that four level of CSR engagement; pure profit maximisation, pure philanthropy, corporate social engagement, and sustainable corporate community engagement was exists in the daily operations of the banking companies. Furthermore, she also argued that Western CSR initiatives are influencing executive of the banking companies to have a reactive response toward CSR.

Mohamed, Jamaluddin, and Muhammad Jamil (2014) tried to examine the CSR driver and strategy from the PLCs in Malaysian. The sample of the study were the top management from the PLCs. The findings indicated that the compliance with certified legislation and regulatory requirements play an important role for sustainability in PLCs. However, the results revealed that companies often do not have the specific management council or special CSR committee.

**CSR and Employee Motivation**

Skudiene and Auruskevicience (2012) examined the effect of CSR on employee internal motivation. A survey was carried out among 274 employees from organisations in Lithuania. The findings indicate
that internal and external CSR positively correlate with employee internal motivation, however, the external CSR (customer related activities) shown to be a stronger correlation with the internal motivation of employees and business partners CSR activities had a weakest relation towards the employee intrinsic motivation.

Khan, Rizwan, Arshad, and Anwar (2013) conducted a study to see the relationship between employees’ motivation and job satisfaction based on the CSR (Internal & external) and rewards (intrinsic & extrinsic). The respondent of the study were the employees of bank in Bahawalpur. The findings of the study showed that external CSR have a significant impact on employee motivation, whereas internal CSR has insignificant impact on motivation. In addition, extrinsic rewards were non-significant with the employee motivation, but employee motivation was found positively related to job satisfaction.

Furthermore, Malik, Ali, and Ishfaq (2015) attempted to find out the effects of CSR activities and organisational performance based on the banking sector in Pakistan with the present of organisation culture as the moderating factor. The results indicate that there is a positive relationship between awareness of CSR activities and organisational performance (satisfaction and commitment). In addition, organisational culture were found to have positive relationship with the organisational performance in the Pakistan banking industry.

The current study by Agarwal, Yadav, and Acharya (2015) aimed to find out CSR on employee motivation in relation to the industrial/employee relations. Questionnaires were administered to 206 professional workers within organisations that practised CSR initiatives. The results shown that there is a positive relationship between CSR (internal and external) towards the employee internal motivation.

**Conceptual Framework**

Based on the past studies mentioned above, this study therefore hypothesed that:

$H_1$: CSR workplace will be positively related to intrinsic job motivation.

$H_2$: CSR environment will be positively related to intrinsic job motivation.

$H_3$: CSR community will be positively related to intrinsic job motivation.

$H_4$: CSR marketplace will be positively related to intrinsic job motivation.

![Figure 1: Conceptual Framework](image)

**Methodology**

This study applied a quantitative (survey) design, whereby a structured self-administered, anonymous questionnaire had been distributed to the employees (managerial and non-managerial) who currently employed in the bank under study.

A multistage sampling procedure was applied in this study. Researchers use a probability sampling
(simple random) to get the list of the PLCs and then applied cluster sampling to select the departments in the bank and applied non-probability sampling (convenience) method to collect the data among the employees in the selected departments (telemarketing, quality assurance, credit card, finance, and personal loan). According to Bryman (2012), convenience sampling is more prominent and common in organisational studies. The current study was solely focused on managerial and non-managerial staff who are employed in one of the bank branches which located in Selangor state.

The questionnaire comprised of three (3) sections. Section A is demographic section, section B consists of items pertaining to specific dimensions of CSR practices, and section C consists of intrinsic job motivation. Demographic questions in the section A were designed to gather information about respondents such as gender, category of staff, age, race, education level, tenure that the respondents are associated with. Section B is about the specific dimensions of CSR comprising of four CSR dimension based on Bursa Malaysia, which are workplace, environment, community, and marketplace with the best CSR practices that developed by Mohd Hasan (2013), which are items that relevant for Malaysian context. The questions on section B was drawn from a compilation and collated existing best practice international standards in the literature with the Bursa Malaysia CSR framework (Bursa, 2006; Turker, 2009; Lichtenstein, Drumwright, & Braig, 2004; Maignan & Ferell, 2001; Montgomery & Stone, 2009; Mohd Hasan, 2013). Section C is the question on intrinsic job motivation which adapted from the Minnesota Satisfaction Questionnaire, MSQ (Weiss, Dawis, England, & Lofquist, 1967) which comprised of 12 items on the intrinsic job motivation factors.

Survey items for section B were designed as statement measured on five-point Likert-scale, where 1 represent “Strongly Disagree”; 2 represent “Disagree”; 3 indicated “Somewhat Agree”; 4 represent “Agree”; and 5 indicated as “Strongly Agree”. Section C were based on 5 point Likert scale ranging from 1 “Not satisfied”; 2 “Somewhat satisfied”; 3 “Satisfied”; 4 “Very Satisfied; and 5 “Extremely satisfied”.

To test the reliability of the instrument, a pilot test was conducted. Pilot study aimed to test and eliminate some ambiguous and biased items, and further improve the format of the instrument for better understanding and facilitating of the analysis (Sekaran, 2013). 50 set of questionnaires were distributed to the staff of Universiti Putra Malaysia (UPM) in the Faculty of Modern Languages and Communication, however only 33 questionnaires were returned, with an average rate of 66.0%. (See Table 1). Based on the results, all the variables in the current study were reliable (dimensions of CSR practices and intrinsic job motivation) with the Cronbach’s alpha ranging from 0.85 to 0.91. This had aligned with Norusis (2006) whereby the ideal value of Cronbach’s alpha should higher than 0.80. This had shown that the respondents understand and could answer the items as expected. Due to the issue that number of sample are too small, thus it does not meet the requirement to carry the advanced statistical procedures. Hence, the non-parametric analysis namely Spearman’s rho correlations will be used.

<table>
<thead>
<tr>
<th>Construct/ Items</th>
<th>Number of Items</th>
<th>Cronbach’s alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimensions of CSR practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplace</td>
<td>11</td>
<td>0.90</td>
</tr>
<tr>
<td>Environment</td>
<td>7</td>
<td>0.85</td>
</tr>
<tr>
<td>Community</td>
<td>7</td>
<td>0.88</td>
</tr>
<tr>
<td>Marketplace</td>
<td>10</td>
<td>0.91</td>
</tr>
<tr>
<td>Intrinsic job motivation</td>
<td>12</td>
<td>0.91</td>
</tr>
</tbody>
</table>

Result and Discussion

Out of the 110 questionnaires, 98 questionnaires were returned (99% of return rate) however only 48
questionnaires were answered. After filtering the questionnaires, only a total of 37 questionnaires were valid to use which represent the total of 77.1% of the success rate. The number of valid questionnaires is an acceptable number, in view of time constraints and challenges in gaining more respondents from the banking sector. As according to Sekaran (2013), a sample size range from 30 to 500 would be sufficient and acceptable for social sciences studies.

Table 2 illustrates the means, standard deviations, and intercorrelations among the variables. Based on Table 2, it was shown that the correlation matrix among all four dimensions of CSR, workplace ($r=0.636$, $p<0.01$); environment ($r=0.644$, $p<0.01$); community ($r=0.607$, $p<0.01$); and marketplace ($r=0.554$, $p<0.01$) have a positive and moderate relationship with the intrinsic job motivation as a dependent variable at the 0.01 level of significance. Hence, the results are significant in the relationship. Thus, the research hypothesis H$_1$ to H$_4$ is accepted. Thus, when employees perceive CSR dimensions (workplace, environment, community, and marketplace) more positively, employees’ intrinsic job motivation increases. The degree of correlations was highest for environment ($r=0.644$), followed by workplace ($r=0.636$), community ($r=0.607$), and lastly marketplace ($r=0.554$).

Table 2: Means, standard deviations, and intercorrelation between variables using Spearman’s rho (n=37)

<table>
<thead>
<tr>
<th>Variable (CSR dimension)</th>
<th>X</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Workplace</td>
<td>3.47</td>
<td>0.86</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Environment</td>
<td>3.40</td>
<td>0.76</td>
<td>0.556</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Community</td>
<td>3.38</td>
<td>0.81</td>
<td>0.603</td>
<td>0.691</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Marketplace</td>
<td>3.53</td>
<td>0.80</td>
<td>0.503</td>
<td>0.738</td>
<td>0.689</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>5 Intrinsic job motivation</td>
<td>3.39</td>
<td>0.90</td>
<td>0.636</td>
<td>0.644</td>
<td>0.607</td>
<td>0.554</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (1-tailed)**

The results of this study reveal that CSR workplace dimension has a positive and significant effects on internal employee motivation. The findings were coincide with Skudiene and Auruskeviciene (2012) that internal CSR practices focusing on the workplace and employees were strongly related to employee intrinsic work motivation as compared with the external CSR. This is in line with the past studies that CSR initiatives instil a positive influence on the employees’ satisfaction, loyalty, trust, employee morale, and commitment including the employees’ motivation (Heslin & Ochoa, 2008; Greenberg & Baron, 2008).

In addition, the findings of the study showed that employees who perceived CSR environment have a positive and significant relationship with intrinsic job motivation. This is in line with the study by De Roeck and Delobbe (2012) that perceived environmental CSR is positively related to employees’ organisational identification, which is one of the significant antecedent of employees’ outcomes. In the same vein, Madarevi (2012) urged that the implementation of CSR practices will help corporations to be aware of the environmental issues, which have an impact on the survival of the industry in the long run.

The findings of the study also showed that there is a positive and significant relationship between CSR community and internal job motivation. This coincides with the findings of Khan et al. (2013) that external CSR for local communities significantly affect the employee motivation. In another study, Kim, Lee, Lee, and Kim (2010) showed that CSR participation and perceived philanthropic CSR were positively related to employees’ organisational identification. Hence, organisations should enhance societal improvement actions and encourage their employees to participate in the community activities (Papasolomou-Doukakis, Krambia-Karpardis, & Katsioloudes, 2005), as it will be an added value not only to the community, but the organisation as well.

Lastly, the findings of the study indicate that marketplace also has a positive and significant relationship with the intrinsic work motivation. This is in line with Arsoy, Arabacı, Çiftcioğlu (2012)
that there is a positive relationship between CSR and financial performance in the Turkish companies, whereby CSR can enhance organisational reputation and create sustainable competitive advantages in the marketplace (Saeedina & Shafeiha, 2012; Nikolaeva & Bocho, 2011).

Conclusion

According to Peterson (2004), there is a lack of theoretical connection between CSR and organisations’ performance, especially on the issue surrounding employees’ work attitude and behaviour. Thus, this study aims to fulfill those void. In summary, all dimensions of CSR which highlighted by Bursa Malaysia, namely workplace, environment, community, and marketplace has positive and moderate significant relationship with the internal work motivation. The findings of this study provided a new perspectives for the banking company in Malaysian as many past studies focus on the social reporting based on Bursa CSR framework, but not looking on the employees’ outcomes. The findings of this study showed that environment and workplace dimensions are the most prominent determinants that are related to the employees’ internal job motivation. This study suggests that top management of the particularly banking company operating in Malaysia should pay more attention to environmental issues. However, the current study had proved that CSR and environment has the correlation. Thus, a company that invests on improving the environment may benefit from being seen as practising good citizenship, particularly providing a sense of pride in the eyes of its employees. In addition, workplace issues such as human rights, labour rights, health and safety of employees, as well as gender equality that are desired by the employees need to be addressed by the company as it will contribute to work motivation and commitment.

The study contributes to the CSR agenda in financial sector particularly in Malaysia. However, there are several limitations. Firstly, the current study was only limited to explore CSR initiatives from the perspectives of employees from one of the bank company branches in Malaysia. Hence, the future study can look into various industries such as manufacturing, mining, plantation, oil and gas, automotive, services and other industries to focus on further exploring on their CSR programmes and initiatives across other countries. The research may also be extended to the SMEs or some other non-government organisations (NGOs) to gain different perspectives regarding the CSR activities in future.

Another limitation of the current study is the sample size. A total of 110 questionnaires were distributed, however only 37 useable feedbacks received. Although the sample size of the study meets the requirement to perform non-parametric statistical analysis, the sample size might not be able to represent the population. In addition, the sample was limited to the employees that work in one of the bank branches. Hence, future research may require a larger sample size to achieve desired generalisibility in order to perform higher statistical analysis such as multiple regression and Structure Equation Modelling.

To sum up, the link between dimensions of CSR practices with employees’ job satisfaction, employees’ engagement, leadership style, crisis, and reputation management were suggested and future study can integrate these dimensions of CSR with various related disciplines as well as sectors to enhance the knowledge of CSR in Malaysian context.

References


