

# **Corporate Social Responsibility (CSR) Initiatives at Multinational Companies in Malaysia**

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## **ABSTRACT**

Today it is generally accepted that organisations have social responsibilities that extend well beyond what in the past was commonly referred to simply as the “business economic function”. This study sets out to find out the motivation of Shell Malaysia (SM) in practicing their CSR initiatives. Understanding that no metaphor is perfect and that the pyramid of CSR by Archie B Carroll is no exception, the four responsibilities: economic, legal, ethical and philanthropic is intended to portray that the total CSR of SM’s business comprising distinct components that, taken together, constitute the whole. Intensive interview was done within the sphere of SM’s Corporate Affairs (CA) Department directed to the senior management. Motivations that lead to CSR initiatives is the earning of goodwill which help SM optimise its portfolio and maintains its license to operate and grow, enhancement of reputation, retention of good employment talent, investor relations and access to capital, reduction and management of project risk through risk profile and risk management, encouragement of innovation inspired by society’s expectations, reinforcement of customer loyalty, and lastly, the gains of eco-efficiency through societal approval that increases overall business efficiency. The studied organisation practices CSR according to the four responsibilities in Carroll’s pyramid: economic, legal, ethical and philanthropic. In spite, having the ethical and philanthropic layers added only recently, SM’s CSR initiatives seemed to have gone beyond that, practicing strategic engagement into the field, which puts it in the lead compared to many organisations. Hence, imprinting a name for itself to serve as a benchmark or role model for other organisations to follow.

**KEYWORDS: PUBLIC RELATIONS, CORPORATE SOCIAL RESPONSIBILITY, ORGANISATIONAL COMMUNICATION**

## **Introduction**

Embracing Corporate Social Responsibility (CSR) is not the only right thing to do in today’s business sphere - it is the key to the organisation’s competitiveness and survival. It is relevant for business to understand and address CSR because it carries potentially significant implications for the business success.

The term CSR carries a wide variety of interpretations. Confusingly, similar ideas are often described as corporate citizenship, “the ethical corporation” and corporate sustainability. Some consider CSR as corporate philanthropy. But leaders such as Shell and the Co-operative Bank see it as a new strategic framework, which should drive everything they do (Hopkins & Cowe, 2003). CSR may mean different things to different

organisations, not because they do not understand the concept, but because it is organisation-specific. It is a broad, umbrella concept about the role and impact of business in society, but it is most relevant when it connects with an organisation's core business (Ethical Corporation, 2004).

Chung (1987, cited in Grunig, 1992, p. 240) discussed social responsibility as part of a strategic management. "Business firms operate in a society that offers them opportunities to make profits," he explained. "In return, they have the obligation to serve societal needs. This obligation is called "social responsibility". In fact, Hopkins (2004) states that the wider aim of social responsibility is to create higher standards of living, while preserving the profitability of the organisation, for people within and outside the organisation.

Generally the concept of CSR however they differ, say the same thing – business should care about how they affect people and the environment. Organisations of all sizes and sectors are discovering that they function best when they merge their business interest with the interests of customers, employees, suppliers, neighbours, investors, and other groups affected, directly or indirectly, by their organisations' operations (Makeower, 1994, p. 9). Organisations wishing to maintain their positions of power in a pluralistic society, where many diverse groups exist, must accept their societal responsibilities (Kitchen, 2000).

In this study, the concept of CSR is when organisations integrate social and environment concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. CSR means going beyond obligation and thus is by nature voluntary. Likewise, Kotler & Lee (2005) defines CSR as a commitment to improve community well being through discretionary business practices and contributions of corporate resources. The key element "discretionary" used in this definition is referring to voluntary commitment a business

makes in choosing and implementing these practices and making these contributions, either monetary or non monetary. The term "community well-being" in this definition includes human conditions as well as environment issues.

A survey by Association of Chartered Certified Accountants (ACCA) Malaysia found that there had been an increase in the number of organizations reporting on environment and social responsibility initiatives - the establishment of a corporate social norm to do good, and an apparent transition from giving as an obligation to giving as a strategy, compared with the results of a similar study done in 2006. ACCA Malaysia concluded in the report summary that the findings show an increase in awareness towards corporate environmental and social reporting.

As in one of the multinational companies in Malaysia, Shell Malaysia's Sustainable Development (SD) Report is a representation of the organisation's public commitment to contribute to sustainable development and the recognition of the need to respond openly and transparently to the expectations of their social and environmental behaviour. For the record, Shell Malaysia SD Report 2004 has won the Malaysian ACCA Best Environmental Report Award for three consecutive years. Nevertheless, it is recognised that other forms of corporate communication, such as advertisements, corporate brochures, press releases and (increasingly) company website pages, CD Roms and videos can form an important part of a CSR strategy (Zeghal and Ahmed, 1990, cited in Unerman, 1999, p. 672).

Shell Malaysia (SM), the organisation which will be used as a case study in this study, is an integrated energy company engaging in three main business sectors: Exploration and Production (EP), Oil Products (OP), and Gas and Power (GP). The company has invested over RM70 billion in Malaysia over the last four decades and is today, the country 's largest foreign direct

investor (FDI). Shell has invested RM2 billion annually from 2003 – 2007. There has always been a tension between the need for businesses to make profits and the needs of society but SM Chairman, Jon Chadwick commented in the Shell Malaysia Sustainable Development Report 2003, that being involved in such a large business, the success of the organisation is intimately linked to the welfare of society.

Shell spends over RM10 million each year on an equally important investment in fulfilling the social obligation in which Shell Malaysia refers to as Social Investment, that have benefited various special categories of society including the youth, the disabled and the disadvantaged. Contributing positively to the goals of society through social investments has become a major focus in the organisation's efforts to demonstrate their commitment to the society in which they operate in which also adds social value in ways that will impact positively on their business. (Shell Malaysia Sustainable Development Report 2004, 2004, p. 24). This is an annual contribution to meet the reasonable and expectations wider aspirations of society, beyond the direct benefits of their commercial operations (Case Study - Shell Malaysia, 2005). Very often their social investment programmes are run in partnership with other private, voluntary and community-sector organisations based on shared objectives, common approaches and complementary resources.

SM's business activities generate wealth for the government through taxes, dividends to shareholders, efficient and high quality products to their customers and the direct and indirect employment of Malaysians – the latter being one of the biggest social contributions in itself. Today, growing number of companies, like Shell are finding that business success is inextricably linked to creating healthy and fulfilment workplaces that recognise the value and dignity of individual employees, promote cultural diversity, foster worker empowerment, and acknowledge family priorities through a

variety of policies and practices (Makeower, 1994, p.10).

The vision underlying the powerful message expressed by SM – Business would be no longer be achieved by doing 'business as usual' - was that the pursuit of profits had to be tempered by care for the environment and concern for people, both now and in the future. This meant that if Shell, or indeed any company, wanted to stay in business, prosper and grow in the future, it had to find effective ways to incorporate the principles of sustainable development into its business practices – not as an option but as a necessity to survive. Hence, integrating the economic, environmental and social aspects of its business in order to achieve a long term position as a top performer in energy.

CSR is by no means a major subject of concern and action for all but unfortunately the smallest or least aware of organisations. Today it is generally accepted that organisations have social responsibilities that extend well beyond what in the past was commonly referred to simply as the "business economic function." In earlier times, organisations had only to concern themselves with the economic results of their decisions. Today the legal, ethical, moral, and social impact and repercussions of each of their decisions has to be considered and weighed (Anderson, 1989).

This study will be framed by a pyramid of CSR by Archie B Carroll, touching on economic, legal, ethical and philanthropic matters. No metaphor is perfect, and this CSR pyramid is no exception. It is intended to portray that the total CSR of business comprises distinct components that, taken together, constitute the whole. The following research questions will be addressed:

RQ1: How does corporate social responsibility positively impact Shell Malaysia's business?

RQ2: Does Shell Malaysia's corporate social responsibility initiatives match up to the four kinds of social responsibilities, as

depicted by Archie B. Carroll that constitute to the total corporate social responsibility: economic, legal, ethical and philanthropic?

**Figure 1: The Pyramid of Corporate Social Responsibility**



Source: Carroll (1996)

R Q1 is a cause and effect research to understand the motivation by SM seeing the continuity of CSR activities aggressively practiced by them. Gary Hirshberg, President of Stonyfield Farm says that, “A responsible company must regularly ask better and tougher questions about the impact of all its operations on the bottom line, its employees, communities, and the environment (Makeower, 1994, p.21).

RQ2 on the other hand is a comparison research question in accordance to Archie B Carroll’s model. Carroll (1979) argued in his landmark contribution that organisations have economic, legal, ethical and philanthropic responsibilities. These four categories or components of CSR are depicted as a pyramid, as shown above. All of these kinds of responsibilities have existed to some extent, but it has only been in recent years that ethical and philanthropic functions take a significant place and deserves closer

consideration. Hence, the emphasis is on those functions in this study.

## Analysis

In explorative research of this kind, this study uses analysing tactics for generating meaning (Miles and Huberman, 1984). However, before delving into answering the research questions set out earlier in this study, the author sees a needs to understand the corporate perspective of SM in it’s CSR initiatives. This will aid the author to recognize the motivation (RQ1) and responsibilities (RQ2) of the organisation in the field of CSR. All this are done through examining the data collected from the interview carried out with the two senior managers of SM Corporate Affair (CA) department.

The analysis of the interview data showed that SM’s CSR initiatives in Malaysia started as far back as 117 years ago in Miri, Sarawak. Oil and gas development can, and should, be a positive force in generating the hard currency revenue that governments need to help reach national development goals. But benefits go beyond that. While working in country, organisations invest in and develop infrastructure that serve the community.

Interviewee B took the author back to the history of the growth of Miri, whereby much of its current infrastructure is owed to Shell who provided it since its beginnings e.g. roads, hospitals, clubhouses, employment and a host of other community support. Interviewee A imparts that in Sarawak, SM has done so many things with the locals, which started off in Miri, compared to West Malaysia. There is much more attempt there as most of their operations are in East Malaysia.

## CSR to SM

According to Interviewee B, in the context of Shell’s Reputation Management framework, CSR represents the behaviour of the company to influence positive perception of Shell as a responsible corporate citizen.

Through CSR, Shell plays its role in contributing (giving back) to the wellbeing of the country or the environment it works in. It is one of the many ways by which the company earns its right to grow and operate. In short, CSR gives SM a “license to operate”.

CSR to Shell is not merely seeking comfortable existence with its environment but playing an active role in harmonious co-existence, where the community is accepting of them. Through CSR, people realise they cannot do without energy. Consequently, Shell is not solely here to carry out the business for human needs but at the same time is here to delicately manage the environment the business is in. E.g. in Miri, no matter what project SM is doing, there are measures taken to maintain the environment/ greenery.

SM’s CSR programmes must however, not breach the sponsorship & donation policy, be strictly aligned to SD principles and not breach the Shell Guidelines & Business Principles (SGBP).

Interviewee A expresses that there is a natural sense to want to do good. For Shell however, there are certain standards to meet when doing something and not a matter of just giving away freely. In other words, SM is very focused apart from addressing the business objective. Interviewee A uses the metaphor of “Santa Claus” to describe the phenomena. Being philanthropic is being “Santa Claus” – where one does good to feel good and not meeting any objective. At the end of the day, there are processes and justifications to make for the money that is spent. Ultimately, everything is for a good cause but before committing to a project there is a need to be sure of the business objective to be met. Hence, the construction of memorandum of understanding (MOU), a milestone to be achieved and certain amount to be released only upon the reaching of certain milestones. This is to ensure the project does not fail. This is all agreed upfront before SM agrees to the project.

SM’s CSR initiatives today are long-term in nature, striving to bring long term benefits to society. In most cases, the SD elements that are built into the initiatives ensure that they are sustainable. With issues such as Nigeria and the Brent Spar hitting the organisation hard on the reputation front, a serious re-look at CSR (and Shell’s Reputation Management framework) was undertaken. On CSR, it was felt that aligning them to the principles of SD seems to make sense and further understanding of this principles convinced Shell that SD is the way to doing business in the future.

Some examples of SM’s CSR initiatives were given by Interviewee A such as in the matter of health, are HIV/ AIDS and cancer for this year. Shell Traffic Games (STG) is focused under the general umbrella of community project, as well as road safety programmes. In environment, there is the conservation of the real forest i.e. Maliau Basin and Danum Valley and of course the Nature Education Centre (NEC). It is important for visibility and to be accounted for their initiatives. The Shell name has always been there and people can see that SM has seen through certain projects.

It is interesting to note that the budget for CSR is seen as a strategic investment and not tied to their earnings or profits and may range from year to year. Nonetheless, a healthy yearly CSR budget is planned each year as an integral part of their business activities adequate space for adjustments is provided as and when the need arise. SM’s different businesses – EP, OP, and GP, pull the funds together where each business commits to a certain sum, as indicated by Interviewee A.

### **On a volunteer basis**

SM leads the way by adopting a more strategic approach by choosing issues that support their corporate values, being more sensitive to the environment and the communities in which they operate on a voluntary basis. No one says to Shell that they

have to do CSR but the degree that Shell has put upon itself is that it is a must to volunteer in anywhere it operates. To interviewee B, CSR is done on a voluntary basis as organisations need not be reminded or forced into doing CSR. “Voluntary” in a defined context i.e. in the context of realistic expectations of host countries and communities.

Shell believes in the principles of SD, the sensible way forward for organisations to co-exist with communities in a progressive way, mutually benefiting each other in more ways than one. Profits should not be the only consideration. In Shell, it includes planet and people. Besides, whenever an organisation set up shop in any given location, its presence will immediately affect the socio-economic profile of the environment where it operates, just as explained earlier on. While there are positive outcomes of these, the negatives should also be for the organisation to consider managing.

### **Measuring SM's CSR initiatives**

Though there is no single methodological framework in existence that has achieved widespread agreement to measure CSR, SM does it through its Key Performance Indicators (KPI). This is to assess the impact of such initiatives.

Quantitatively, SM can measure the number of children given scholarships and the amount that SM has spent. SM can also track the number of locals employed or the number/amount of contracts awarded. The value of money spent on sponsorships and donations can also be shown. In 2000, SM invested considerably in education for people outside the organization that includes an annual scholarship and merit prize budget in excess of RM6 million.

While these are easy to achieve, the question remains whether these are quality contributions that brings positive difference to lives of people or enhances the economy of the country or preserve the environment. Hence, there is a need to measure CSR from

the qualitative aspect and this is not easy. Amongst others, the quality and effectiveness of governance put in place to manage such contributions is also considered, quality of engagements with stakeholders, impact of their contributions i.e. track how much of our scholarship contributions has resulted in creation of a more educated community.

### **Positive impact of CSR**

Social Performance (SP) to SM is defined as “all the different ways that the operations, both directly & indirectly, contribute positively or negatively to the communities & societies where the business operates”. Adopting a SP approach to the operations enables the studied organisation to have a more holistic view of its presence and understand the issues surrounding its operations. Hence, giving it a good idea of the gaps that exist between the organisation and societal expectations. This helps in the design of CSR activities (to close the gaps). CSR activities are means to close these gaps and at the same time offer progressive ways (new options) to further improve on the positives.

Interviewee B explains that through CSR, SM develops a reputation for something, filling the “white space” with a particular marking that people identify SM with. This reputation supports SM's brand hence enhances sales and profitability. When people see that SM is associated with certain causes and drives, it gives SM that name. CSR is taken seriously as the organisation's reputation is at stake, stressed Interviewee B. The business will suffer if SM does not score well on the reputation front. Reputation is built around intangibles such as trust, reliability, quality, consistency, credibility, relationships and transparency and intangibles such as investment in people, diversity and the environment.

A negative reputation does not earn SM the right to grow or operate. Where there is acceptance of SM's presence, it is giving SM a chance to grow the business. In

Interviewee A's own words, SM earns goodwill which helps SM optimise its portfolio and maintains its license to operate in anywhere they set up to operate and grow. Before the business is carried out, it is important the community around the accepts the business. And accepting is an on going basis so long as the business exist as the business always exist together with them. CSR demonstrates the conscience and the behaviour of companies. It gives the business the opportunity to live the ethical agenda of community.

Interviewee A states that apart from reputation, stakeholder engagement is a critical mechanism for achieving business objectives and maintaining the license to operate. The definition of stakeholders does not only submit to those with monetary stakes. Nevertheless, it is important to create a healthy relation with those who have or in future would like to have monetary stakes in the business. With the power of consumers voting with their wallet, CSR only helps reinforce customer loyalty.

Stakeholders could be anyone e.g. consumers, suppliers, professional associations, financial institutions, mass media, community, government, local council, NGOs, and even the staff. CSR is an important factor for employee motivation and in attracting and retaining top quality employees. Innovation, creativity, intellectual capital and learning are helped by a positive CSR strategy.

Given that 80% of the value of many new economy companies is now their intellectual capital, its preservation through the positive treatment of internal stakeholders is becoming more and more necessary. The whole SM's presence is important to everyone. SP also is built around the principles of engagement and this means active consultation to ensure inclusiveness.

In the long run, an SP approach ensures that all mitigating measures are put in place so that issues do not disrupt the organisations' profitable operations and

ensuring that it can continue to give back. It also ensures that dialogue and regular engagements with communities exist because the business can only exist if the community accepts SM. Better risk management can be achieved by in-depth analysis of relations with external stakeholders. Factors such as new technologies and changing societal, regulatory and market expectations are driving companies to adopt a broader perspective when analysing the range of risks that they may encounter. Given the increase in cross-border litigation, boards have to consider the risk management standards of business partners, and even suppliers.

Amongst other things, Brent Spar and incidents in Nigeria taught SM to do more listening and understanding. Also there is realization that the petroleum industry, deemed as the "sinners" can also play their part as saviours – joining hands with concerned parties to ensure a balance between meeting the energy needs of the world and conserving the planet for future generations. Eco-efficiency gains societal approval and increases overall business efficiency.

There is a wider impact as society expectations grow of CSR. The heightened public debate on the benefits and shortcomings of globalisation as well as the perceived role of business leads to the mentioned impact. Therefore, this encourages innovation inspired by community's expectation. The principles of SD makes more sense in today's operating environment amidst a global community that is more demanding, critical and concerned about the planet as well as having a say in its well-being.

#### **Four responsibilities of Carroll's pyramid**

Again striking the balance between profitability and care for people and the planet becomes key. In all of these, Shell strives to do more than is normally expected. Expectations are never the same anywhere hence standards become an acceptable benchmark. On safety for instance, SM always exceed what is normally accepted and

compare themselves with the most stringent requirements of the law. In Malaysia, the wastewater discharge level exceeds local acceptable levels. For CSR, lessons learned from around the globe are internalized and settle for one that will have minimal downsides but more upsides. The SP framework is used to address issues of particular locality as well as to design our CSR programmes. Law does not require these but SM practices them nevertheless.

The interviewees acknowledged that it is difficult to make a distinct link between CSR and the bottom line, as it is impossible to measure and be certain that the amount of money invested will see the same amount of returns. SM is a business entity and when SM can operate more profitably, SM can perform their social obligations more effectively. In short, more profits, more benefits. Many consumers will patronise an organisation if it has a good reputation, even though it may not have the lowest prices available. One thing for sure is that when an organisation with a good reputation is known to represent a good cause, it will for certain exist longer and more profitably.

There should not be any conflict between profits and principles, as they exist hand in hand. Too much of either one is not a balance hence, the challenge is in seeking the right balance for peaceful and profitable co-existence. Despite having said that social mission and bottom line is linked, the studied organisation does not do something without thinking of the bottom line. Interviewee A gave an illustration whereby SM will not be seen supporting the futsal team since it has nothing to do with the business. However, if there is a real need e.g. somewhere SM is going to set up and there were issues in the particular committee and so happens that the younger generation, potential workforce to SM, there has a liking for futsal. SM will not want to risk losing these great potentials to e.g. drugs. Perhaps then, SM will consider supporting futsal. So, at the end of the day it all relates back to the business, satisfying the

bottom level of the pyramid of CSR – economic responsibilities.

In Shell, CSR is more and more considered as a strategic business investment either to achieve goodwill, mitigate negative impacts of issue, to address societal issue and in some cases, as required by law. Government offers tax incentives and SM take advantage of this offer not because it brings them fat cheques but because they are incentives to be maximized, as the motivation of practicing CSR was discussed earlier.

Most communication between an organisation and government agencies fall into two classes: taxation and regulation. The communication function related to taxation consists of filing tax returns and reports, explaining these items, and defending the action taken. The communication function relating to regulation consists of preparing and submitting various forms and reports to show that an organisation is in compliance with various regulations and to defend the accuracy and appropriateness of those reports i.e. SD report. At first glance, this kind of communication may seem prescribed and, thus, needs only to be completely correct. To a large extent, this is true. However, many government agencies are part of the community with which an organisation must communicate.

The public makes up a portion of the community that holds, among other things, an image of an organisation and, thus, can affect the success of the organisation. The public makes up the voting public, whether directly or indirectly; making any laws that may affect an organisation. Local ordinances and the local tax structure are important to the success of an organisation. The public at large controls laws and structures ultimately and they can favour an organisation or they can hinder its operations and hinder its operations and expansion.

CSR initiatives are those normally associated with soft issues like expectations and outrage factor. “Responsibility” in this context would mean those hard issues like

legislative requirement and standards among the others. When SM embarks on CSR activities, ethics and principles are looked into, those dealing with how we should and expected to behave as a profitable organization. With profit people expect SM to contribute back, and are also expected to help with the economy, with enhancing skills and employability of the community. In short, expectation is to prosper with the company. "Responsibility" in this context, according to Interviewee B, would encompass adhering to rules and regulations as well as the law of the country. The right and proper HR practices must be put in place. Alongside to that, provide medical care, observe admission and discharge standards, must have sound governance for public accountability. International standards will be used in the absence of local legislations but SM always aims to use the highest standards.

As mentioned above, aligning SM's CSR activities to SD principles is the way to do business today and in the future. It means carrying our CSR to support environmental conservation, enhancing social standards and ensuring economic benefit for both country and company. Ethics, values and principles are the basis for sound governance of SM's business. Ethical responsibilities covers those policies, institutions, decisions, or practices that are either expected (positive duties) or prohibited (negative duties) by members of society, although they are not necessarily codified into law (Carroll, 2001). An organisation that maintains a strong believe in these elements stand to earn greater respect (as well as closer scrutiny) from its shareholders, host countries, partners, the community and the global community. It is the way to do business in the current and coming years.

Ethical duties overcome the limitations of legal duties. The entail being moral, doing what is right, just, and fair, respecting people's moral rights; and avoiding harm or social injury as well as preventing harm caused by other (Smith & Quelch,

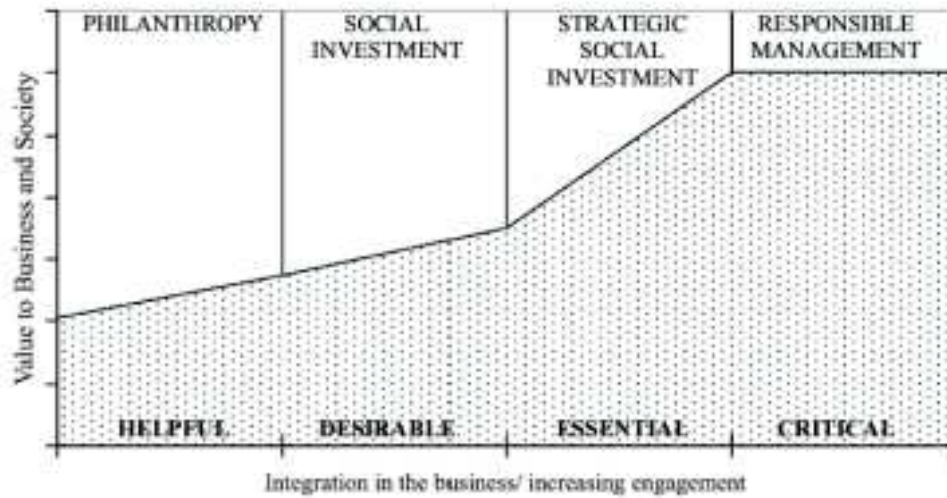
1993). When SM is constantly aware of the necessity of society's approval for their organisation and their activity, SM is less likely to engage in unethical activities.

Carroll's philanthropic responsibility – "giving back" time and money in the forms of voluntary service, voluntary association, and voluntary giving – is where most of the controversy over the legitimacy of CSR lies. Over the past half century, business increasingly has been judged not just by its economic and its moral performance, but also by its social contributions. Interviewee A commented that voluntary is good but SM has evolved so much so it is no more voluntary but part of the definite practice in the business. In other words, it is not the only right thing to be doing but the only thing to be doing.

### **Going beyond philanthropy**

Upon the study, the author discovered that as much as SM had matched up to the pyramid of CSR by Archie B Carroll in its CSR initiatives as discussed earlier, SM has actually moved on beyond philanthropy – the highest state in the pyramid. This is interesting to note, as it is only in recent years that ethical and philanthropic functions has taken a significant place. Yet, CSR in the studied organisation clearly encompassed more than just philanthropy. The opportunities for building a strong corporate profile through a strategic and focused approach to community and environment have already developed. Therefore, the author puts forward another model that denotes the CSR initiatives of SM, which goes beyond philanthropy. Noting that CSR is flesh and blood of SM, the model put forward represents the studied organisation's initiative more accurately. The author takes no credit for the model, as it was created through an insight whilst interviewing interviewee A.

Figure 2 Proposed model for SM's current CSR initiatives



This model portrays SM approach to CSR with different degrees i.e. philanthropy, social investment, strategic social investment and responsible management. Interviewee A explains that over the years, SM started from the philanthropy stage. As the business grow with the society, understanding them better, they proceed to the next stage. In the philanthropy stage, grants and donations unrelated to business objectives or operational impact are allotted. For SM, philanthropy is something anyone can do. It is a feel good factor. The studied organisation is way past this especially since it is so established (note how far back SM has gone with their CSR initiatives, dating back to 117 years ago in Miri). Interviewee A commented that Carroll's pyramid of CSR was not strategic.

Noted again, SM goes further than philanthropy. At the next stage is social investment whereby activities, unrelated to a project's direct impact, but related to the operation's overall social, economic and environmental responsibilities and business objectives. In the third stage, activities are linked to operational impacts and concerned with enhancing project related opportunities to local communities and other stakeholders.

Lastly, in the stage of responsible management: routine and ongoing activities enhance national and local benefits as well as avoid and minimize negative impacts related to Shell operations.

Interviewee A gave an illustration on how the last stage is practiced. An example is making a community more sustainable such as going into the jungle. MASKOT is a project where the aboriginal people known to the locals as "Orang Ulu" in the dark forest is encourage to preserve the jungle. At the same time SM is aware that these people need to develop. So what SM does is give them the money to preserve the environment whilst opening up their natural home for eco-tourism, which will provide jobs and other economic opportunities.

The author sees the newly introduced model more functional for SM seeing the great heights SM has gone with their CSR initiatives. What more, it is strategic for the growth of SM and society at large. Carroll's pyramid of CSR may prove to be more valuable for organisations that are starting of with CSR. Even so, the author hopes that the studied organisation will be a benchmark or

role model, creating a cascading effect to other organisations that want to practice CSR.

### **Discussion and Conclusion**

The world has growing expectations of the ways in which businesses operate, particularly within the increasingly broad context of CSR. Behaving in a socially responsible manner is increasingly seen as essential to the long term survival for SM. The obligation of the organisation to use its resources in ways to benefit society, through committed participation as a member of society, taking into society at large, and improving welfare of society at large independently of direct gains of the organisation.

For an organisation to be involved in CSR in some aspects, both within the organisation and outside the organisation, it cannot be denied that the effort will make its products and services more attractive to not only its consumers but stakeholders on a whole, therefore making the company more profitable. No doubt, there will be increased costs to implement CSR, but the benefits are likely to outweigh the costs.

Motivations that lead to CSR initiatives is the earning of goodwill which helps SM optimise its portfolio and maintains its license to operate and grow, enhancement of reputation, retention of good employment talent, investors relations and access to capital, reduction and management of project risk through risk profile and risk management, encouragement of innovation inspired by society's expectations, reinforcement of customer loyalty, and lastly, the gains of ecoefficiency through societal approval that increases overall business efficiency.

Business had a responsibility to give back to the community. That is because the business is allowed to be there in the first place, the business ought to support the community as when you support the community, the community supports you back.

This study attested that SM does indeed match up to the four responsibilities depicted in Carroll's pyramid of CSR: economic, legal, ethical and philanthropic. Despite the fact that the ethical and philanthropic layers were only added in several years ago, the fact that SM's CSR initiatives had gone beyond philanthropic made this study motivating. Another model was introduced and brought in to accurately depict the strategic initiatives of SM, though it must be noted the author takes no credit for the model.

No absolute benchmark exists in the world of CSR understanding the fluidity of the CSR concept for the moment. Obviously, SM led and still is leading the way, becoming role model to other organisations who want to practice CSR but do not know how to go about it.

Fluidity of the concept of CSR requires more extensive research and considerations that has been undertaken so far. As mentioned earlier, CSR seemed to be company specific making it tricky business as without a common language, leading some companies to consider CSR as pure corporate philanthropy, while others such as Shell accepts it as a new corporate strategic framework whilst others dismiss the notion entirely.

While the foundation of CSR is being constructed solidly, the author of this study is optimistic for more research to be done not only the basics of CSR. Rather, determine how CSR can be position strategically into a custom practice to businesses of all nature, bringing CSR into greater heights.

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