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Towards Achieving Global Standards: The Role of Public Relations in Processes and  
Outcomes of Corporate Social Responsibility Initiatives in Malaysia

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## Abstract

The overarching aim of this thesis is to explore the current corporate social responsibility (CSR) performance of Malaysian multinational corporations (MNCs). Specifically, CSR performance is measured against global best-practice standards and the role given to public relations in CSR is investigated. This thesis examines links between CSR and public relations in the context of Malaysian organisations. Research about CSR in Malaysia often focuses on management and accounting perspectives and little attention has been given to connecting public relations theories and concepts with CSR. This study fills that gap by applying public relations theories to help explain CSR practice and standards in Malaysia.

A qualitative mixed-methods approach was employed, within an overall interpretivist framework. An interpretive textual analysis of 45 annual reports and 10 stand-alone sustainability reports from selected Malaysian MNCs was conducted. Eight existing global best-practice guidelines commonly used in developing nations were collated into a single instrument which guided the analysis. Interviews with 11 public relations practitioners from six case-study MNCs with experience of the roles of public relations in CSR in Malaysia provided triangulation of data.

Results suggest CSR reporting by Malaysian MNCs falls short of global standards. Reporting tends to focus most on charitable donations and accountability and less on international certified standards and human rights. The case studies indicate Malaysian public relations practitioners tend to hold technical roles in CSR and lack leadership roles.

The research supports the contingency theory of public relations by suggesting that the current lack of thoroughness in CSR reporting is a consequence of companies accommodating themselves to local laws and requirements. It also suggests a relationship between technical public relations roles and sub-standard reporting. However, the research is complicated by factors such as reputational standing and ownership of companies.

This thesis recommends that future research expands these findings with a quantified evaluation of performance standards and public relations roles on a larger scale. It is also suggested that the best-practice instrument used in this research can provide a single comprehensive guide for CSR managers and future researchers.

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Earning a PhD, for me, is brutally hard. Looking back at my journey, I did not realise I had so much patience and strength to face tremendous obstacles during my stint as a PhD student. Undertaking a PhD programme has validated my belief that to accomplish anything in life is possible if we set our minds to it and never give up.

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## List of Acronyms

Acronym	Full title of acronym	Brief description
AA	AccountAbility	A global organisation helping multinational corporations, nonprofits and governments in developed and developing countries instil ethical practices and accountability in their businesses
ACCA	The Association of Chartered Certified Accountants	Works closely with the Malaysian government and finance organisations. One of the responsibilities ACCA is to report on companies' transparency initiatives as well as recent financial and sustainability development of the country.
AMLA	Anti-Money Laundering Act	A Malaysian law enacted in 2001 which acts as preventive measures against money laundering and terrorist financing.
CERES	Coalition for Environmentally Responsible Economies	A US-based non-profit organisation that has developed voluntary standards for sustainability worldwide.
CIC	Central Industrial Corporation	A publicly listed manufacturing company in Malaysia.
D&O Greentech	Dominant Opto Greentech	A publicly listed company in Malaysia.
EON	Edaran Otomobil Nasional	A governmental-linked company which manufactures Malaysia's first national cars sold worldwide.
EPF	Employees' Provident Fund	A statutory requirement which the government provides to employees on a monthly basis as a way to prepare Malaysian employees for retirement years (myGovernment, 2012).
FDI	Foreign Direct Investment	A concept which opens doors for opportunities for both foreign and locally owned companies to invest overseas focusing on the economic development of a nation.
GEF	Global Environmental Facility	An international organisation that pulls together both non-profit and private sectors to develop and sustain the global environment.
GLC	Governmental-Linked Companies	Companies operating in primary commercial industry with the government having direct control over companies' shares (see Atan, Mohd Razali & Mohamed, 2010).
GRI	Global Reporting Initiatives	A non-profit organisation that developed a globally accepted sustainability framework in which companies can adopt for transparent reporting of economic, environmental and social sustainability.
IIP	Investors in People	An organisation which collaborates with UK-based businesses to create a framework that assists with an organisation's improvement of quality and standard of corporate responsibility performance.
ILO	International Labour Organisation	Created based on an idea to protect labour from social, political and economic instabilities during the First World War.
ISO	International Organisation for Standardisation	An established worldwide source for governance standards at an organisational level.
KLD Index	Kinder, Lydenberg, Domini and Company Index	A socially responsible companies' stocks index.
KLSE	Kuala Lumpur Stock Exchange	Malaysia's main platform for foreign and local investors' stock exchange.

(continued)

List of Acronyms (continued)		
Acronym	Full title of acronym	Brief description
KPMG	Klynveld, Peat, Main and Goerdeler	A Swiss entity, and has established its business in Malaysia since 1928. KPMG provides audit, tax and advisory services.
MCIS	Malaysian Cooperative Insurance Society	A Malaysian company insurance providing financial services to customers. The society is affiliated with European insurance companies.
MERCY	Malaysian Medical Relief Society	A non-profit organisation in Malaysia which provides medical relief and various volunteer work throughout the Malaysian community.
MNC	Multinational corporation	Companies with investments overseas and practise separate goals in businesses abroad. An MNC typically has a strong impact to the economic development, particularly in a developing nation.
MSC	Multimedia super corridor	A hub that allows Malaysia access to the World Wide Web, launched in 1996.
NEP	National Economic Policy	Malaysian government's initiatives to improve national unity with its main objectives are to reduce poverty, improve living standards and restructure society.
NGO	Non-governmental organisation	An organisation with less or no affiliation with the government, and works under a non-profit oriented environment.
OECD	Organisation for Economic Co-operation and Development	An international guideline which covers generic international issues consisting of human rights, labour rights, the environment and anti-corruption.
OHSAS	Occupational Health and Safety Assessment Series	An international standard, developed by US-based Occupational Health and Safety Administration to assist organisations achieve global standards in the safety and health of workers.
PINTAR	Promoting Intelligence, Nurturing Talent and Advocating Responsibility	A government-affiliated foundation which works closely with GLCs and private companies to improve academic and non-academic performances of under privileged children in Malaysia.
SA	Social Accountability	An international standard, developed by Social Accountability International (SAI), a non-governmental organisation aimed at promoting human rights of workers worldwide.
SCGM	Seng Chai Guan and Meng	A publicly listed manufacturer of plastic packaging in Malaysia and abroad.
SIRIM	Standards of Industrial Research Institute of Malaysia	A government affiliated institute for the development of research and technology in Malaysia's private sectors.
SRI	Socially Responsibility Investment	A CSR area which looks at companies' CSR initiatives and sustainability as well as acts as companies' long-term profitability.
UMW	United Motor Works	A global industrial enterprise which specialises in automotive, manufacturing, engineering, as well as oil and gas businesses.
UNDP	United Nations Development Programme	An international organisation which focuses on rebuilding economic-torn nations and assists with sustaining the environment and unity of a given nation.
UN Global Compact	United Nations Global Compact	An international guideline which covers generic international issues consisting of human rights, labour rights, the environment and anti-corruption.

# CHAPTER 1

## Introduction

Vision 2020 for Malaysia sets goals for the country to become a fully industrialised nation with social and economic stability by the year 2020 (see Chio, 2004). The term Vision 2020 was created by the former prime minister of Malaysia, Dr. Mahathir bin Mohamad, during development of the Sixth Malaysia Plan which began in 1991 (*Wawasan 2020*, 2008). The Sixth Malaysia Plan (from 1991 to 1995) is part of Malaysia's continuous five-year cycle of economic and social planning, which began in 1966 (Sambutan Kemerdekaan, 2011). The aim of the First Malaysia Plan (from 1966 to 1970) was to encourage social integration among the people of various states in Malaysia (Sambutan Kemerdekaan, 2011). The Second Malaysia Plan followed suit (from 1971 to 1975), but was also accompanied by creation of the New Economic Policy (NEP), an affirmative action plan which stated aims to reduce poverty, improve living standards and restructure society for national unity (Abdullah, 2010; Economic Planning Unit, 2011) but which has also been criticised as divisive (Jomo, 2004).

Every phase of the Malaysia Plan lasts for five years and is developed with the aim to reach the objectives set in the NEP (and subsequently the National Development Policy, 1991-2000, then the National Vision Policy, 2001-2010). A more recent Malaysia Plan (the Ninth, from 2006 to 2010) aimed to build a balanced and developed economy and society (Sambutan Kemerdekaan, 2011). To date, in line with the 10<sup>th</sup> Malaysia Plan (from 2011 to 2015), the government continues to seek balance between industry, society and the environment as Malaysia gears towards achieving a developed nation by 2020 (Economic Planning Unit, 2010; see also Chio, 2004).

Therefore, the aim of Vision 2020 is to position Malaysia as a developed nation which achieves the dimensions of economic, political, environmental, social and spiritual stability by the year 2020 (*Wawasan 2020*, 2008). One of the ways for the government to achieve a developed nation by 2020 is through foreign direct investment (FDI), which is one of the government's initiatives for a developed economy. The concept of FDI allows foreign companies to invest their businesses in Malaysia as well as encouraging local companies to invest and expand businesses abroad (see Goh, 2011), which opens Malaysia to the world.

On an international scale, Nair (2008) claimed that Malaysia is rated as having the highest income disparity in the Asia Pacific region, "with the income disparity ratio of 11.7% between the richest 20% and poorest 20% of the population in 1999" (p. 2). In the 10<sup>th</sup> Malaysia Plan, the government continues to focus on eliminating income disparities and poverty inequality between rural and city regions (UNDP, 2012).

After an economic crisis in 1997, there was an improvement in poverty, however the socio-economic gap between the rural and city populations continues to be of great concern (see Abdullah, 2008; Salleh, 2009). Poverty, education and health are specific humanitarian issues that require attention in Malaysia (Abdullah, 2008). Zulkifli and Amran (2006) stated that the Malaysian government encourages companies to focus their corporate social responsibility (CSR) initiatives towards assisting with elimination of poverty, conservation of the environment and deforestation, as well as management of ecosystems, health and land resources. (A chronological description of CSR is explained in the literature review chapter.)

The Malaysian government's efforts to promote CSR are "evident in... the Ninth Malaysia Plan, ... [and] the publications for government-linked companies (GLC) transformation" (ACCA & The Edge, 2006, p. 9). GLCs are companies operating in primary commercial industries with the government having direct control over companies' shares and stakes

(see Atan, Mohd Razali & Mohamed, 2010, p. 107). In relation to the government's efforts to promote CSR, one of the key initiatives of the Ninth Malaysia Plan is the collaborative effort between public and private sectors (Economic Planning Unit, 2006). This initiative involves a few key players: a) the central and state governments, which are responsible for the legislative policies governing the country; b) multinational corporations (MNCs) that are defined as companies with investments overseas, dispersed geographical settings and separate goals of business including headquarters and different national subsidiaries (Ghoshal & Bartlett, 1990; see also Perlmutter, 1969); and c) the World Bank, which acts as a financial institution that advocates development of developing nations and protects a nation's health and education, particularly in times of economic turmoil (Stott, 1999). The aim of this public-private collaboration is to eliminate "poverty, promoting sustainable forms of economic development, protecting the environment and respecting the rights of indigenous communities" (Gomez, 2008, p. 1).

MNCs play a crucial role in the public-private sector initiatives in terms of their roles as foreign investors (see Diez & Berger, 2005; Iguchi, 2011). Their contributions to Malaysia's economic development accelerate the growth of research and technological advancement (Iguchi, 2011). For instance, one of the requirements for MNCs to set up business in Malaysia is to hire local employees with knowledge of local values and culture (Pinn, Ching, & Kogid, 2011). Therefore, MNCs have assisted in the growth of the nation in research and technology as well as created job opportunities and income stability for the local community.

The practice of strong FDI in Malaysia has resulted in, "corporations from more than 60 countries investing in over 3,000 companies in Malaysia's manufacturing sector" (Raman, 2008, p. 2). The number of MNCs operating in the country may also be poised to grow, given Malaysia has been identified internationally as an ideal destination for outsourcing business processes (see KPMG, 2009).

However, the concept of an open economy in Malaysia comes with some challenging consequences. Since 1987, a growing number of MNCs have set up factories in Malaysia (Abdullah, 1995), alongside the expansion of businesses among transnational corporations in developing nations. It was during the late 1980s that corporate corruption in the form of monetary contributions to governmental projects was seen as a way to sustain long-term government contracts (Fombrun, 2005). While globalisation and privatisation have resulted in MNCs playing a significant role in contributing to Malaysia's economic development, unethical business practices escalated among large corporations in developing nations (Wu, 2005).

To keep up with the growth of global business, the Malaysian government employed immigrants from neighbouring countries, predominantly Indonesia, to work in factories and plants (Narayanan & Lai, 2005). This practice is a cheap employment option because by hiring immigrants, employers do not need to contribute to the Employees' Provident Fund (EPF) (Narayanan & Lai, 2005), which is a statutory requirement and a mandatory savings plan for employees, provided by employers on a monthly basis as a way to prepare employees for retirement years (myGovernment, 2012). Violations of labour rights particularly soared among foreign workers who were offered a wage that did not meet with the minimum international standards. This low minimum wage standard in Malaysia allows organisations to pay workers as low as MYR400 per month (Raman, 2008), less than the cost of rent on a single-room apartment. Moreover, the manufacturing sector was responsible for up to 29% of Malaysia's toxic and hazardous wastes resulting in significant environmental hazards and pollution (Abdullah, 1995). These humanitarian and environmental issues illuminated CSR awareness and concerns among government and non-governmental organisations (NGOs). A non-government organization is separate from government control, non-profit in its aims, and generally apolitical in what it does and how it advocates for what it does (Willetts, 2002).

According to Atan, Razali and Mohamed (2010) in recent years the role of government in encouraging transparency in CSR is evident. For instance, in the 2007 Prime Minister's budget announcement, corporate social reporting in Malaysia was made "mandatory" (Tee, 2008, p. 13). In 2008, the government announced in the annual budget proposal that publicly listed companies were required to disclose their employment policy with regard to ethnicity and gender. This shows one of the government's initiatives to ensure companies are incorporating a CSR culture in the workplace (Atan et al., 2010). In a more recent CSR initiative, the government has invested MYR100,000,000 to improve CSR standards in Malaysia (Ministry of Finance Malaysia, 2010). This was included in the national 2010 budget (Olsen, 2010; The Star, 2009).

In line with the government's CSR efforts, Bursa Malaysia, which is a mandated regulatory body that carries legal duties to ensure and monitor the integrity of the stock market (Bursa Malaysia, 2011), stipulated all publicly listed companies in the Kuala Lumpur Stock Exchange (KLSE)<sup>1</sup> are to include a CSR section in annual reports (Yam, 2012). Under Bursa Malaysia requirements, Malaysian publicly listed companies need to describe CSR activities in annual reports effective from December 31, 2007 and "if there are none [of CSR activities reported in an annual report], a statement to that effect" is required (World Federation of Exchanges, 2009, p. 22; see also Bursa Malaysia, 2008). Therefore, Malaysian publicly listed companies are strongly encouraged rather than required by law to report CSR because Bursa Malaysia's requirement on CSR reporting is not a legislative act.

Currently, the government sets minimum standards in CSR including the areas of "environmental protection, society, and health and safety" (Zulkifli & Amran, 2006, p. 104). Bursa Malaysia listed four major areas of CSR that publicly listed companies in Malaysia should report, however, CSR reporting in annual reports is not restricted to just

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<sup>1</sup> KLSE is Malaysia's main platform for local and foreign stock exchange.

these four areas (World Federation of Exchanges, 2009). The four recommended areas are: a) marketplace, in which specific policies and actions are clearly stated in relation to corporate governance, CSR management and reporting, stakeholder engagement, procurement policies and product responsibility; b) environment, in which companies clearly state their environmental policy, and their contributions as well as targets to reduce pollution and waste; c) workplace reporting, consisting of health and safety, human development, work-life balance and workplace diversity; and d) community, in which efforts to build relationships with the community are clearly described (World Federation of Exchanges, 2009).

Moreover, when CSR requirements meet the standards outlined by the regulators, Malaysian companies are offered tax exemptions (Bursa Malaysia, 2008). Companies with the best CSR reporting are awarded the National Annual Corporate Awards (NACRA), Malaysia's most esteemed award in acknowledgment of excellence in annual corporate reporting (World Federation of Exchanges, 2009). Therefore, Malaysian companies are given incentives to describe their CSR initiatives. However, even after numerous incentives, while an increase in CSR reporting is apparent, the quality of sustainability reporting or CSR reporting has not improved (ACCA & The Edge, 2006).

There are several studies of CSR reporting and disclosure in Malaysia. For instance, results often indicate that while CSR reporting has improved, motivation to report CSR remains relatively low (Tee, 2008; Thompson & Zakaria, 2004). However, past literature suggested that CSR reporting tends to largely focus on corporate philanthropy with very minimal reports on other CSR areas (Amran, 2006; Amran & Haniffa, 2011; Zulkifli & Amran, 2006). There has yet to be research that focuses on illustrating specific areas that are less frequently reported and areas that are commonly reported, especially in measuring these areas against global best practices in CSR. More specifically, explaining CSR standards from public relations

perspectives is an area yet to be explored in Malaysia. Therefore this thesis investigates Malaysian MNCs' standards of CSR reporting by measuring these standards against a best-practice instrument, particularly looking at how MNCs utilise the role of public relations in CSR.

Explaining CSR reporting and standards from a public relations lens is not only refreshing but a crucial aspect. The growing technological changes such as the internet create an environment where publics are no longer blindly receiving and processing information, but are now questioning their rights as citizens, employees or consumers. This means that a public relations practitioner would hold an important role in an organisation to understand an organisation's issues and its publics that are affected by the company's policies and actions.

Inter-disciplinary research particularly on the topics of CSR and public relations is relatively rare (Ihlen, Bartlett, & May, 2011). This research is timely, given that a more recent trend in Malaysia sees the role of public relations shifting from public information and technical functions to a strategic management function (Idid, 2004). No evidence has been found, to date, that there is research into the implications of this shift for CSR. It is important to explore the many levels of change in the role of public relations in Malaysian organisations. Potentially, this current research may contribute to enhancing the understanding of contemporary international public relations. Researchers in Malaysia have yet to explore the worth of public relations as a role to use for enhancing CSR.

## 1.1 Research aim and scope

Research on CSR in Malaysia is commonly focused within the context of the management, accounting and economic perspectives. For instance, one of the common foci has been on empirical evidence to investigate the motivation of CSR reporting from the management and financial perspectives (Abu Bakar & Ismail, 2011; Amran, 2006; Amran & Susela, 2007). Chapple and Moon (2005) claimed that the level of comprehensiveness in CSR reporting in annual reports is particularly insufficient in Asian countries. In particular, they suggest that the level of comprehensiveness in CSR reporting among Malaysian companies is as low as 25%. Further studies have supported that such lack of CSR reporting exists in Malaysia (Amran, Ling, & Sofri, 2007; Thompson & Zakaria, 2004). However, there has yet to be research in Malaysia which looks at specific areas of CSR that are under-reported and specific areas that are over-reported. This allows comparison of CSR reporting between local and foreign ownership as well as by sectors (a summary describing the research implementation is available at the end of this chapter under the research approach and structure section).

To date, there has been no concrete research in Malaysia that measures CSR performance against global CSR standards. Furthermore, there is no study that looks at the value of CSR within an organisation-public relationship framework (both constructs are developed within the public relations literature, but not the CSR literature). My searching has found no studies that investigate links between CSR and the public relations function in Malaysian organisations and, in fact, found very few studies that make links between the two (historically disparate) bodies of theory (CSR and public relations) in any context. To date, one PhD thesis has been found that looked at corporate social reporting from a public relations perspective in Malaysia. Tee (2008) explored the motivation of

Malaysian organisations in conducting corporate social reporting however did not specifically assess CSR programmes against global standards. Linking the two bodies of theory would provide an important contribution to the body of knowledge in both disciplines.

Therefore, this thesis aims to assess the Malaysian MNCs' CSR initiatives by investigating the MNCs' efforts to report CSR activities in annual reports as well as sustainability reports or CSR reports. It is important to note here that throughout this thesis, sustainability reports and CSR reports will be addressed as 'stand-alone reports' for the purpose of distinguishing an annual report from another report that exclusively targets CSR and sustainability reporting. (How the reporting companies are using the terms 'CSR' and 'sustainability' is addressed below, in the 'terminology' section of this thesis.)

The thesis explores how such programmes compare with international guidelines (which tend to broadly incorporate the humanitarian and environmental issues as noted in the beginning section of this chapter) and, conversely, how well global CSR best-practice guidelines apply to the Malaysian context. The aim of the research is to produce a set of locally specific guidelines for foreign as well as local companies to conduct internationally acceptable yet locally appropriate CSR in Malaysia.

In particular, the research looks at how public relations roles and functions in CSR are utilised. This is important because, internationally, normative theory sees an organisation-public relationship focus (and hence a central role for public relations) as essential to effective and ethical CSR. However, in Malaysia, dominant understandings of public relations are specific to the needs and support for development of the nation and the local practices (Idid, 2004), and, therefore, may vary from international norms. This thesis attempts to explain the current best-practice CSR standards in Malaysian MNCs as documented in their public documents. This study applies public relations perspectives, theories and concepts as the basis of explaining

CSR reporting of MNCs (a full description of the theoretical framework of this study is in chapter two). Specifically, the research attempts to provide explanations to the following research questions:

RQ1: How do MNCs in a range of sectors and ownership in Malaysia currently report their performance, when measured against international and Malaysian CSR standards?

This research question investigates Malaysian MNCs' CSR standards through the practice of CSR reporting in the companies' annual reports as well as sustainability reports and CSR reports (stand-alone reports). The CSR standards identified are discussed according to locally owned and foreign owned MNCs as well as sectors. This question illuminates the understanding of specific CSR areas that are heavily focused on and areas that need improving as well as differences and similarities by ownership and sectors.

RQ2: What types of roles do these companies give to public relations in their CSR in comparison with normative public relations' ideal roles?

This research question aims to unveil a less explored but much needed perspective in Malaysian CSR research, by understanding the role of public relations in CSR. It does this by employing normative public relations theories and concepts to explain the current role given to public relations in CSR.

RQ3: How do public relations practitioners in MNCs explain the reasons for the role public relations plays in contributing to CSR in Malaysia?

Last but not least, this research question assists with explaining the reasons for the role public relations practitioners play in the context of Malaysian MNCs. The aim of this research question is to illuminate knowledge of the roles of public relations in CSR from a practitioner's standpoint in Malaysian MNCs.

## 1.2 A note on terminology

This section will explain some of the terms that are used throughout this thesis. These terms may have raised confusion and therefore are explained in order to enhance clarity and understanding.

### 1.2.1 Corporate social responsibility and sustainability

The use of the terms, CSR and sustainability, is often intersecting and complex. For instance, in defining the term CSR, Matten and Moon (2004) included sustainability as part of the CSR umbrella. Huang and Wang (2013) argued that “[s]ustainability does not have a universal definition (p. 65). Huang and Wang (2013) further concurred that both of these concepts overlap with one another, further blurring the line distinguishing the two terms. Huang and Wang (2013) defined sustainability as “the integration of social and environmental factors into business activities” (p. 65) and argued that the practice of sustainability is a company’s effort to move beyond compliance and required CSR practice. This idea of sustainability (as defined in Western concepts) is still relatively new in Malaysian companies’ business practices. In particular the idea of sustainability in Malaysia is generally not widely understood and practised (Thompson & Zakaria, 2004). It appears that, for those companies examined in this thesis who have produced a ‘sustainability’ or ‘CSR’ report as a stand-alone document, the terms are being used loosely and interchangeably to refer to any efforts by the company to produce ‘balanced reporting’, that is, to go beyond a profit-only reporting model, whether by reporting social or environmental performance or both. As noted above, in Malaysia, Bursa Malaysia (2008) listed four broad requirements in CSR reporting, which were: a) marketplace; b) environment; c) workplace, and; d) community. However, the requirements for sustainability were loosely defined and, in fact, the concept was not emphasised in Bursa Malaysia but was acknowledged as a supplementary document for social reporting in Malaysian organisations (see, Bursa Malaysia, 2008).

This loosely applied terminology differs from the more technical definition of CSR which guides the theoretical framework of this thesis. In a nutshell, the theoretical understanding of the term, CSR, was derived from scholars, mainly from the management school of thought. For example, Carroll (2004) categorised CSR as encompassing four responsibilities in practice, which are: a) philanthropic; b) ethical; c) legal; and d) economic. The concept of CSR in the context of this thesis is drawn from the reviews of the CSR literature. Further debates surrounding the theoretical conceptualization of CSR are elaborated in Chapter Two of this thesis. The use of sustainability as a term in this thesis derives from CSR ideas and concepts but follows the practical application by research participants in being used loosely, particularly to provide a comparative understanding of how far public relations roles are used in CSR. A sustainability management role in CSR, in the context of this thesis, would consist of the role that practitioners in Malaysian organisations would hold if their roles go beyond the scope of corporate philanthropy, technical, crisis and relationship management roles in CSR (see Chapter Four for detailed description of public relations roles in CSR that were found based on themes found from the interviews).

### 1.2.2 Publics

There are many meanings to the term public. In the context of this thesis, the term public derives from the public relations concept which is “a group of people confronted by an issue, divided in their ideas about it and who consequently engage in discussion to resolve the issue” (L'Etang, 2008, p. 103). The term public is associated with a large group of people who share similar issues (L'Etang, 2008). When there is more than one group of people with different types of issues, they are called publics: “the term ‘publics’ also includes internal publics such as employees, management, or shareholders” (Tilley,

2005, p. 2) as well as the local communities affected by a company's actions and policies.

#### 1.2.2.1 Affected publics

Affected publics, in the context of this thesis refer to various groups that are influenced by an organisation's policies, activities and behaviours. Miron, Petcu and Sobolevschi (2011) stated that the concept of affected publics "was built on the idea that companies unfold their activities in areas regulated by the authorities, engaging in complex relationships with a series of co-interested partners, and that the products or services they create are necessary for consumers who are concerned about obtaining them" (p. 165). These affected publics include investors who are interested in investing in the company's equity, the organisation's employees whose lives would be affected if wages and working conditions are altered, as well as suppliers and the local communities outside the organisation (Miron et al., 2011).

#### 1.2.3 Corporate philanthropy

In a general sense, philanthropy commonly refers to charitable donations given anonymously. At an organisational level, research associated with charitable donation is often focused on corporate philanthropy. Carroll (2004) termed corporate philanthropy as an act of citizenship, which is how an organisation demonstrates its awareness towards social issues. Corporate philanthropy is arguably the globally accepted term today (Carroll, 2004). Corporate philanthropy is one of the most traditional forms of CSR (Amran et al., 2007; Mescon & Tilson, 1987). Godfrey and Hatch (2007) argued for strategic philanthropy, which is focused on building "long-term loyalty, legitimacy, trust, or brand equity that reinforce[s] the corporation's other strategic objectives" (p. 88). While the concept of

corporate philanthropy is similar with the general term of philanthropy, the motivations differ and vary, as noted throughout existing literature (Brammer & Millington, 2005).

The central motivation of corporate philanthropy is to allow companies to demonstrate social awareness to the communities surrounding the premise of their business (Brammer & Millington, 2005). These motivations therefore would not be made anonymously as the act of giving at an organisational level is an act of strategic management for the purpose of reputational enhancement and survival. In the context of Malaysia, corporate philanthropy is a key characteristic of CSR in Malaysian companies because the act is linked with cultural and religious behaviours (Zulkifli & Amran, 2006). Often, local communities view corporate philanthropy as a noble behaviour and therefore it is an important aspect for Malaysian corporations. The role of corporate philanthropy in public relations in Malaysia is influenced by initial development of the profession, which was to function as the government's public informant to the people (Idid, 2004). Charity giving in the forms of money and scholarships is aligned with the government's policy (Zulkifli & Amran, 2006). Therefore it is an important role for public relations practitioners in Malaysia.

### 1.3 Research approach and structure

Chapter two is a review of the literature contextualised within the research questions that shaped this thesis. This chapter reviews the development of CSR, acknowledging that a huge chunk of the historical development of CSR available in the literature is largely dominated by American concepts and research. This chapter reviews the two dominant schools of thought within the CSR literature, since the 1950s; one that saw CSR as making business sense and the other which saw CSR as a normative concept that focuses on social responsiveness to publics. The normative CSR concepts are linked with public relations

concepts and development in the literature of public relations. The chapter discusses the gap in CSR literature from a public relations standpoint. Following this, the chapter reviews CSR reporting in a transnational setting and then reviews the Malaysian CSR reporting and standards.

Chapter two ends with a discussion of the global best-practice guidelines that existed in the literature relevant for the context of Malaysia. These global guidelines were collated and collapsed into the best-practice CSR instrument to guide the interpretive textual analysis of public documents selected for this study. The best-practice instrument is categorised by eight macro-categories: a) human rights, b) labour rights, c) environmental stewardship, d) fighting corruption and bribery, e) social reporting, f) financial necessity, g) compliance with certified international standards, and h) community driven. The best-practice instrument is illustrated in a table presented at the end of the section that discusses the global best-practice guidelines employed to develop this thesis' best-practice instrument. Key concepts and theories of public relations employed in this thesis are outlined. In particular, the last section of chapter two discusses the contingency theory of accommodation used to frame the explanation of the roles given to public relations in CSR.

Chapter three presents the methodology and methods employed to conduct this research. The methodological approach of this research uses an interpretive framework utilising Charmaz's (2000, 2006, 2009) interpretivist standpoint. This framework allows for multiple perspectives to be interpreted and a pluralist understanding constructed based on realities created together between the researcher and participants. This is an important approach in order to gain deeper meanings situated in the multi-faceted context of the roles of CSR given to public relations.

A qualitative mixed-methods approach was used, using two qualitative research methods: interpretive textual analysis of

annual reports and stand-alone reports followed by in-depth semi-structured interviews with 11 public relations practitioners from six selected case-study MNCs. The textual analysis of annual reports and stand-alone reports was guided by the best-practice instrument for this study, but utilised an interpretive analysis, drawing upon the researcher's experience and insider knowledge of Malaysian public relations and CSR norms to interpret meaning from the annual report content in terms of whether it appeared to align with the global standards. More detail on this method is provided in Chapter Three. The managerial participants gave informed consent for use of their data as case studies. Descriptions of the six case-study MNCs selected for the interviews are as follows:

### 1.3.1 United Motor Works Toyota

United Motor Works (UMW) Toyota is a joint venture between UMW holdings (a local Malaysian automotive, oil and gas industrial company) and Japan's Toyota automotive company. The company's espoused core values and principles are based on Toyota Japan's values and principles. UMW Group has more than 1200 employees throughout Malaysia (UMW Toyota, n.d.). UMW Toyota has established public relations and corporate communication divisions handling various corporate communication roles. The company's CSR communication initiatives are the responsibility of the public relations practitioners. Practitioners running the CSR and communication aspects are located under the Group Public Affairs and Corporate division (A. Puteh, personal communication, August 31, 2010).

### 1.3.2 Nestlé Malaysia

Nestlé Malaysia began in Malaysia in 1912 and has been growing rapidly since as one of the most prominent manufacturers of food for consumers in Malaysia (Nestlé Malaysia, n.d.). Nestlé Malaysia employs more than 5000 people across its seven factories throughout Malaysia (Nestlé Malaysia, n.d.). One of the most recent achievements in CSR is in the area of good corporate governance in which the company was awarded “the Best CSR Award at the Malaysian corporate governance index 2010 awards” (Nestlé Malaysia, 2010). Nestlé Malaysia’s CSR manager under the Group Corporate Communication division is dedicated to and involved with CSR activities and initiatives (I. Ooi, personal communication, October 26, 2010).

### 1.3.3 Shell Malaysia

Shell Malaysia began operating in Malaysia in 1891 as Marcus, Samuel and Company which fully merged into Royal Dutch Shell Group in 1907 (Shell Malaysia, n.d.). It describes itself as one of the largest and most reputable oil and gas companies in Malaysia with approximately 6600 staff in Malaysia (Shell Malaysia, n.d.). The communication division is responsible for CSR activities and initiatives (S. Rambli, personal communication, August 4, 2010).

### 1.3.4 Telekom Malaysia

Telekom Malaysia (TM) is a telecommunication company that is a local multinational company with companies spread across the Asian region. TM is a GLC with the government holding shares in the company. It is the largest telecommunication organisation and employs over 6500 customer service staff (Telekom Malaysia, n.d.). The company has its

own CSR team which is structured under the group corporate communication (F. Low, personal communication, August 25, 2010). The CSR division manages CSR-related work whereas public relations activities not directly related to CSR are handled by another division under the group corporate communication division as well (F. Low, personal communication, August 25, 2010). The head of the CSR division reports directly to the head of group corporate communication which endorses CSR activities (F. Low, personal communication, August 25, 2010).

### 1.3.5 Honda Malaysia

Honda Malaysia is a Japanese automotive company that began operating in Malaysia in 2000 and in 2003 built a plant which spreads across 80 acres of land (Honda Malaysia, n.d.). From its inception, the company had no public relations department until less than five years ago (M. Low, personal communication, August 18, 2010). Since then, the public relations department has been growing in importance for the company. However, the public relations department is not fully engaged in CSR work in that the marketing division handles most of CSR work in the company (M. Low, personal communication, August 18, 2010).

### 1.3.6 Malaysian Cooperative Insurance Society Zurich

Malaysian Cooperative Insurance Society (MCIS) Zurich is an insurance company providing financial services. It has been in Malaysia for 40 years and employs 450 people (MCIS Zurich, n.d.). Its head office is in Zurich, Switzerland. MCIS Zurich in Malaysia is well established, however the company only started to have a department that handles roles similar to public relations as well as CSR in 2002 (C. Irwan, personal communication, August 19, 2010). This department is called

Corporate Branding and Strategy and consists of three employees responsible for communication and CSR aspects in the company. Although the employees under this department handle CSR for the company, the company has not been engaged fully in CSR initiatives and work (C. Irwan, personal communication, August 19, 2010). MCIS Zurich and Honda Malaysia, compared with other larger MNCs, are relatively small and less established in reputation and acknowledgement in Malaysia.

The results from the two research methods are illustrated in chapter four. Graphs and tables from the textual analysis of annual reports show results categorised by CSR best-practice macro-categories (these are CSR areas according to the existing literature of the global standards in CSR). Each macro-category was analysed further and categorised according to ownership (foreign vs. locally owned MNCs), and sector (service, industrial, trading, consumer products and finance). The final data were the results from the interviews conducted with six managerial participants and five non-managerial participants of the six mentioned case-study MNCs. Participants for the interviews illuminated perceptions about their functions and roles in CSR. Themes found from the interviews were constructed based on the semi-structured interviews including additional information and comments that the participants voluntarily provided that were found relevant in answering this thesis' research aims. Interpretations were checked with the interviewees to enhance validity of the qualitative findings (Maxwell, 1992).

Chapter five is devoted to the discussion of the results which were elaborated based on the three research questions. The discussion revolves around the results found to explain how a range of sectors and ownership of Malaysian MNCs currently perform based on their CSR reporting of corporate public documents. Following that, a discussion of the results of the themes found from the interviews is presented to illuminate an understanding of the types of roles in CSR given to public relations practitioners of Malaysian MNCs and the reasons for such

CSR roles. Last but not least, chapter six concludes the thesis by summarising the results found and outlining the implications and suggestions for future research.

# CHAPTER 2

## Review of the literature

This chapter reviews the concepts and theories that constitute the framework of this thesis, particularly CSR theories and concepts, global best-practice guidelines and the roles of public relations in CSR. Two particular concentrations of the literature examined are: how CSR standards are performed and reported in MNCs globally, and the roles given to public relations staff in CSR.

The main focus of this thesis is to explore Malaysian CSR standards from a public relations perspective, looking at the functions and roles in which public relations is placed in transnational organisations. This theoretical framework is divided into a global level (particularly global best-practice guidelines) and an organisational level (theories and concepts explaining public relations roles and functions).

The overarching theories reviewed are drawn from the concepts and normative theories used to explain the roles and functions given to public relations within CSR activities by transnational organisations. Bodies of literature covered include the contingency theory of accommodation in public relations (Cameron, 1997); roles theory (from systems theory) (Dozier, 1992; Grunig, 1979); and concepts of legitimacy of public relations and organisational reputation, especially in the context of CSR.

In order to discuss global CSR best practices, it is important to first examine the foundation on which CSR was developed. Therefore this chapter begins by discussing the chronological development and research of CSR generally, to point out where understandings of CSR

and public relations have converged and diverged. This is followed by a discussion of the unique nature of public relations in Malaysia, to establish the cultural context within which the research data were gathered.

Following that is the thesis' specific conceptual framework, starting with a section that introduces current and relevant global CSR best-practice guidelines. The global CSR best-practice guidelines section explores the development of global CSR standards and guidelines, as found in the literature. These global best-practice guidelines were used to formulate my best-practice instrument employed to measure CSR standards and performances against MNCs' CSR reported in annual reports and stand-alone sustainability reports. Another section discusses the organisational level of public relations to explain the roles given to public relations within CSR in an international setting, using perspectives from the contingency theory of accommodation in public relations.

## 2.1 Evolution of CSR

Social responsibility is a longstanding practice in business and can be traced to societies as early as the ancient Greek civilisation. Scholars from Western literature have claimed that, before the industrial revolution, the notion of being socially responsible comprised the view that both public affairs and enterprise of a private nature needed to demonstrate genuine honesty and interest for the community (Eberstadt, 1973; Hammond & Hammond, 1925; Heald, 1988; Votaw, 1973). Business leaders since the ancient Greek civilisation to the 1800s understood ethical roles in business as self-evident and not related to profit maximisation.

While the act of contributing to society has been practised among business leaders in different parts of the world, discussion of the

historical and theoretical developments of CSR, for the most part, has been dominated by American literature (Eberstadt, 1973; Hammond & Hammond, 1925). Below, the evolution of CSR is explained, based on a review of the literature describing the developments of theories and concepts in CSR.

Concepts of business ethics made a turning point at the beginning of the industrial revolution. Mass production elevated the desire among companies to emphasise productivity and human power as tools for making profit (Eberstadt, 1973; Hammond & Hammond, 1925; Hay & Gray, 1974; Heald, 1988). During the time before the 1920s, companies were practising what Hay and Gray (1974) termed “profit maximisation management” (p. 135). During this period, corporate leaders’ primary intentions were to increase their companies’ capital and revenue and public relations was used for the purposes of publicity and propaganda (Ewen, 1996; Heald, 1988; L’Etang, 2004; Miller & Dinan, 2008). The notion of moral goodness for society was overshadowed by pursuit of economic wealth and prosperity.

However, the idea of companies wanting to do good for society was never completely absent from the business scene during the industrial revolution. For instance, in the decade between the 1920s and before the Great Depression in the 1930s, the idea of social responsibility took the form of obligations towards stakeholders who contribute to a company’s economic gains (Eberstadt, 1973; Frederick, 1960; Hay & Gray, 1974). Hay and Gray (1974) called this period the trusteeship management phase. Managers viewed the trusteeship management era as a period when a common practice in a company would be to give back to society through monetary sponsorships and scholarships as a way to gain trust, loyalty and, for the most part, publicity.

This period in history also saw the birth of the first publicity office in Boston in the United States, founded in 1904, by George F. Parker

and later led by Ivy Lee, who became one of the most prominent figures in the history of public relations (Cutlip, 1997). The purpose of a publicity agency at the time was to assist corporations by finding ways to impress the public about their goods and services by using the press and media to market their products (Cutlip, 1997; Miller, 2003; Miller & Dinan, 2008).

Western scholars argue that this was the period when public relations was given the role of publicity, leading to the term ‘spin doctors’ (Ewen, 1996; Heald, 1988). The main use of public relations in relation to any acts of social responsibility was to ensure extensive media coverage. Ewen (1996) claimed that the 1920s marked the era when a company’s moral obligations to society had the intention of gaining profit through publicity in the media, and that this occurred at the expense of the public relations profession’s ethical credibility.

While the practice of publicity for the purpose of profit maximisation was common among business leaders in the 1920s, it did not sit well among some public relations specialists. For instance, Heald (1988) argued that while some of the earliest public relations specialists, such as Ivy Lee and Edward Bernays, were aware of this practice they nonetheless argued that public relations only works if seen as a “two-way street” (Heald, 1988, p. 90). While normative best-practice ideas in public relations have long valued organisation-public relationships as a way to sustain reputation (Bernays, 1923; Heald, 1988), the actual practices in public relations have for just as long used publicity as a tool to gain short-term profits (Heald, 1988).

A turning point in business and society’s thinking about CSR occurred during the Great Depression (Carroll, 2008). Community services and corporate philanthropy began to come into practice due to a great demand from the American government and communities (Eberstadt, 1973; Hammond & Hammond, 1925; Heald, 1988). Heald (1988) wrote that during this period, the focus of social responsibility was on tangible contributions through fundraising, to support such

movements as the Young Men's Christian Association (YMCA), as well as donations to universities. Hammond and Hammond (1925) argued that the change in social responsibility in business happened when public outcry led to government regulation of factory laws, the civil service and trade unions. These regulations channeled business leaders into focusing on assisting with America's economic recovery after World War II.

In summary, the idea of giving back to the community in the context of Western civilisation began with motivation to perform genuine moral deeds for their own sake, however, pure intentions to contribute to society soon turned to profit-making intentions. What past literature suggests is that motivations to practise CSR are associated with changes that are happening in society (see Hammond & Hammond, 1925; Heald, 1988). On one hand, when a nation goes through industrial and societal development, CSR practice appears to reveal a publicity oriented side to public relations through the use of promotional tactics and publicists. On the other hand, in times of crisis and hardship, when private enterprise may be under pressure to contribute to the greater good, CSR practice appears to highlight reputation-building aspects of public relations in the form of establishing long-term relationships with society through corporate philanthropy and corporate citizenship.

The following section discusses research perspectives and approaches to CSR in two areas: a) management views of CSR; and b) normative views of CSR that align with normative public relations views.

## 2.2 The development of different research approaches to CSR

Some of the earliest scholarly debates about the social responsibility of business began in the 1950s (Bowen, 1953; Carroll, 2008; Heald, 1988).

However, much of the research in the 1950s has been discursive in nature, comprising two contradicting perspectives. One of these perspectives urged business executives to engage with the community (Bowen, 1953; Heald, 1988), and the other revealed skepticism about the practice of social responsibility in business (Friedman, 1970; Levitt, 1958). For instance, a normative understanding of social responsibility was described by Bowen (1953) who urged American business leaders to focus their attention towards being socially responsible to their communities.

On the contrary, most economists, during the 1950s up until the 1970s, were skeptical about the relevance of CSR in business. For instance, Levitt (1958) and later Friedman (1970) were of a view that the sole obligation of business practices is and should be to benefit a company's investors. McGuire, Sundgren and Schneeweis (1988) claimed that economists often viewed practising CSR as putting their companies at an economic disadvantage. However, the distribution of wealth that benefitted business leaders and shareholders created a wide economic gap, social inequality and corruption (Davis, 1960; Frederick, 1960; Hopkins, 1999). As a result of government intervention and societal pressures, companies realised that meeting only the bottom-line profit imperative was no longer sustainable (see Hammond & Hammond, 1925; Hopkins, 1999), which led management researchers to argue that organisations cannot ignore social obligations.

These two contradicting views, between normative and economic perspectives of CSR, have split subsequent researchers into two apparent schools of thought which emerged from the literature in the early 1970s. One of them aims at empirical approaches attempting to link CSR with profitability, and the other views CSR as a normative concept linked to stakeholder approaches and theories.

### 2.2.1 Making CSR economically viable: A business management perspective

It is important to note here that, while this thesis does not specifically investigate management concepts or the economic motivations for CSR, it is still crucial to review CSR knowledge from these perspectives given that a large number of researchers from business and management orientations have contributed to the development of CSR in research and education (Taneja, Taneja, & Gupta, 2011). A few scholars in management have shown empirical evidence suggesting a possible link between corporate social performance and profitability (Aupperle, Carroll, & Hatfield, 1985; Burke & Logsdon, 1996; Herremans, Akathaporn, & McInnes, 1993; McWilliams & Siegel, 2000; Mitchell, Angle, & Wood, 1997; Orlitzky, Schmidt, & Rynes, 2003; Russo & Fouts, 1997; Waddock & Graves, 1997). However, the quest to prove tangible short-term profit gains from CSR could not be made certain from either an economic or management perspective.

In particular, much research in the 1970s and 1980s attempted to link CSR performance with profitability (Aupperle et al., 1985; Carroll, 1979; Eilbirt & Parket, 1973; Holmes, 1976; McGuire et al., 1988; Ullman, 1985; Wartick & Cochran, 1985). For instance, in an analysis to measure relationships between CSR and financial performance using *Fortune* magazine's rating, McGuire et al. (1988) found that in the context of large reputable organisations, those with low levels of CSR practice will have a higher risk from lawsuits and fines. Despite numerous studies, scholars could not establish any direct causal link with profitability and the broad conclusions from their work suggest that CSR is only effective when companies also invest in managing and sustaining reputation (Orlitzky et al., 2003; Orlitzky, Siegel, & Waldman, 2011). Hence, specific research between the 1970s and 1980s was mainly focused on making CSR economically sound for business.

Moreover, scholars from the marketing discipline, such as Sen and Bhattacharya (2001) claimed that the effectiveness of CSR influences consumers' product purchase intentions, which also suggests intangible relationships with profitability - connections which could not be viewed as having direct physical outcomes, such as short-term profits. The literature surrounding empirical connections between CSR and economic viability is, at best, inconclusive (Quazi & Richardson, 2012). These elusive connections between CSR and long-term profitability suggested the need for research to look at managing reputation and sustainability of business relationships for effective CSR outcomes.

### 2.2.2 Transnational corporations and CSR reporting

Globalisation resulted in many companies moving businesses outside their home country and having transnational status (see Iguchi, 2011). A more recent development in empirical research in global CSR has focused on determining the outcomes of CSR disclosures and reporting. For instance, Gamerschlag, Moller and Verbeeten (2011) found that CSR disclosure by transnational corporations was affected by a company's host-country publics. They elaborated that CSR disclosures by transnational corporations often depend on the characteristics of affected publics in a host country, because local affected publics such as politicians, NGOs, social advocators and other groups tend to influence companies' actions to favour these publics' specific interests.

Apart from local publics as influential forces for a company's CSR actions, size of a company appears to play an influential role in CSR reporting. For instance, some empirical researchers have conclusively shown that the size of a company affects the degree of CSR disclosure, because the image and reputation of a larger company are often exposed to wider publics, and therefore affect the degree of CSR

disclosure (Dai, Jing, Tong, & Chen, 2009; Gamerschlag et al., 2011; Ramasamy, Hung, & Yeung, 2007; Reverte, 2009; Tee, 2008; Zhu & Lan, 2010). Therefore, a company with large financial resources often possesses a higher tendency to be susceptible to reputation damage due to wider publics' interests in a company's actions.

Moreover, Reverte (2009) showed that, apart from size and industry, media exposure played a role in MNCs' corporate social disclosure. Therefore, an important outcome found from CSR literature especially in developing nations is that the more a company is publicly exposed, in general the greater the need for companies to increase their corporate social disclosures (Ahmad & Sulaiman, 2004; Lorenzo-Molo, 2009; Shauki, 2011; Thompson & Zakaria, 2004).

Despite considerable efforts in the scholarly literature to show a reliable relationship between CSR disclosure and corporate reputation (Amran, 2006; Dubbink, Graafland, & van Liedekerke, 2008; Fernando, 2010; Homayoun, Rahman, & Bashiri, 2011; McGuire et al., 1988), research often found that, on a global scale, companies do not perform CSR disclosure thoroughly (see Amran & Haniffa, 2011; Haniffa & Cooke, 2002; Haniffa & Hudaib, 2010; Sotorrio & Sanchez, 2008; Tee, 2008).

The most common finding in the literature suggested that companies tend to report heavily on one area of CSR but not on others. For instance, Sotorrio and Sanchez (2008) conducted a descriptive analysis to compare the differences in the level of social reporting between European and North American companies and found that companies from the two regions would generally report more on environmental, social and economic actions than on areas associated with a company's negative image, which could put a company at risk of reputational loss. Sotorrio and Sanchez's (2008) notion of a company reporting only a selective scope of CSR supported earlier findings by Ullman (1985) that companies had the highest levels of CSR reporting in areas pertaining to "legally mandated matters" (p. 554), in other

words were reporting what they *had* to report, rather than across a range of areas that could serve broader reputation goals.

Other research suggests companies operating in developing countries disclose more in the area of corporate philanthropy (see Brammer & Millington, 2005; Lorenzo-Molo, 2009). One reason behind corporate philanthropic activities as a common focus of CSR in developing nations, is that the government and community often expect larger organisations to disclose information on social and charitable activities to demonstrate their contributions to a country's social development (Amran et al., 2007; Atan et al., 2010; Lorenzo-Molo, 2009; Naser, Al-Husaini, & Al-Kwairi, 2006). Therefore, MNCs in developing nations are expected to disclose their philanthropic contributions to the community as part of a commitment to transparency around their CSR initiatives.

Contrary to the popular notion of CSR as being interconnected with corporate reputation and therefore that these concepts should co-exist (as described earlier in this chapter), a recent working paper showed that high exposure to CSR activities may even be more of a liability than an insurance for a company's reputation (Luo, Meier, & Oberholzer-Gee, 2012). Luo et al. (2012) argued that the best strategy for a company to remain 'safe' from reputational damage is to ensure that the company's CSR records and activities are within the medium range, neither too high nor too low. Similar views have been documented in the literature, for instance Rhee and Haunschild (2006) maintained that, when reputation is damaged, companies with a strong reputation are more likely to fall harder and pay a higher cost than companies with a weak reputation.

Several scholars have extended the literature by attempting to address why CSR may be valuable for transnational companies. One of the key foci of several studies exploring CSR involves the motivation behind a company's CSR disclosure (Ahmad & Sulaiman, 2004; Amran & Haniffa, 2011; Branco & Rodrigues, 2006; Prado-Lorenzo, Gallego-

Alvarez, Garcia-Sanchez, & Rodriguez-Dominguez, 2008; Sotorrio & Sanchez, 2008; Tee, 2008). A majority of the studies came to similar conclusions that social reporting is motivated by incentives and rewards (Ahmad & Sulaiman, 2004; Amran & Haniffa, 2011). What this conclusion means is, for Malaysian companies to be encouraged to practise comprehensive reporting, there will need to be a focus on both government regulations and relevant incentives. These encouragements and incentives are important factors in motivation.

The research literature suggests that, as a result of rapid globalisation, Malaysian MNCs went through a transformation of their CSR reporting (see ACCA & The Edge, 2006; Amran & Haniffa, 2011). One of the most apparent transformations was increased awareness of a need for transparency in reporting, which coincided with the government's efforts to promote transparency in reporting (see ACCA & The Edge, 2006). Below is a section explaining the literature surrounding CSR reporting in Malaysia.

### 2.2.3 CSR reporting and standards in Malaysia: Empirical perspectives

One of the earliest studies of CSR in Malaysia was conducted by Teoh and Thong (1984; see also subsequent discussion of this study in Amran, 2006; Amran & Haniffa, 2011; Amran et al., 2007; Atan et al., 2010; 1984). Teoh and Thong (1984) conducted an interview survey of 100 foreign and locally owned companies in Malaysia centred on three themes; the concept of CSR, the nature and extent of corporate involvement, and CSR reporting. Teoh and Thong (1984) argued that an organisation needs to go through three important steps in CSR: 1) awareness; 2) involvement; and 3) reporting. They concluded that while most of the studied companies had a high level of awareness (due to the government's roles in promoting transparency in CSR reporting), these companies had moderate levels of involvement in CSR and low levels of reporting. Teoh and Thong (1984) gave

one of the earliest indications that CSR disclosure in Malaysia is at very low levels (29% of the studied Malaysian companies were reporting CSR whereas the other 71% simply did not acknowledge any CSR work), despite these companies' high levels of CSR awareness and moderate levels of actual involvement in CSR.

Atan et al. (2010) stressed that the absolute lack of CSR standards in Malaysia in the 1980s left external publics uninformed of Malaysian companies' contributions to society. As the number of MNCs increased in Malaysia, government and the community began to be aware of the changes affecting the lives of the community and the environment due to large industrial companies' business activities. Specifically, Abdullah (1995) mentioned that the rapid industrial development in Malaysia had led to increased toxic and hazardous waste. Since 2000, companies' priorities have shifted and almost 55% of Malaysian companies began to include environmental protection plans in their CSR projects (Haw, 2010). Haw (2010) maintained that this shift towards environmental priorities was a tremendous improvement as compared with only 10% to 15% of companies reporting environmental initiatives in 1980.

Empirical research into CSR reporting in Malaysia has increased since the late 1980s (Abu Bakar & Ameer, 2011; Amran, 2006; Amran & Susela, 2007; Arshad, Othman, Darus, & Taylor, 2010; Homayoun et al., 2011; Ismail & Abu Bakar, 2011; Tee, 2008). However, Ismail (2011) perceived the state of CSR in Malaysia as still "in its infancy" (p. 374). Jamil, Alwi and Mohamed (2003) argued that although CSR literature in Malaysia had improved since its inception in the 1980s, "there is still a dearth of longitudinal empirical study in Malaysia" (Jamil et al., 2003, p. 141).

In a CSR study of seven Asian countries, Chapple and Moon (2005) showed that Malaysia was one of the most under-researched countries for CSR. Their study found that in terms of the level of

extensiveness in CSR reporting, 50% of the companies in Malaysia were in the medium range in their comprehensiveness of CSR reporting, and only 25% of the companies were extensive in their CSR reporting. This low number of comprehensive CSR reporters was a clear signal of Malaysian companies' tendency to disclose only selected areas in CSR. Moreover, several scholars have argued that at the start of globalisation in the late 1980s, Malaysian companies' common practices of disclosing CSR would be largely in the forms of storytelling or description and appeared less committed to providing thorough evaluative disclosure of CSR performance (Amran & Susela, 2007; Thompson & Zakaria, 2004).

Thompson and Zakaria (2004) in a content analysis of annual reports of large publicly listed organisations in the KLSE found that 40% of the disclosures were about human resources and employees and only 7% covered environmental initiatives. Thompson and Zakaria (2004) suggested that a lack of governmental and social pressure urging companies to provide better transparency in CSR reporting was the reason for low CSR standards.

However, subsequent to Thompson and Zakaria's (2004) indication of the lack of government pressure for companies to report better, CSR disclosure slightly improved, after the implementation of the Silver Book, a government-initiated voluntary guideline for CSR reporting (Atan et al., 2010). Atan et al. (2010) conducted a longitudinal content analysis of 33 Malaysian GLCs to describe trends in Silver Book disclosure of Malaysian GLCs for 2005 to 2007. Atan et al. (2010) found an increasing trend among GLCs to include the Silver Book guideline in their CSR initiatives (see below for a description of the Silver Book guideline). Their results also suggested that the more the government put efforts into promoting CSR, the more Malaysian companies, particularly companies with close ties with the government, used the Silver Book to guide their CSR initiatives.

The Silver Book was developed as one of ten initiatives in the Malaysian Government GLC Transformation Program which outlines a

best-practice framework to assist with improving GLCs' societal contribution (Atan et al., 2010, p. 107; see also Ismail & Abu Bakar, 2011). The Silver Book was designed to encourage GLCs in Malaysia to comply with a reporting standard that would assist the country with better social development. While enforcement of the Silver Book remains a voluntary effort, Ismail (2011) suggested that the GLCs' level of acceptance of the Silver Book guideline was not extensive because at some levels and areas, they do not follow the guideline completely. Ismail (2011) argued that there was a possibility that GLCs were compelled to comply with the Silver Book due to the fact that the government had some control over the stake and share in GLCs.

Some GLCs have also reached MNC status, and their businesses are large in terms of commercial value and market capitalisation (Atan et al., 2010). These GLCs in particular have a tremendous role in social contributions in line with government initiatives for national and economic development. However, as highlighted in the above paragraph, the fact that there were indications of reluctance by GLCs to fully comply with the Silver Book guidelines is a signal for more research to uncover the intangible and normative aspects of CSR reporting in Malaysia, in terms of understanding why such reluctance exists and how this can be overcome. This is one of the gaps in the Malaysian CSR reporting literature which this study aims to fill, by employing public relations theories to assist with understanding the intangible and normative aspects of CSR reporting and standards in Malaysian MNCs.

Large companies operating in a developing nation face a tremendous challenge because they are often exposed to pressures from external publics to perform well (Lorenzo-Molo, 2009). This is due to the previous damage done by MNCs in developing nations, particularly in the areas of violations of human rights and the environment (Atan et al., 2010). Therefore, there is often an urgent need for MNCs to perform ethically at all times, especially in developing nations.

However, from a business point of view, the need to perform ethically is often challenging for large companies in countries deprived of humanitarian rights and with political uncertainties. For instance, Ihlen et al. (2011) demonstrated that one of the prevailing criticisms of CSR in business and society was that critics claimed business itself was not the cause of child labour and environmental damages affecting a political status of developing nations. Critics further argued that realistically, companies would always put profit interest first against other interests (Ihlen et al., 2011). Ihlen et al. (2011) suggested that relying on external publics' pressures for ethical practice in business was not sufficient and self-regulation allowed companies to perform at a minimum CSR standard. They further argued for international standards to be regulated to ensure all companies perform ethically.

Practising ethics and CSR in a multi-racial country such as Malaysia can be viewed as a means for harmonious representation of business and society (Ahmad & Ramayah, 2012), an act of harmony that was particularly important for large companies that were already at risk of reputational damage. Larger companies were vulnerable to "other pressures [that] stem from legal and regulatory arrangements, from employees, from the need to protect brand or reputation capital and from civil society" (OECD, 2001, p. 3), as well as "publicity and visibility for the interest groups" (Kostova & Zaheer, 1999, p. 74). What these scholars suggested was that large companies, especially in a developing nation, simply could not afford to work in a vacuum.

Perhaps, a notion of keeping within a middle range in CSR performances may still work for small to medium enterprises or small family owned companies because companies of that level do not have big resources to spend and may be much more comfortable to stay within the middle range in CSR performance. For example, Ahmad and Ramayah's (2012) study of ethics and social responsibility of small to medium firms in Malaysia showed that smaller companies lacked motivation to report CSR. The entrepreneurs of these SMEs may perceive

that the cost of running a CSR programme outweighed the benefits and relevance for their businesses.

Moreover, the lack of labour laws and relatively weak practices of responsible labour and human rights in Malaysia as well as in developing nations in general make the need for CSR reporting much more imperative. As mentioned in chapter one, it has been argued that the development of a nation depends on MNCs and large local organisations to contribute economic wealth to the communities (see Iguchi, 2011), and so Malaysia's union rights and minimum wage laws are adjusted by the government to accommodate the "needs of the developing state and export manufacturing industry" (Crisis, 2010, p. 591). Therefore, the idea that the role of public relations needs to intersect with the development of a CSR programme in Malaysian MNCs is timely. This is elaborated further in the next section.

Perhaps one of the disadvantages of empirical research attempting to make connections between CSR performance and profitability is the limited focus given to explain the worth of CSR for organisations. The outcomes of these CSR and profitability linkages have only managed to prove that these connections are often intangible, indirect and even have invisible contributions (Taneja et al., 2011) towards organisations' financial results. Soana (2011) argued that corporate social performance and corporate financial performance have no statistical relationship. These studies tend to overlook other perspectives beyond profit values. One of the limitations of these outcomes in empirical research is that, although some but not all scholars succeeded in showing that there was an economic worth in CSR, scholars from the management and economic perspectives have yet to show prescriptive evidence to explain the strategies in handling other intangible or indirect impacts of CSR on the bottom line. Another school of thought in the CSR literature explains stakeholder and ethical perspectives. This approach has seen a confluence in the thinking of

scholars from management and public relations orientations. This is further discussed in the next section.

#### 2.2.4 In the interest of the publics: Merging views of ethics in CSR with public relations in business

Normative concepts in CSR emerged at the same time as empirical research on CSR, between the late 1960s and 1970s. A normative perspective conceptualised CSR from a stakeholder and ethical viewpoint, in that researchers attempted to explain CSR by expressing what organisations should do for their publics. Researchers in this field acknowledged the value of relationships with stakeholders (Ackerman, 1973; Fitch, 1976; Frederick, 1960, 1994; Frederick, 2006; Freeman, 1984; Jones, 1980; Sethi, 1975; Tuzzolino & Armandi, 1981).

Normative concepts in CSR were developed around the notion that companies should regard their external publics as having valuable connections to business. Gariga and Melé (2004) argued that one of the important differences between empirical and normative researchers in CSR was in their methodological approaches. Most empirical research was quantitative and descriptive in nature, while normative research generally used qualitative or normative methods and was often prescriptive or theory-building in nature, in that, it showed how CSR should and could be done (Gariga & Melé, 2004).

Initially, a number of normative scholars argued that business and CSR were inseparable entities, in the sense that the more power a company had, the more socially responsible a company needed to be (Davis, 1960; Frederick, 1960). For instance, Davis (1960) argued that the more financially sound a company was, the greater the responsibilities and influences of the company toward the community, or more specifically the affected stakeholders. Frederick (1960) also suggested that companies needed to be socially aware, and constantly re-evaluate their role and self-image in society.

The notion of public engagement as a reflection of a company's accomplishments signalled one of the earliest attempts at a stakeholder approach in management research. However, it was Freeman (see Freeman, 1984; Freeman, Harrison, Wicks, Palmar, & de Colle, 2010; Harrison & Freeman, 1999) who moved the idea of a stakeholder approach in management forward, from a conceptual phase in research to a normative approach that viewed processes of CSR performance from a stakeholder perspective. Freeman (1984) did not make a direct connection between a stakeholder approach and CSR; however he championed the idea of CSR contributing to the development of strategic management.

Freeman's (1984) stakeholder approach was an advanced concept derived from the Stanford Research Institute in 1963 (Freeman et al., 2010). Freeman et al. (2010) claimed that the Stanford Research Institute defined stakeholders as "those groups without whose support the organisation would cease to exist" (p. 31). The earlier claim of a company's support for stakeholders that was made in 1963 was especially focused on the investors and owners of the companies and not particularly the external stakeholders (Freeman et al., 2010).

In later development of stakeholder theory, Freeman et al. (2010) rationalised that stakeholder theory focuses on attaining equilibrium between financial and social obligations. Further to Freeman's (1984) and Harrison and Freeman's (1999) stakeholder approach, in 2010 Freeman et al. (2010) suggested that there is a new form of approach to stakeholders, a form of stakeholder capitalism. In a stakeholder capitalism standpoint, Freeman et al. (2010) believed that both stakeholders and companies were able to voluntarily engage in communication with each other with all parties accepting one another's actions. Hence, companies cooperated with stakeholders and were motivated by values within a competitive but free society (Freeman et al., 2010).

The years from the late 1970s to the late 1980s saw a shift in normative approaches to CSR, giving more recognition to CSR's value in relationships with wider stakeholders. Normative scholars in CSR began focusing research on responsiveness towards societal outcomes in business practices (Ackerman, 1973; Fitch, 1976; Frederick, 1994; Frederick, 2006; Freeman, 1984; Jones, 1980; Sethi, 1975; Tuzzolino & Armandi, 1981). It appears that the development of the concept of corporate social responsiveness towards diverse publics showed that researchers in normative CSR had indirectly begun to explore the worth of public relations in CSR practices.

The 1980s to the early 1990s was a time when global NGOs and social advocates became aware of corruption and bribery in business. Simultaneously, ethics became a central focus in CSR. It was during this decade that a large and growing literature about CSR and ethics began to evolve including consideration of transnational issues. Numerous normative scholars began exploring connections between ethics and CSR (Epstein, 1987; Frederick, 1986; Frederick, 2006; Getz, 1990).

Getz (1990) argued that globalisation shifted CSR ideas from looking at business and government relationships and policies in a home country to focusing on MNCs in an international setting. Thus she pointed out a need to investigate key issues of CSR in transnational corporations. She argued for a normative concept that reinforced ethics in CSR. According to Getz (1990), "respect for rights and responsibility for the consequences" (p. 568) would mean being sensitive to the needs of those affected by corporations. In the context of transnational corporations' roles in contributing to publics in a developing nation, she suggested that normative concepts should include adaptation of technologies to the country they operate in, and support for local government development policies. Getz's (1990) connection of CSR with ethical values in business echoed Frederick's (1986) earlier attempts to develop what he called a third phase in CSR, that is the corporate social rectitude phase (CSR 3). Frederick (1986, 2006) had argued for a

new phase in CSR which looked at ethics as the new focus for MNCs operating in developing nations.

Garriga and Melé (2004) identified some of the main ethical theories and approaches in CSR scholarship as: normative stakeholder theory, universal rights, sustainability development, and the common good approach (pp. 60-62). They suggested that ethical theories in CSR indicated ethical businesses should put stakeholder and environmental values against or even above shareholder values. Their focus was on external responsibilities beyond the boundaries of internal interests.

A predominant issue with the existing literature on CSR is that researchers in management were constantly moving back and forth between traditional (capitalist) economic mindsets and ethical reasoning. Donaldson (1999) argued that normative and instrumental aspects needed to co-exist, in that stakeholder engagement (normative) and profit maximisation (instrumental) were inseparable. Fitzpatrick (2000) saw corporations as torn between being seen as looking good for the purpose of media exposure and the compelling desire to want to behave in an ethical manner for the benefit of both their stakeholders and the company.

However, normative public relations perspectives see companies' struggles between financial and social obligations as an issue that should be dealt with by executing effective and thorough communication. For instance, according to Tilley (2005, p. 8):

arguments about ethics that see public relations practitioners on the horns of a dilemma choosing between public and corporate interest have it wrong, because it is not a choice. Public interest is organisational interest.

Tilley (2005) argued that the image and identity of an organisation need to be equally transparent at all times to all publics in order to survive incidents, such as exposure by whistle-blowers, and, furthermore, that “public relations’ very *raison d’être* is precisely to keep showing the organisation how and why that is true” (p. 8). These contradicting ideals and expectations held between the management perspectives and normative public relations perspectives give public relations a challenging role in CSR. The challenge lies in ensuring the corporation has a social and ethical conscience while also sustaining profit imperatives, whether short or long term. While pure philanthropy (such as anonymous giving) might be a ‘pure’ ethical ideal, public relations scholars suggest that it is *visible* social responsibility that best serves both aims.

Sometimes, public relations practitioners are entrusted with a role that ensures an organisation’s reputation and image are presentable to publics. Tilley (2005) argued, based on a wide overview of representations of public relations in the media, and illustrated with an archetypal segment on Radio National’s Media Watch program in New Zealand, that public relations was often perceived by the media as creatively “telling stories” (p. 3) and finding ways to hide the truth and make an organisation look good. She further argued that public relations would often be mistaken as a role held by a media relations officer when, ideally, the role of media relations was just a small fraction of what public relations does with its publics.

Tilley’s (2005) commentary on the perception of public relations as a story-telling representative for an organisation appears to link with perceptions of CSR reporting in developing nations which, Lorenzo-Molo (2009) argued, generally demonstrate public relations as highlighting good CSR and hiding bad CSR to publics, leaving public relations practitioners with a window-dressing role. The notion that it is to be expected from a public relations practitioner to ensure an organisation’s CSR looks good on paper brings a short term solution to

an organisation but most importantly, damages the reputation of the public relations profession. The next section discusses the development of literature surrounding public relations roles in CSR.

### 2.3 Public relations in CSR

As with literature on the development of CSR, the public relations literature has been predominantly written in the context of historical cases developed in America (Cutlip, 1997; L'Etang, 2004; Miller & Dinan, 2008). Many scholars have argued that public relations skills and expertise were initially developed around the corporate profitability agenda (Ewen, 1996; L'Etang, 2004; Miller & Dinan, 2008; Pal & Dutta, 2008). Miller and Dinan (2008) suggested that the genesis of public relations roles and functions has resulted in a century of propaganda and spin, particularly in America. Critical scholars commonly position public relations as having a lifetime affair with publicity, spin and propaganda owing to the nature of its roles that often serve an organisation's interests before society's (see Bartlett, 2011; Ewen, 1996; L'Etang 2008; Miller & Dinan, 2008). However, the role of public relations in society is often complex and multifaceted. For example, Lee (2011) claimed that nonprofits also used public relations as a form of publicity as early as the 1900s to gain social support for particular causes.

Historians in public relations have suggested that the use of propaganda and persuasion to gain trust in the public forum is a universal phenomenon (Cutlip, 1997; Idid, 2004; L'Etang, 2004; Nordin, 1986; Sriramesh, 2004). For instance, prior to the 1920s (during World War I, between 1914 and 1918) public relations was used for the purpose of government propaganda (Ewen, 1996; Heald, 1988; L'Etang, 2004; Miller & Dinan, 2008). In the United Kingdom the act of propaganda was evident in government activities to regain the trust of the people after the First World War (L'Etang, 2004; Miller & Dinan,

2008).

On the other side of the globe, propaganda and publicity stunts began later in China. Prior to a propagandist approach in public relations, Hung and Chen (2004) suggested that the concept of public relations in China during the dynasties era (more than 2000 years ago) was associated with social responsibilities, in that emperors realised the importance of gaining trust from their people through public opinion and building “harmonious” relationships with the people. In 1979, during the time when the late Chinese president, Deng Xiaoping, decided to open China to the West, a large number of MNCs began to set up factories, leading to the establishment of public relations departments. Hung and Chen (2004), described public relations during this era in China as corporations hiring attractive women as public relations practitioners who hosted business events as a way to establish more interest for investors.

In Malaysia, Idid (2004) argued that propaganda was used in public relations as a way for the government to win the hearts and minds of the people before Malaysia gained independence, during the British colony. The main focus was on public information, for which public relations practitioners began utilising a technician role (Idid, 2004). It appears that, for most of the world, propaganda was at some point used by governments as a way to gain public trust and assurance in the wake of wars and crises (Miller & Dinan, 2008).

As explained earlier in this chapter, in the CSR literature, descriptive writings urging business leaders to be socially responsible were much more apparent in the 1950s (Bowen, 1953). It was during this period that public relations was also struggling with ideas of good versus evil. For instance, while the 1950s saw increased engagement by scholars and corporate leaders with CSR, it was the time when Miller and Dinan (2008) claimed public relations was beginning to be torn between the perceived-as-evil role of a lobbyist, manipulating the public through extensive use of the media, and the ‘good’ role of a

corporate conscience encouraging organisational involvement in CSR. Miller and Dinan (2008) maintained that there were dual functions in the roles of public relations in CSR in the 1950s. On the one hand, the use of public relations to assist with corporations' acts of social and charitable engagement with publics, in the name of CSR, and on the other hand, the act of social networking for business deals.

During the late 1960s, a period when business management scholars were looking at stakeholder salience and responsiveness, public relations was also undergoing a parallel shift in scholarly debate. Discussions revolved around the status of public relations as a professional body and a focus on the functions of public relations (Grunig, 1979; Wright, 1979). Researchers in public relations were seeking legitimacy and credibility for the roles of public relations including as an effective communication tool for CSR. It was also the beginning of research surrounding the modernist approach to public relations (Pal & Dutta, 2008).

Modernist perspectives stemmed from the idea that public relations needed to situate itself as a credible profession in order to contribute to the bottom-line profit of the corporate world (Pal & Dutta, 2008). These perspectives represented traditional thinking about public relations, which came from the desire to gain recognition for public relations as a credible profession. Modernist thinkers about public relations generally focused on how its role in an organisation could assist with bottom-line profit. For instance, Grunig and colleagues provided a conceptual framework for the practice of public relations (Grunig & Hunt, 1984; Pal & Dutta, 2008), and later, Grunig (1989) developed the four models of public relations including, press agency, public information, two-way asymmetrical and two-way symmetrical, which soon progressed into a mixed-motives model in public relations especially when looking at public relations in an international setting (Grunig, 2001; Grunig, Grunig, Sriramesh, Huang, & Lyra, 1995). In particular, Grunig and White (1992) argued for a mixed motives symmetrical worldview to explain that public relations practitioners

were capable of blending self-interest and motives of the organisation with the interests of publics.

Cameron and colleagues (e.g. Cameron, Sallot, & Weaver Lariscy, 1996; Cancel, Cameron, Sallot, & Mitrook, 1997) later extended debate about the lack of versatility of the two-way symmetrical model by developing the contingency theory of accommodation in public relations. The contingency model allows for public relations to move within a continuum of accommodation and advocacy depending on internal and external factors affecting an organisation and its publics. In the context of public relations practised within a transnational corporation, Choi and Cameron (2005) argued that when public relations was practised in an international setting, priorities and interests needed to be decided along a continuum scale of whether a particular issue was important for the people and therefore affecting the organisation and vice versa. In other words, this public relations perspective would assist the organisation in choosing which CSR attributes require attention, according to particular issues in a given country.

Globalisation also saw discussion in public relations shift towards the value and worth of public relations in CSR (Fitzpatrick, 2000) as well as value and legitimacy in CSR initiatives through effective public relations (Jones & Bartlett, 2009). Research looked at the intention to increase corporate reputation (Fombrun, 2005) and prescriptive approaches to uncover strategies for effective CSR (Moir & Kennerley, 2006).

These modernist approaches in public relations had one specific goal in mind, that is, to include a leadership role for public relations in CSR. Benn, Todd and Pendleton (2010) argued that public relations scholarship has evolved from theorising the traditional publicity role to articulating clear reasons for a management role for public relations in CSR. However, many corporations still viewed their public relations practitioners “only as a source of positive publicity” (Benn et al., 2010, p. 403). Benn et al. (2010) therefore argued for more research to explain

public relations' leadership role with respect to CSR.

With regard to leadership roles in public relations, Dhanesh (2012) claimed that much of the debate about public relations had been ethnocentric, and generated from European and American Western perspectives and ideologies. Defining a leadership role in public relations to assist with MNCs' CSR initiatives in developing countries is a challenging issue. Postmodernists have argued that public relations practitioners in developing nations lack a leadership role due to political, cultural, social and economical uncertainties in a given nation (Dhanesh, 2012; Pal & Dutta, 2008). This is perhaps where modernist perspectives are challenged for their traditional nature of conforming to a set of "predefined identifiers" (Pal & Dutta, 2008, p. 169) which tend to overlook the uncertainties and ambiguities of the changing system in a more volatile environment.

Many modernist thinkers continue to strive to achieve prescriptive answers to management intangibilities in CSR. For instance, some scholars attempted to explain strategies for effective organisation-public relationships (Broom, Casey, & Ritchey, 1997; Bruning & Ledingham, 1999; Grunig, 1983; Grunig, Grunig, & Dozier, 2002; Kim & Park, 2011). Others explored ways to include public relations practitioners in the CSR think-tanks of decision makers (Holtzhausen, 2002; Pal & Dutta, 2008). By contrast, postmodernists argued that finding prescriptive measures to explain public relations at an organisational level does not assist with answering pressing issues at a societal level (Holtzhausen, 2002; Holtzhausen, 2009). This ongoing battle between modernist and postmodernist perspectives in public relations creates a challenge for public relations researchers in developing nations. Particularly in Malaysia, research into public relations at an organisational level is still in its infancy yet contributing factors of public relations at a societal level need much attention.

Holtzhausen (2002) argued that addressing public relations' structure and functions in an organisation could only encourage the support of "symbolic capital" which could help organisations increase profitability but would not help with improving the legitimacy and ethical credibility of public relations (p. 257). What Holtzhausen (2002) suggested is the need for more research and discourse on public relations functions to support activists and social advocates to expand organisational boundaries.

This thesis looks at public relations in CSR from multiple angles, in particular, global best-practice guidelines and the public relations theory of contingency, as well as roles theory in public relations. It is important to note here that while many scholars have suggested that a traditional approach in public relations which looks at strategic functions and roles in public relations may not help the profession achieve a more social advocating role for society, due to its inability to divorce itself from organisational interests (Pal & Dutta, 2008), an attempt to understand the roles of public relations in CSR in the Malaysian system is still timely. This is because, to date, the only thorough research that focuses on identifying the status of the public relations profession in Malaysia was conducted by a single research team, Abdullah and Threadgold (Abdullah, 2010; Abdullah & Threadgold, 2008). Abdullah and Threadgold (2008) suggested that their study "is among the first to examine the views of CEOs or senior directors, PR practitioners and PR academics on the standards of PR professionalism" (p. 286).

There is one PhD thesis which explored Malaysian companies' motivations behind corporate social reporting and the affect of reporting in the national context. Tee (2008) interviewed public relations managers, as communication experts for selected organisations under study, in order to gain further information about corporate social reporting in Malaysian organisations. While Tee (2008) suggested that CSR reporting was relatively low in Malaysia, to date no research in

Malaysia has compared local CSR standards with existing global best-practice guidelines to indicate the actual standards of CSR reporting in Malaysia. Tee (2008) did not particularly explore the roles of public relations in CSR. There is still a gap in uncovering the state of the profession in Malaysia. This thesis therefore aims to explore the roles of public relations within the conceptual framework of CSR.

Prescriptive approaches to CSR and public relations have been discussed in the Western literature in CSR (e.g. Clark, 2000). However, Gariga and Melé (2004) argued that “integrating empirical and normative aspects of CSR, or economics and ethics, is a great challenge” (p. 65). Although the challenge is big, the integration of CSR and public relations perspectives is greatly needed to assist with explaining the challenges faced by CSR standards and practices in transnational corporations operating in developing nations. Showing how communication and public relations may resolve some of these challenges faced by MNCs fills a gap.

Clark (2000) argued that there was a strong need for CSR and public relations (both in scholarship and practice) to intersect so as to add value and lessen ambiguity within the two disciplines. Clark (2000) identified a prescriptive approach to integrating the two disciplines. She listed two steps by which integration of the two disciplines could materialise. The first step was to ensure the inclusion of communication analysis when conducting a stakeholder analysis and the second step was to incorporate a communication model into strategic management which relies heavily on “mediated and non-mediated channels”, feedback, “historical, social and political audits” as well as monitoring public opinion (Clark, 2000, p. 375).

Although it is barely mentioned in the CSR-specific literature, the idea of including public relations roles in CSR has been discussed in the public relations and communication bodies of literature from various angles (Bartlett, 2011; Bruning & Ledingham, 1999; Cancel, Mitrook, & Cameron, 1999; Clark, 2000; Grunig, 1979; Grunig,

1989, 1990; Heath, 1996; Heath & Ryan, 1989; Judd, 1989; Kim & Reber, 2009; Ledingham & Bruning, 1998; Manheim & Pratt, 1986; Reeves & Ferguson, 1980; Starck & Kruckeberg, 2001; Tilson & Vance, 1985; Toth & Trujillo, 1987; Verčič, Grunig, & Grunig, 1996; Wakefield, 2001). More specific to the context of global approaches, Wakefield (2001) argued for transparency in transnational organisations through “better communication across cultures” (p. 639). In particular, he suggested the use of public relations roles in the communication process.

Public relations scholars have maintained that there is a need for public relations practitioners to be fully equipped with managerial knowledge and skills (Clark, 2000; Daugherty, 2003; Daugherty, 2001). The excellence project (Dozier, 1992; Dozier & Broom, 1995) and numerous subsequent researchers in that paradigm, have argued at length that public relations cannot be excellent unless public relations practitioners have a managerial role in organisations, including in CSR (e.g. Bartlett, Tywoniak, & Hatcher, 2007; Broom, 1982; Broom & Dozier, 1986; Clark, 2000; Dozier, 1992; Dozier & Broom, 1995; Heath & Ryan, 1989; Judd, 1989; Manheim & Pratt, 1986; Thomas & Biddle, 1966; Toth & Trujillo, 1987; Wright, 1979).

Earlier studies of role theory in public relations acknowledged four mainstream roles in public relations: 1) An expert prescriber role allowing public relations practitioners to decide actions to solve an issue for an organisation; 2) A communication technician role giving practitioners a journalistic role; 3) A communication facilitator role allowing practitioners to hold a mediator role to facilitate communication between an organisation and its publics; and 4) A problem-solving process facilitator role allowing practitioners to be a part of the decision-making process in top management (see Broom, 1982; Broom & Dozier, 1986). These roles were collated based on a wide array of literature on roles (see Broom, 1982; Broom & Dozier, 1986; Steele, 1982; Thomas & Biddle, 1966).

In one of the earliest studies of roles in public relations in America, Broom and Dozier (1986) found that practitioners held all four roles, but the communication technician role was most prominent. In particular, they argued that a role involving decision making in an organisation was fundamental to the development of the public relations profession. However, they found practitioners lacked this role in organisations. Moreover, Clark (2000) argued that while many public relations scholars understood the need to learn management skills, top management in CSR were often reluctant to acknowledge the value of educating public relations practitioners with management skills.

Bartlett (2011) suggested that past research in public relations has a strong theoretical and practical connection with CSR. Bartlett (2011) argued that numerous studies conducted in countries such as Australia, the United States of America and Europe demonstrated that a majority of public relations practitioners were evidently responsible for CSR activities. Therefore, the literature implied that public relations roles in CSR were not a new area of discussion. However, Bartlett (2011) recommended future research to look into the use of communication tools for public relations to engage and advocate publics as a way to achieve more transparent practices in CSR. The processes involving communication of CSR were imperative particularly in countries with diverse groups of publics and political uncertainties (see Bartlett, 2011; Ihlen et al., 2011). The next section explains the nature of public relations roles in CSR in Malaysia.

### 2.3.1 The nature of public relations roles in CSR in Malaysia: Since its inception to today

Idid (2004) argued that the establishment of public relations as a profession in Malaysia went back to 1945, during the British colonisation, when the British government (before Malaysia gained independence) set up a publicity and printing department. Likewise,

Nordin (1986) argued that “public relations as an organised practice” (p. 4) commenced in Malaysia after World War Two. Nordin (1986) suggested that the common initial understanding of the term public relations was that it was a communication function used to support and inform the public about government policy, especially during and after the war years (from 1945 until the 1960s), which the government called the emergency era. The emergency era was an official term that the British colony had declared for the purpose of acknowledging war against the uprising of the Chinese-led communist party which began in 1945 and ended in 1965 (Nordin, 1986). Nordin (1986) described British involvement in the colony during this emergency era as an act of propaganda to win the “battle for the hearts and minds of the population” (p. 5).

However, concepts of public relations can also be seen before World War II in 1939, when public relations was used as a tool to build relationships with other countries under the leadership of G.L. Peet – a British government officer during the British colony in Malaysia, who was appointed as the Director of Information in Malaysia (Idid, 2004). During British rule, public relations efforts were essentially focused on boosting the colonial government’s credibility and in gaining trust and loyalty from the local people (Yeap, 1994). Idid (2004) listed some of the functions of the initial Department of Information and Publicity in Malaysia, as, to “expand general publicity... release official information... disseminate news through government departments and... co-operate with the Ministry of Information in London” (p. 212). In other words, the nature of public relations in its early stages of development was focused on support for the government and its quest to gain political credibility and support from locals.

Idid (2004) suggested that changes in public relations practice in Malaysia were seen after Malaysian independence in 1957. Idid (2004) claimed that public relations efforts at that time centred on mobilising public opinion by stressing to the public that the new government was “their own and they were not under alien British rule any longer” (p.

214). He argued that gaining local support and trust for the new government was similarly an act of propaganda, as seen in the British colonial time. The difference was that the public had a more open forum for public opinion after independence to assist with development of political, economic and media industries in Malaysia (Idid, 2004; Yeap, 1994).

Nordin (1986) and later, Idid (2004), as well as Abdullah and Threadgold (2008), have all argued that the roles and functions of public relations practitioners in Malaysia have always suffered from a profession which lacks credibility and importance. While companies have positioned public relations staff as the public figures of the companies, the public relations department in the early days of independence had fewer and less important roles and functions to play in the organisation. Yeap (1994) argued that the typical organisational structure of companies in Malaysia in the 1950s did not give much priority towards public relations and that only a “handful of the MNCs, mainly oil companies” had public relations departments (p. 374). The job scope for public relations practitioners in this small group of MNCs during the 1950s was mainly to disseminate information about the industry and to promote the image of the organisation (Nordin, 1986).

Major public relations milestones in Malaysia were more apparent between the early 1960s and 1980s, starting with the birth of the Institute of Public Relations Malaysia (IPRM), aimed at promoting professionalism; the establishment of the government’s External Information Office (foreign affairs with neighbouring countries); and a privatisation policy in 1980 (Idid, 2004). The privatisation of many major industries in 1980 was a pivotal point in public relations practice, shifting it from a government-oriented focus to a market-oriented focus to assist with meeting the bottom line of these newly privatised industries (Idid, 2004).

Nordin (1986) noted that, due to the privatisation policy, after the 1980s public relations in Malaysia branched out, from a small unit in mostly oil MNCs in the 1950s to roles that required public affairs and

relationship-building with external publics. In particular, an indication of CSR roles in public relations became apparent in the 1980s. The focus was commonly philanthropic, particularly in support of education and training, by engaging in sponsorship and scholarship programmes (Nordin, 1986). Nordin (1986) argued that issues management roles in public relations also emerged during the 1980s, when many organisational crises revolved around mismanagement of manufacturing processes. For instance, MNCs were not complying with local religious laws in terms of production of goods and were not abiding with the New Economic policy introduced in 1971 which required 30% Malay employment in an organisation. Breaches resulted in boycotts by local people and a concerted public relations response (Nordin, 1986). In response to this public outcry, a key role in public relations during crises in the 1950s was to assist companies by covering up stories and positively spinning issues at hand.

Before the late 1990s, the public relations profession in Malaysia was not acknowledged as a professional body, unlike accredited professionals such as accountants and lawyers (see Idid, 2004). Literature about public relations roles and functions in Malaysia has evolved and there is now a belief that public relations practitioners in Malaysia are ready to take on a management role (Idid, 2004). Some scholars have argued that some Malaysian practitioners have moved towards a communication management role (Abdullah, 2010; Idid, 2004). The idea of public relations having a strategic role in an organisation signifies a new challenge for Malaysian public relations practitioners.

Governments have for many decades used public relations as a tool for nation building (Idid, 2004; Taylor & Kent, 1999; Van Leuven & Pratt, 1996). In Malaysia to date, public relations practitioners have focused CSR practice towards assisting with the education, health and environment of the community as part of government efforts for sustainable development within the NEP plan. For instance, Idid (2004) argued that one of the most critical roles in public relations in the

context of national and economic development was seen during the 1999 Asian economic crisis. He mentioned that the finance ministry had clear confidence in strategic public relations efforts during recovery from the economic crisis in Malaysia to win back “the people’s confidence in the Malaysian economy” (Idid, 2004, p. 221).

Previous perceptions of public relations in Malaysia have suffered from negative images and portrayals of the profession. Yeap (1994) suggested that although public relations was defined by many practitioners as a “management function” (p. 376), to some others, public relations was seen as a “karaoke lounge hostess” (p. 376) role as well. While his views on the state of practitioners were from the 1990s, and practitioners have evolved ever since, the profession remains in a state of uncertainty.

A decade later, more recent scholars have demonstrated similar portrayals and limitations in public relations practice still exist in Malaysia. For instance, Abdullah (2010) described his concerns at the current state of the profession mainly revolving around publicity activities such as “contests, glittering ceremonies and similar activities” (p. 23) instead of fully utilising a role as credible managers. Yeap (1994) claimed that the most likely scenario in a developing country is that practitioners in an organisation would still practise one-way communication, especially the public information model, and hold a technician function, limited to event organisation and press relations.

Nevertheless, public relations’ roles and functions in Malaysia, in recent years, are leaning towards strategic and managerial roles with greater emphasis on engaging with wider publics (Abdullah & Threadgold, 2008; Idid, 2004). A more recent study conducted by Abdullah and Threadgold (2008), argued that the top management in

Malaysian organisations viewed the core function of public relations as “stakeholder relations, reputation management, corporate branding, corporate responsibility and community relations” (p. 286). However, Abdullah and Threadgold (2008) believed that professionalism of public relations in Malaysia required stringent enforcement in order for the role to have any professional recognition.

Many scholars have argued that when practising public relations in Malaysia, practitioners cannot disregard the inter-connectivity of culture with public relations (Abdullah, 2010; Idid, 2004; Sriramesh, 2004). Moreover, the multi-cultural aspects that play a part in the roles and functions of Malaysian practitioners differ from Western concepts of public relations (Abdullah, 2010). Sriramesh (2004) argued that in order to understand the existing state of the public relations profession it is necessary to understand each country’s infrastructure, culture and media environment.

Some classic scholars in public relations have addressed similar issues facing public relations practitioners in developing nations (Grunig et al., 1995). Grunig et al. (1995) argued that in non-Anglo nations, one-way models of public relations still dominated practice. The way for public relations practitioners to break free from the technician aspect was through their involvement with CSR initiatives, according to many public relations scholars (Cameron, 1997; Cameron, Cropp, & Reber, 2001; Cancel et al., 1999; Dozier & Broom, 1995; Grunig & Grunig, 1992; Grunig, 1990; L'Etang, 2004). The CSR program would then be a tool for corporations to interact with publics and practise public relations as boundary spanning.

Globalisation plays a role in changes to the roles of public relations, from an informant to the government or a window dresser to a role that influences a company’s policies. If public relations is not recognised as capable of holding a managerial role in an organisation, there is the likelihood for other departments to take over these functions from public relations altogether (Abdullah &

Threadgold, 2008). The next section reviews the literature surrounding the global best-practice guidelines that are employed for the development of this thesis' CSR best-practice instrument as well as the theories that are used to explain the roles of public relations.

## 2.4 Concepts, theories and guidelines framing the research questions

### 2.4.1 Global level: Best-practice guidelines and standards

This section reviews the literature on the various best-practice guidelines that were used to develop the present study's best-practice measurement instrument. It begins by introducing the epistemological knowledge in global CSR measurement and justifying why these global CSR standards are important CSR measures for Malaysian MNCs.

Many researchers agreed that CSR simply does not have a distinct, consistent definition (Atan et al., 2010; Carroll, 2008; Ismail, 2011; Matten & Moon, 2008). Perhaps, this inconsistency was associated with how research was being shaped from its early inception until now as discussed in the earlier section of this chapter. Nevertheless, one of the earliest scholars who attempted to define CSR was Carroll (1979, 1991) who introduces the pyramid of CSR as consisting of economic (be profitable), legal (obey the law), ethical (be ethical) and philanthropic (be a good corporate citizen) responsibilities. In his earliest definition of CSR, Carroll (1991) described economic responsibilities as being at the bottom line of the pyramid, which fulfils the prime obligation of a company. He argued that, although philanthropic responsibility is not as large as profitable motives, it is at the very top of the pyramid. However, as companies moved to a global setting, Carroll (2004) later revised his earlier pyramid to incorporate CSR best-practice guidelines suited to global stakeholders, which he calls the global pyramid. See Figure 1 below (see also Carroll, 2004, p. 116):



**FIGURE 1**  
**Pyramid of Global Corporate Social Responsibility and Performance**

Figure 1. Carroll's revised pyramid of global CSR and performance. "A Present and Future Challenge," by A.B. Carroll, 2004, *Academy of Management Review*, 18(2), pp.114-120

In particular, Carroll (2004) stressed that when companies operate in a global setting, their social obligations should shift towards ethics issues concerning the country of operation. He drew attention to eight major transnational issues: a) bribery and sensitive payment; b) employment issues; c) marketing practices; d) impact on the economy and development of host countries; e) effects on the natural environment; f) cultural impacts of operations; g) relations with host governments; and h) relations with home countries. Carroll (2004) argued that these issues should be dealt with in accordance with the global codes developed by international organisations, particularly "the... [United Nations] Global Compact, the Global Reporting Initiatives (GRI), the Organisation for Economic Co-operation and Development (OECD) guidelines for Multinational Enterprises, the Caux Principles, and the Principles for Global Corporate Responsibility developed by the Interfaith Center on Corporations" (p. 118). (These international

guidelines and their relevance to Malaysian context are further explained below.) All of these guidelines were considered in developing the measurement instrument for the present study.

Four major actors for the formulation of global codes of conduct of transnational corporations are international organisations, social groups, business groups, and the firms themselves (Kolk, Tulder, & Welters, 1999). The basic ideologies with which the global best-practice guidelines were built came from a consideration of ethics in the global market that require universal attention (Gariga & Melé, 2004; Kolk et al., 1999). Gariga and Melé (2004) claimed that the UN Global Compact is a comprehensive guideline because it covers areas of human rights, labour and the environment.

The United Nations (UN) Global Compact was first presented by and under the guidance of the previous United Nations Secretary-General Kofi Annan, who introduced it at the World Economic Forum in 1999 (Gariga & Melé, 2004; Ruggie, 2002). The UN Global Compact presented 10 principles covering human rights, labour, environment and anti-corruption (UN Global Compact, 2008). The 2008 data reviewed by the UN Global Compact showed that principles in relation to human rights and anti-corruption were less frequently implemented in companies than environment and labour rights actions (UN Global Compact, 2008).

The 10<sup>th</sup> principle in the UN Global Compact was anti-corruption, which was added in June 2004 (Jenkins, 2005). Jenkins (2005) argued that while the anti-corruption principle aimed to increase companies' awareness of a need for better transparency in business, comprehensive reporting still required further attention. Jenkins (2005) suggested that companies often shied away from disclosing activities involving corruption and bribery.

In the context of Malaysia, research involving corruption and bribery requires stringent monitoring and filtering from regulators to

avoid controversial governmental and regulatory issues from occurring. A common area that touches on a corporation's ethics in business relates to the Malaysian code of corporate governance (see Abdul Wahab, How, & Verhoeven, 2007; Salleh, 2009). Hence, research with regard to corruption and bribery in Malaysian companies is uncommon.

The development of the OECD guideline began in the 1970s (Kolk et al., 1999). The purpose at the time was to develop codes of conduct to assist with solving critical social issues which plagued developed nations as well as developing ones (Kolk et al., 1999). In general, the OECD guideline serves a similar purpose to the UN Global Compact and covers the same generic issues regarding human rights, labour, the environment and anti-corruption. However, the OECD guideline focuses especially on ensuring harmonious actions of MNCs with the business, social and governmental expectations of the particular country where the MNC operates (OECD & UN Global Compact, 2005).

One of the key issues that the OECD guideline finds challenging is the effectiveness of this instrument to assist with the social, environmental and economic problems facing local communities which have often suffered from violations of their rights by MNCs (Oldenziel & Wilde- Ramsing, 2010). Perhaps, the problem lies in the instrument's inability to penetrate the local cultural and ethnic issues specific to a given country. For instance, Matten and Moon (2008) argued that CSR has various meanings and that practices of business responsibility need to vary when MNCs operate in different types of environment because different countries constitute different CSR needs. Matten and Moon's (2008) research illustrated one such issue for CSR, in that companies operating in Asia had yet to sustain a strong CSR connection with their local publics in the context of expectations around social reporting.

Two key issues that have been a central focus and a constant struggle for developing countries are effects on the environment and labour rights, caused by quests for industrialisation and economic

development (see Bardy, Drew, & Kennedy, 2012; Bojar, Bojar, Zelazna-Blicharz, & Blicharz, 2012; Dobers & Halme, 2009). One of the common transnational issues in developing nations concerns the sweatshop phenomenon in which local employees are given hourly rates and working conditions far below international labour standards (Hess & Dunfee, 2007). A well-known case was Nike's alleged "sweatshop conditions in its suppliers' factories in Asia" which saw Nike on trial in the United States' Supreme Court resulting in longstanding reputational damage worldwide (Hess & Dunfee, 2007, pp. 10-11). This global phenomenon has drawn much attention towards better transparency by MNCs in developing nations.

Initially, labour rights was a consideration of labour treaties in the late nineteenth century and, at the time, labour rights were commonly a "novel" concept (Charnovitz, 1987, p. 565). The issue with regard to low standards of labour rights was considered as early as "the World Economic Conference convened by the League of Nations in 1927" (Charnovitz, 1987, p. 567). However, the International Labour Organisation (ILO) was created in 1919 (Hughes & Haworth, 2011; ILO, 1989) based on an initial idea to protect labour from the "social, political and economic unrest" at the end of the First World War (Hughes & Haworth, 2011, p. 5). The emphasis of the ILO in the post-war period was on collective bargaining and trade unionism in industrialised nations, a focus it sustained right up to the late 1970s (Hughes & Haworth, 2011). It was only in the 1980s, in line with globalisation as well as the rise of transnational issues including violations of human and labour rights of workers in developing nations, that the ILO shifted to emphasise health and safety and minimum wage standards (Hughes & Haworth, 2011), including child labour standards and requirements.

Charnovitz (1987) listed seven types of international standard: a) trade in slaves, b) prison and forced labour, c) child labour, d) hours of work, e) occupational safety and health, f) wages; and g) omnibus standards. In the context of Malaysian labour standards, prior research

has found that the issues most apparent in violation of global CSR standards in Malaysia related to work hours and wages (Raman, 2008), as well as some child labour and occupational safety and health issues (Crisis, 2010). The central focus of labour rights in transnational contexts in Malaysia has been the 'no minimum wage law' which has affected the employment rights of local and especially foreign workers in Malaysia (Crisis, 2010; Raman, 2008), as well as the prevention of trade unionism by creating barriers to membership and restricting workplace union activity (Crisis, 2010).

The ILO standards in regard to child labour, hours of work and occupational safety and health, were developed in the early 1900s, in that the concept of no forced or child labour could be traced back to the Abolition of Forced Labour Convention in 1917 where an American Peace Treaty stated that no children under the age of 16 were to be exploited or shipped in international commerce (Charnovitz, 1987). As for occupational safety and health, the first international convention on occupational health was accepted at the Berne Conference in 1906. Before the First World War, the Berne Conference was a platform which sparked the signing of labour conventions. These conventions were later known as the ILO after the war (Humphrey, 1973).

Of these three ILO standards (child labour, work hours and occupational health and safety standards), one issue which remains most pressing in Malaysia is the minimum wage policy. Raman (2008) claimed that there were no minimum wage laws in Malaysia. Likewise Crisis (2010) later suggested that the lack of implementation of minimum wages as well as work-hour standards in Malaysia caused a dire problem for foreign workers in Malaysia. These low wages and long hours resulted in poor working and living conditions which violate the ILO standards as well as human rights. Crisis (2010) argued that the reason for the Malaysian government's reluctance to enforce a minimum wage law is to attract foreign investment. Ahmad and Sulaiman (2004) suggested that the lack of government enforcement for a minimum wage policy resulted in MNCs' complacent actions towards

labour rights reporting.

Furthermore, a lack of thoroughness in CSR reporting was due to the companies' unwillingness to comply with legislation, laws and standards (Crisis, 2010; Raman, 2008; Ahmad & Sulaiman, 2004). The traditional concept of profitability in CSR returns in the form of MNCs acting as agents for the industrialisation of developing nations through foreign capital and technology (van der Putten, 2005). Furthermore, a 'no minimum wage' policy, gives MNCs the freedom to act less responsibly or perform below international standards.

An improvement of standards is apparent in the practices of child labour and occupational health and safety initiatives. For example, a recent Malaysian government initiative for occupational safety and health of the Malaysian workforce resulted in Malaysia becoming the third Asian country to ratify the ILO Promotional Framework for Occupational Safety and Health Convention on June 7<sup>th</sup> 2012 (ILO, 2012). Child labour was not an issue that was apparent in Malaysia compared with its neighbouring countries, however, the government of Malaysia did not claim that Malaysia does not practise any child labour (Globalmarch, n.d.). A more common form of child labour in the early 1990s was largely practised in the agricultural industry in rubber plantations, however, to date child labour has largely been replaced by foreign workers (Globalmarch, n.d.).

The global commitment to sustainable development is a worldwide phenomenon, which developing nations have been struggling to achieve. Historically, the idea stemmed from the need identified in Stockholm in 1972, to protect people's rights for a healthy environment. The first UN conference on environment and development was held in Rio de Janeiro in 1992. The term Agenda 21 in Rio was developed based on the UN conference for sustainability development. The conference aimed to promote people's rights to social and economic development (Rio+20, 2012). This brought developed nations and developing nations together to come up with appropriate measures for sustainability

development (Rio+20, 2012). A decade later, in 2002, The Rio Declaration followed suit to revive the global commitment for sustainable development (Rio+20, 2012). The outcomes of the sustainability conference were to develop best-practice guidelines for organisations to assist with efforts for green living and eradicating poverty, particularly in developing nations (Rio+20, 2012).

In Malaysia, environmental reporting is still relatively low (Cowper-Smith & de Grosbois, 2010; Thompson & Zakaria, 2004). However, the Malaysian government has shown continuous support for transparent reporting particularly for environmental disclosures. For instance, Thompson and Zakaria (2004) stated that government agents such as the Association of Chartered Certified Accountants (ACCA)<sup>2</sup>, showed support for environmental CSR reporting by awarding MNCs with annual Best Environmental Report awards. These efforts for MNCs are driving change.

In European and Asian countries, CSR best-practice guidelines are embedded in codes and conducts as well as in government legislation (Matten & Moon, 2008). CSR best-practice guidelines are also based on internationally accredited standards of practice, such as the International Organisation for Standardisation (ISO) standards (Matten & Moon, 2008), which is an established source of governance standards at the organisational level (see Murphy & Yates, 2009). Following Matten and Moon's (2008) understanding of best-practice guidelines, these standards include: a) the ISO 9000 Organisation and Governance, a standard that enforces organisational governance and quality management practice; b) ISO 14001/14004 Environment, an environmental management system promoting quality in environmental stewardship; c) SA 8000 Workplace/ Employee relation, which covers employee relations management standard; d) AA 1000 Stakeholders, a stakeholder standard to educate employees about their roles and

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<sup>2</sup> ACCA works closely with the Malaysian government, Bursa Malaysia, securities commission and other finance organisations. One of the responsibilities they hold is to report on companies' transparency initiatives and recent financial and sustainability development of the country.

tasks in corporate responsibilities; e) CERES Environment, a voluntary standard that covers environmental management; f) IIP Learning and Training, a standard that provides a framework to educate employees of their roles in a company and; g) OHSAS 18001 Health and Safety, which is a standard that covers safety and health of workers. A further description of these standards is presented in the list of acronyms at the beginning of the thesis and in Appendix A. Compliance with these standards is often considered implicit in European and Asian CSR practices, which means that it is embedded within the corporate policies and laws (Fombrun, 2005; Matten & Moon, 2008).

The main aim of setting up the ISO was for quality assurance especially in developing nations (see Murphy & Yates, 2009). Globalisation led to the introduction of the ISO 9000 (Quality Management System) followed by ISO 14000 (Environmental Management System) in the 1980s (Murphy & Yates, 2009). However, the ISOs only gained substantial recognition at the start of the 21<sup>st</sup> century (Murphy & Yates, 2009). The SA 8000 (Social Accountability standards) was later introduced as part of the ISO and its purpose was to audit organisations using a third-party member who was accredited by the NGO Social Accountability International (Murphy & Yates, 2009).

A new ISO standard was introduced in 2005, known as the ISO 26000. It included input from developing nations (Moratis & Cochiuș, 2011). This standard is a specific guide for organisations to monitor their social practices when operating in developed nations as well as developing nations (ISO26000, n.d.). There are seven clauses stipulated in the ISO 26000 (Bernhart & Maher, 2011; ISO26000, n.d.; Moratis & Cochiuș, 2011). Clauses 1 to 3 explain and clarify the ISO 26000 guideline (Moratis & Cochiuș, 2011). Clause 4 illustrates the seven broad principles that an organisation may opt to be guided by (at the very least) and these seven principles are: a) accountability; b) transparency; c) ethical behavior; d) respect for stakeholder interests; e) respect for the rule of law; f) respect for international norms of behaviour, and; g) respect for human rights (Moratis & Cochiuș,

2011). Clause 5 relates to recognition and acknowledgement of social responsibilities and stakeholder engagement (Moratis & Cochiuș, 2011). Clause 6 highlights the core topics and issues of social responsibility and lastly, Clause 7 demonstrates the integration of social responsibilities in an organisation (Moratis & Cochiuș, 2011).

ISO 26000 is a voluntary standard. Moratis and Cochiuș (2011) explained that ISO 26000 will remain voluntary because some of its core aims are not only to create awareness of the effects an organisation's business decisions have on its publics and environment, but also to give an opportunity for an organisation to demonstrate its own willingness to participate in and practise social responsibilities. The standard helps with responding "to a general problem of industrial capitalism" (Murphy & Yates, 2009, p. 82). The idea to keep the ISO 26000 standard voluntary is important because it allows an organisation to choose whether to participate or not. Organisations that choose to participate in this standard can thus potentially demonstrate a positive image and reputation to their publics.

An important aspect to highlight is that the ISO 26000 standard divorces itself from a profit-oriented aspect and stresses the importance of society and the environment. Moratis and Cochiuș (2011) claimed that often organisations are unable to get away from a profit aspect, as the common integral aspects of CSR in an organisation are to focus on its responsibilities to the people, planet and profit. They argued that the ISO standard basically guides an organisation to be aware of and accountable for its decisions and the effects of those decisions on publics and the environment. They further elaborated that as far as profit is concerned, it is "a legal requirement for organisations" (Moratis & Cochiuș, 2011, p. 22). Financial obligation is the foundation of an organisation's survival.

However, a CSR best-practice guideline appears to be useful for an organisation, because a specific CSR guideline would reposition an organisation's priorities on social obligation. This is particularly important in a developing nation, because social practice that is based

on specific CSR best-practice guidelines allows corporations to break away from a capitalist orientation in CSR practice. This particular orientation in CSR has often largely portrayed a negative image of transnational corporations operating in a highly unstable environment. For example, since developing countries began to open doors to foreign investors, exploitation of local communities in a form of unjust labour rights escalated (see Brown, Deardorff, & Stern, 2004; Varley, 1998). As a result, transnational corporations are under scrutiny for their ethical conduct in developing nations. Practising stringent CSR best-practice guidelines shows companies are willing to commit to changing the stigma surrounding transnational corporations operating in developing nations.

The implementation of international codes of conduct and standards allows CSR to shift to an internationally accepted framework. Some of the CSR standards used in development of the best-practice CSR instrument employed to measure annual reports and stand-alone sustainability reports for this particular thesis, were the ISO 9000 Organisation and Governance, ISO 14001/ 14004 Environment, SA 8000 Workplace/ Employee relations, AA 1000 Stakeholders, CERES Environment, IIP Learning and Training, and OHSAS 18001 Health and Safety.

Transparency in CSR reporting is far more challenging for transnational corporations operating in developing nations. The employment of these internationally accredited standards is congruent with the recent development of CSR initiatives. Much of the debate has been on sustaining corporate reputation in times of globalisation and increasing concerns pertaining to corporate ethics, human rights, labour rights and global warming. Many current labels, standards or awards for CSR have resulted from pressures by social advocates and NGOs, who have long been pushing for regulation of CSR actions by companies.

Given all of the existing standards that are widely practised; however, Fombrun (2005) argued that acceptance of certain CSR

standards in most countries will continue to be on a voluntary basis. He suggested that at the current stage, governments are only encouraging such practices by considering CSR standards when awarding government contracts, not through regulatory enforcement. However, even voluntarily, these codes of conduct assist corporations to conduct their business and social responsibilities in a reputable manner. Codes of conduct are a legitimate structure to increase a company's credibility in an international setting.

There are eight main global best-practice guidelines relevant for the Malaysian context. These guidelines for developing nations include the UN Global Compact, The GRI, OECD, Principles for Global Corporate Responsibility and Social Accountability 8000 (Bursa Malaysia, 2008). The UN Global Compact and the OECD guidelines are two of the most widely accepted global best-practice guidelines and local best-practice guidelines such as the Silver Book, the Securities Commission Malaysian and Bursa Malaysia particularly subscribe to the principles from these two global sources (Atan et al., 2010; Haw, 2010).

Some of the most common CSR best-practice guidelines used for publicly listed companies in Malaysia are: a) the Silver Book, which derives its guidelines from these international organisations (Atan et al., 2010); (b) the Securities Commission Malaysia, which is a self-funding statutory body that reports to the Ministry of Finance and has a responsibility to investigate and enforce corporate practices in Malaysia (Securities Commission Malaysia, n.d.); and (c) Bursa Malaysia's CSR framework. The role of Bursa Malaysia in CSR reporting is to ensure that the publicly listed companies under the KLSE are transparent in their reporting and comply with the regulatory standards set forth by Bursa Malaysia (Bursa Malaysia, 2011). In addition, the government's 2010 budget announcement promoted better transparency in CSR reporting by publicly listed companies (Haw, 2010). For example, as stated in the introductory chapter, a way for better transparency in CSR was seen in the government's allocation of MYR100, 000, 000 for

government and corporate CSR projects (see Ministry of Finance, 2010; The Star, 2009).

The effectiveness of MNCs in implementing these guidelines remains unexplored in Malaysia. Drawing from the above guidelines and literature of CSR concepts, a collated best-practice CSR instrument was developed and used to interpret levels and types of CSR reporting in Malaysian MNCs against the global best-practice CSR tenets. Below is a list of best-practice CSR principles, collated from the literature and combined as a guide for interpreting the breadth and depth of CSR reporting in the annual reports and standalone reports examined for this thesis. A description of the micro- categories from the table above is provided in Appendix A.

Table 1  
*Best-Practice Instrument to Measure CSR Reporting by MNCs*

<p><b>Macro-category: Human rights</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Respecting the right to practise religion          Employees' awareness of human rights violations in the company's policy          Adhere to local values, customs, norms and government policies</p>
<p><b>Macro-category: Labour rights</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Conform to local labour standards (meritocracy)          Work hours adhering to the ILO standards          Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)          Equal rights and opportunities for employees          Educational opportunities for employees and/or family          Provide training for employees          The right for collective bargaining (ILO 1949)          Initiatives to protect the rights of employees against acts of anti-union          Initiatives to practise no forced or compulsory labour          Industrial relations          Health and safety issues of employees</p>
<p><b>Macro-category: Environmental stewardship</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Global standards compliance          Communicates greenhouse emission in tonnes of CO<sup>2</sup> or equivalent          Compliance with local environmental regulations          Communicates company's efforts for environmentally efficient technology</p>
<p><b>Macro-category: Fighting corruption and bribery</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Efforts are communicated to the employees about corruption and bribery in the forms of education and information          Companies communicated and presented efforts to fight corruption and bribery</p>
<p><b>Macro-category: Social reporting</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Companies communicated awareness towards accountability issues and actions          Companies practised transparency in reporting          Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)          Companies practised open dialogue with the publics (stockholders and shareholders are not included)</p>
<p><b>Macro-category: Financial necessity</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Socially responsible investment (SRI) initiatives          Reputation or image enhancement          Adopt risk management          Direct and active two-way communication with shareholders (shareholder value-focused)</p>
<p><b>Macro-category: Compliance with certified international standards</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          ISO 9000/9001 (quality management system)          ISO 14001/14004 (environment)          SA 8000 (workplace and employee relations)          AA 1000 (stakeholders)          CERES environment          IIP learning and training          OHSAS 18001 (health and safety)</p>
<p><b>Macro-category: Community driven</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>          Charity or philanthropy and monetary contribution to community          Governmental sponsorships          Affected publics and community sponsorships</p>

#### 2.4.2 Organisational level: Public relations roles, theories and concepts

My research questions are also drawn from normative public relations theories and concepts, with the main focus on the structure of public relations in CSR, that is, the roles that organisations give to public relations practitioners in relation to CSR. This study employs various public relations theories to describe and explain the CSR roles organisations give to public relations. Specifically, the study draws on some areas in the contingency theory of public relations (Cameron, 1997; Cameron et al., 1996; Cancel et al., 1997; Cancel et al., 1999) to explain the practice of public relations in the CSR of an organisation operating in diverse publics and cultures. Choi and Cameron (2005) argued that “there is no one best way of managing organisations and practising public relations that is optimal for all situations” (p. 172). Due to the nature of this thesis, which looks at the roles of public relations, the study employs excellence theory and issues management and legitimacy concepts in public relations to help explain the roles of public relations in a Malaysian organisation, as outlined in the literature review below.

As a starting point, excellence theory (Grunig, 1979; Grunig, 1983) is a theory that requires acknowledgement. Scholars who championed excellence theory have created a platform for communication scholars to explore normative theories of public relations in an international setting (Grunig, 1993; Grunig et al., 1995).

Excellence theory (Grunig & White, 1992) is an extension of systems theory which consists of four models to explain public relations in an organisation. Grunig (1983) demonstrated that, in systems theory, an organisation interconnects with subsystems and wider systems. Based on these assumptions, Grunig (1989) argued that public relations should start from understanding how it operates in a department and how much public relations influences an organisation

(the system) it operates in before public relations connects with an external environment (the supra-system). In a systems theory context, the role of public relations in CSR needs to start from understanding how public relations functions in CSR in an organisation before understanding how public relations projects its functions in CSR to publics outside an organisation. This is because the role of public relations in CSR involves responding to an organisation's policies and goals before relating these policies and goals to external publics.

Through the lens of systems theory, Grunig (1989) believed that legitimising public relations comes from roles that public relations practitioners contribute in an organisation that span out to an organisation's affected publics. Grunig, Grunig and Dozier (2002) argued for the need to see the use of public relations in four levels: a) programme level, b) functional level, c) organisational level, and d) societal level. They believed that these levels link with each other in that a public relations department contributes to the organisation-public relationship at an organisational or societal level through excellent practices at a program or functional level (Grunig et al., 2002, p. 106).

The initial aim of the excellence project was to describe and find characteristics for effective public relations that American organisations often practised (Grunig & White, 1992). Since the late 1980s, excellence theory has expanded beyond America, testing functions and structure of public relations in transnational corporations in a global setting (see Grunig, Grunig, & Verčič, 1998). Generic principles of excellence theory for global public relations (Verčič et al., 1996) are:

- a) Involvement of public relations in strategic management
- b) Direct relationships with top management
- c) Integrated public relations functions
- d) Public relations as a management function separate from other functions
- e) The roles of public relations practitioners (strategic managers vs. communication technicians)

- f) Two-way symmetrical model of public relations
- g) A symmetrical system of internal communication
- h) Knowledge potential for a managerial role and symmetrical public relations
- i) Diversity in gender, culture, ethnicity, racial backgrounds

Grunig, Grunig and Verčič (1998) contributed to the global public relations theory and practice by demonstrating the principles of excellence theory in a comparative study of four countries: 1) The United States; 2) Canada; 3) The United Kingdom and; 4) Slovenia. The results of the study suggested that the generic principles of excellence theory would not have worked well in nations with political, economic and cultural conditions that are predominantly based on “constraints and propaganda” (Verčič et al., 1996, p. 56). Particularly in developing nations, Sriramesh (2004) believed that there were political, economic and cultural differences, which influenced the way public relations is practised and these differences are more apparent in Asian countries than countries with Western ideals. Implementation would depend on the political and cultural ideologies of a nation (Grunig et al., 1998; Verčič et al., 1996).

Critical and postmodern theorists believe that public relations theory needs to go beyond excellence theory (a modernist perspective as already discussed in the above section of this chapter), especially when there are issues of diversity in political, economic and cultural conditions. For instance, Pal and Dutta (2008) argued that the functionalist nature of excellence theory only recognises social, psychological and economic characteristics as “static properties rather than social processes” (p. 169). Tyma (2008) described excellence theory as “an extensive literature” encompassing vast “discipline and ontology, mainly marketing, psychology, communication, and feminist studies” (p. 196). Tyma (2008) further argued that the aim of excellence theory in public relations was to see how effective public relations employed such communication strategies. She suggested that the traditional approaches in public relations were often “normative-quantitative and

social-scientific” (p. 196). In highly uncertain political and social conditions such as Malaysia, understanding the function and structure of public relations in an organisation means uncovering pluralistic realities from stories told via multiple levels and diversities.

As already discussed earlier in this chapter, many scholars have argued for critical and postmodernist approaches to describe public relations (Gower, 2006; Holtzhausen, 2002; Holtzhausen, 2009; Pal & Dutta, 2008; Toth, 2009; Tyma, 2008). Although an in-depth scoping of the full range of public relations’ disciplinary developments is beyond the scope of this thesis, it is necessary to acknowledge critical and postmodernist approaches in public relations in this section to show how discussions of the systems approach in public relations have evolved in ways that have implications for intersections between public relations and CSR. Tyma (2008) argued for critical perspectives in public relations that explore the practice beyond excellence theory. She suggested redirecting public relations to activist issues, which guide marginalised voices of publics. The critical and postmodern paradigms have included normative-qualitative approaches to explore the legitimacy of public relations as part of a social process within diverse political, social and cultural complexities. For instance, Pal and Dutta (2008) argued that public relations literature needs to move beyond functionalist perspectives, which only limit the practice within an organisational structure.

In order for public relations to be a valuable asset in an organisation and as a professional body, public relations scholars need to seek and explore questions with regard to how public relations can detach itself from the capitalist interests of a corporation and channel its roles to an issue (Dhanesh, 2012). In particular, while traditional modernists often argue for strategic management and communication effectiveness within an organisational level and structure (Cameron, 1997; Grunig, 1983, 2001; Grunig, 1989), one of the areas that critical and postmodern theorists argue for is social activism in which the critical role held in public relations is to be a powerful informant for

society (Gower, 2006; Holtzhausen, 2002), in order to justify “why we [public relations practitioners] exist” (Gower, 2006, p. 181).

Grunig and colleagues’ (Grunig et al., 1995; Grunig & White, 1992) symmetry theory has evolved to accommodate the external environment, by taking into account the involvement of situational and mixed motives of organisations and publics (Toth, 2009). However, other scholars (Choi & Cameron, 2005; Tyma, 2008) have contested the relevance of excellence theory, particularly when explaining public relations roles in developing nations. For instance, Cameron’s contingency theory of accommodation (1997), provides an extension of the models in excellence theory. Hellweg (1989) initially developed the contingency continuum, which Murphy (1991) later redeveloped (in Choi & Cameron, 2005). Cameron and colleagues (Cameron et al., 1996; Cancel et al., 1997; Cancel et al., 1999) extended the traditional views of Grunig’s (1983) public relations models to an approach that sees public relations as responding to an external environment based on a contingency continuum scale. The continuum scale allows public relations activities to move fluidly between accommodating and advocating publics, making social responsiveness to publics adaptable to various situations and environments.

The contingency theory of accommodation in public relations (Cancel et al., 1997; Cancel et al., 1999) assumed that public relations practice stands on a continuum; pure accommodation and pure advocacy are at the opposite end of the continuum. Cameron (1997) saw the term accommodation as influenced by “a wide array of factors” (p. 30) that would affect the degree of accommodation. He listed eight factors influencing accommodation and advocacy: a) dogmatism, b) personal ethics, c) credibility of the publics, d) relative power (employees’ values vs. organisation’s values), e) dominant coalition’s values and the public relations’ knowledge of a particular issue, f) considering realities of the environment such as governmental regulations and legal matters, g) precedent; and h) moral ambiguity.

In support for contingency theory of accommodation in public relations, Cameron and colleagues (Cameron, 1997; Cameron et al., 2001; Cameron et al., 1996; Cancel et al., 1997; Cancel et al., 1999) claimed that the theory has the ability to position public relations in an environment that is unstable and constantly changing. The theory allows for factors such as personal and ethical values, the types of relationships public relations practitioners have with top management and local government and regulators. These factors shift along the contingency continuum, answering questions such as, whether to accommodate or to advocate particular public. Furthermore, the notion that the contingency theory in public relations moves fluidly along a continuum allows public relations, and its organisation, to explain why some CSR areas are less likely to be practised than others. Understanding why some CSR areas are not used, is especially valuable in order to shed light on transnational corporations' continuous efforts to remain responsive to communities in a developing nation, when often, policies and CSR decisions contradict with the practice of organisation's home-country and host-country.

The contingency theory of accommodation in public relations allows flexibility in uncovering various explanations and meanings of the roles of public relations in Malaysian organisations, especially in explaining why organisations do not give their public relations staff a CSR role that covers all aspects of an organisation's CSR activities and decisions. Malaysian organisations' degree of accommodation to publics depends on local laws and regulations. As Cameron (1997) put it, "in considering the realities we have to contend with, that legal and regulatory forces proscribe accommodation: dialogue, cooperation, collaboration can be viewed as criminal" (p. 35). Therefore, the theory neither denies nor supports limitations in practising social obligations but simply allows public relations practitioners and organisations to choose boundaries based on contingency factors (as listed on the previous page) that better suit an organisation and its affected publics.

In a global setting, Choi and Cameron (2005) argued for the use

of the contingency theory of accommodation because it allows researchers to understand public relations in different organisational and environmental settings by situating public relations at a national level, whereby, cultural, regulatory and legal issues influence the decisions made by public relations and its organisations. What this means is that, legal requirements and regulatory compliances have to be considered in order to provide an explanation of why accommodation is necessary in some instances and not in other instances. In Malaysia, this is particularly valuable because the country is diverse in culture and values which may not suit a two-way symmetrical approach. Grunig (1983) claimed that in the two-way symmetrical model, organisations and their publics have to meet in the middle. However, the concept of a two-way model becomes less suitable for transnational corporations when there are many political and cultural uncertainties involved.

Scholars supporting the contingency theory of accommodation in public relations have statistically analysed the theory and these scholars often position the theory in a normative-quantitative paradigm (see Cancel et al., 1997; Cancel et al., 1999; Shin, Cameron, & Cropp, 2006). However, Cameron's (see Cameron, 1997) initial attempt to develop the contingency theory was based on qualitative interviews to gain insights from practitioners on the degree of accommodation practised in their organisations. These factors were then quantitatively tested (Cancel et al., 1997; Cancel et al., 1999). Researchers later conducted numerous methods such as case studies, content analyses and surveys to extend the development of the theory (Shin et al., 2006). Other scholars who supported the contingency theory of accommodation have later branched out to study public relations in an international setting beyond America (Choi & Cameron, 2005; Kim, Kim, & Cameron, 2009; Kim, Cho, Kim, & Lee, 2011; Kim & Park, 2011; Kim & Reber, 2008, 2009).

One of the most relevant studies to support the nature of this thesis is the work of Kim and Reber (2008), in which they

conducted qualitative interviews with 173 public relations practitioners about their roles and contribution to CSR. Kim and Reber (2008) explained that multiple factors limit the contributions of public relations to CSR. One of the factors is the compelling need to put an organisation's interest first against others which often includes assisting an organisation to meet its bottom-line profit (Kim & Reber, 2008, p. 340). In support for the contingency theory of accommodation, their findings demonstrated that in accommodating to CSR, some factors to consider were local governmental requirements and laws. They further suggested that public relations practitioners would not be able to disengage themselves thoroughly from an organisation's profit intentions. They also claimed that corporate philanthropy was a role needed in public relations. These are factors that need to be considered when understanding public relations roles in Malaysian organisations' CSR initiatives.

Kim and Reber (2008) further claimed that in order for public relations to hold prominent roles in CSR, practitioners should be included as members of the management team (dominant coalition). In their further attempts to explore professionalism in public relations, Kim and Reber (2009) then identified relationships between public relations professionalism and the CSR of American corporations. Kim and Reber (2009) demonstrated in their research that there was a significant relationship between these two variables. Kim and Reber's (2009) findings support previous results on the contingency theory of accommodation in that how much or how little organisations accommodate publics' expectations and issues depends on the degree of responsibility and influence public relations has with the dominant coalition (Cancel et al., 1997; Cancel et al., 1999; Choi & Cameron, 2005; Reber & Cameron, 2003).

In this thesis, the contingency theory of accommodation in public relations is employed to assist with explaining multiple complexities and diversities of publics in Malaysia and to illuminate understanding of the role MNCs give to public relations in CSR. Mitrook, Parish and

Seltzer (2008) suggested that when dealing with multifaceted conflicts faced by organisations, contingency theory is “a logical extension of the normative theory of excellence in public relations” (p. 161). For instance, Cancel et al. (1999) argued that the contingency theory of accommodation in public relations focuses on the importance of positioning public relations as central in decision-making processes, in the areas of communication in the organisation. This means that understanding the relationships practitioners in Malaysian MNCs possess with top management, as well as their involvement in CSR processes, and comparing these with outcomes in organisations’ public documents, may assist with understanding why CSR reporting in Malaysian MNCs is less comprehensive. This is a gap in the CSR literature that this thesis hopes to fill.

In the context of MNCs operating in other countries, the concern with regard to excellence theory is whether or not public relations can practise a normative symmetrical communication flow between organisations and publics similar to worldviews understood by excellence theorists in Western contexts (Choi & Cameron, 2005; Grunig et al., 1995; Grunig & White, 1992). Gower (2006) suggested that what public relations theory lacks is a discussion of public relations within the realms of a democratic society. Tyma (2008) later argued that the area of research on activism in an excellence paradigm is also underdeveloped.

Research to develop public relations theory and practice in Malaysia is still in its infancy. Idid (2004) acknowledged the importance of discussion on the role of public relations as an advocate for publics’ voices. However, he believed that various political forces, “tend to curb the free expression of opinion”, making it difficult for full democratic thinking to develop in public relations. Further, Gower (2006) argued that historical development of public relations in a nation influences the practice of public relations. In Malaysia, roles and functions of public relations have always been for the government and through this role, public relations assists with building the general public’s trust and

loyalty for the government (as discussed in the earlier section of this chapter). Furthermore, Lorenzo-Molo (2009) claimed that gaining the public's trust and loyalty is often a role given to public relations in developing nations.

As discussed earlier in this chapter, the Malaysian government's focus at this stage is to promote FDI. CSR acts as the government's ticket to a legitimate and less corrupt implementation of business in Malaysia. What this means is that the focus of public relations in CSR involves research within the interests of business and society. Therefore, in order for public relations to progress in Malaysia, it is crucial particularly for communication scholars to conduct research to understand the roles and functions of public relations in CSR, beginning at an organisational level and eventually branching out to explore the role of public relations in CSR at a societal level. This thesis hopes to provide a stepping stone for future research to follow. The next chapter describes the methodology and methods employed for this study.

# CHAPTER 3

## Methodology

This chapter will first explain the research assumptions and methodological paradigm. Then it explains the methods adopted to assess CSR standards and performance as reported by Malaysian MNCs and the roles given to public relations in CSR among the case-study MNCs. Describing the framework of the research assumptions and the methods used is a necessary step that will allow understanding of the rationale behind the selected methodological approach.

### 3.1 The research assumptions: Interpretive framework

“[C]onstructivists view data as constructed rather than discovered, and we see our analyses as interpretive renderings not as objective reports or the only viewpoint on the topic” (Charmaz, 2009, p. 131). The interpretation of what is deemed to be valid is based on the construction of realities that are created together between the researcher and his or her participants. Meanings are therefore subjective and are continuously created. From an interpretivist point of view, what becomes the reality of a particular phenomenon is created based on the knowledge and past encounters of similar phenomena which are then recreated with others’ views of the phenomenon. This process makes for multiple realities, which are developed and re-enacted through consultation and consensus.

The epistemological perspective of this thesis views the nature of

social phenomena as constructed based on the knowledge of various perspectives of 'reality'. Prominent social constructionists Berger and Luckmann (1966) theorised that a social phenomenon is constructed based on the reflection of one's own reality or meaning. They argued for stories to be interpreted and shared together as key elements in a social construction. Epistemological assumptions in social science research are grounded in "knowledge about how one might begin to understand the world and communicate this as knowledge to fellow human beings" (Burrell & Morgan, 1979, p. 43). The construction of knowledge is interpreted together between researcher and participant.

My ontological perspective for this thesis sits within an interpretive framework. In particular, it will draw from an interpretive approach influenced by Charmaz's (2000) constructivist standpoint. "[The] Constructivist approach necessitates a relationship with respondents in which they can cast their stories in their terms" (Charmaz, 2000, p. 525). "It means listening to their stories with openness to feeling and experience" (Charmaz, 2000, p. 525). An interpretive paradigm is appropriate in offering fresh perspectives and a way for public policy and information to be sourced from various angles.

What this research aims to contribute to the existing body of knowledge is to provide an avenue for information about CSR, structured within the perspectives of contingency theory of accommodation in public relations, as a constant reminder that meanings can be interpreted in many ways. Interpretation of meanings allows for flexibility and legitimacy in choosing methods within this conceptual framework (see Berger & Luckmann, 1966; Charmaz, 2000). A method using an interpretivist approach gives this study flexibility to explore multiple perceptions that are grounded in the constructions and interpretations of the members of the selected organisations. Particularly where a research area is under-explored, as is the role of

public relations in Malaysian CSR, an open approach is useful in discovering previously unconsidered concepts and issues, which can then indicate important directions to be followed up in future research.

In this thesis, an interpretive approach influenced by the work of Charmaz (2000) provides an umbrella covering the methods employed to explore the research questions. Charmaz's (2000) interpretive approach was originally influenced by the classic grounded theory which allow emergent interpretation of analysis, however it differs from classic grounded theory because, in Charmaz's (2000) interpretive paradigm, the researcher and participants interpret and construct meanings together, and the interpretive approach is open, largely directed by what the participants see as important, rather than what the researcher sees as important. Thus, this thesis did not apply grounded theory in its methodology, but it did employ an interpretive approach which was drawn from the classic understanding of grounded theory, which is that participants hold the most valid interpretations of a situation and research approaches should allow their perspectives to emerge in an open and receptive fashion. This approach (Charmaz, 2000) has moved away from some of the traditional practices of the grounded theory approach, but nonetheless holds to the premise that meaning grows out of participants' own senses of their realities

As a point of reference to describe how Charmaz's (2000) interpretive approach has moved away from the grounded theory, grounded theory was created and put into practice as early as the 1960s (Charmaz, 2006, 2009; Daymon & Holloway, 2011; Glaser, 1995, 1998; Stern, 2009a, 2009b) and its initial methodology was developed by Strauss and Glaser during research conducted on the social awareness and organisation of the dying (Charmaz, 2006, 2009; Glaser, 1998; Stern, 2009a, 2009b). The grounded theory methodology gained popularity and interest in the nursing scholarly arena where the aspect of uncovering 'truth' and meanings behind the scenes of the nursing

world intrigued them to explore more of what they could do with the theory in their research (Stern, 2009a, 2009b).

The grounded theory has, since, evolved to become a very diverse method accepted by many research fields (Charmaz, 2009; Stern, 2009a). An interpretivist paradigm for this particular thesis was important to allow for a fresh outlook to the current status of CSR and the effects of this practice on the public relations role and practice in Malaysia. How an interpretivist approach differs from an objectivist standpoint is, while an objectivist assumes that “data represent objective facts” and a researcher restricts himself or herself from interpreting his or her own experiences and knowledge (Charmaz, 2006, p. 131), a interpretivist will seek and share meanings of the data gathered together with the participants. In other words, an explanatory, relativist and pluralist approach rather than a positive or objective one.

An interpretive approach was used for this particular research, as Charmaz (2009) argued that this paradigm “offer[s] helpful strategies for collecting, managing, and analysing qualitative data” (p. 127). Further, she argued that an interpretivist approach allows various methods to be used as part of the process of uncovering the data, which can include “using documents as their major source of data” (Charmaz, 2009, p. 134), and providing triangulation of data through interviews, instead of the traditional confinement to interviewing as solely the method that guides most classic grounded theorists. Charmaz (2009) sees an interpretive approach as “an umbrella covering several different variants, emphases, and directions... and ways to think about data” (p. 128).

Multiple methods within an interpretive framework allow for a rich and meaningful context, such that, according to Hannafin, Hannafin, Land and Oliver (1997), “meaning can be negotiated and ways of understanding can emerge and evolve” (p. 109). Mills, Bonner

and Francis (2006) concurred that multiple methods within an interpretive paradigm can help the researcher “seek meaning in the data that goes beyond the surface, searching and questioning for tacit meanings about values, beliefs and ideologies” (p. 12). Interpreting meanings of public relations roles and functions triangulated with Malaysian CSR performances that are measured against the global standards within selected organisations, adds new dimensions to the existing public relations literature and theories in a Malaysian context.

This research sits well within an interpretive paradigm because, as Burrell and Morgan (1979) illustrated, the interpretive paradigm views “tangible aspects” as being “dependent upon the subjective constructions of individuals” (p. 261). This distinction between tangible and intangible aspects in an organisation has been expanded subsequently in the public relations discipline, in that, tangible and intangible aspects are increasingly understood as interdependent. The modernist perspective, in the most traditional sense, being scientific and objectivist by nature, appears to ignore or downplay the inevitable meanings and stories constructed and shared by those affected by the organisation. In explaining the public relations function and role in Malaysian organisations, the contingency theory of accommodation in public relations’ (Cameron, 1997; Cameron et al., 1996; Cancel et al., 1997; Cancel et al., 1999) advocacy and accommodation continuum appears to allow interpretations of meanings within an organisation to remain subjective, multiple and grounded within a particular nation’s culture, systems and policy (Choi & Cameron, 2005).

In order to understand CSR performance as reported in an organisation and the role given to public relations in CSR, I hold to the assumption that there is no clear-cut definition of a corporate reality, only the ones constructed by a company’s own corporate history (stories shared by members in an organisation), ideology and its mission and objectives. Berger and Luckmann (1966) argued that social reality is

constructed based on the objectivity known to all, such as an object or a facial expression; however, it is subjective as to how the meaning is construed. As such, a corporation has multiple realities based on shared stories and experiences of the people who define the corporation. Further, the social construction of reality assumes that reality is developed based on human interaction.

In examining the CSR performance in Malaysian MNCs, analysis of what is reported in corporate documents alone is not enough. The research required me to interact with relevant members of the organisation in order to gain internal insights into the multiple realities behind public relations' roles and structure in relation to an organisation's CSR standards and performance. This research aims to achieve meanings that are in the context interpreted by both participants and me. Therefore a qualitative approach grounded in an interpretive framework is needed for this purpose. Huberman and Miles (2002) suggested that qualitative data becomes a good source in understanding the "dynamics underlying an emergent relationship" (p. 18). Analysing public relations' role in CSR will differ from one company to another. Therefore, how I gathered the data was guided by my best-practice instrument drawn from eight global best-practice guidelines existed from the literature (as discussed in the literature review chapter). This best-practice instrument was used to assist in interpreting CSR performance based on company's annual reports and further triangulated with semi-structured interviews to understand the dynamics of public relations roles in CSR processes and outcomes in case-study MNCs. I brought to this interpretive process my own subjective experiences, which helped me to make sense of the data in a well-informed way, but attempted to balance my insider perspective, as a former public relations professional who has worked in large organisations in Malaysia, with participants' views through interactive processes to check the validity of my interpretations.

### 3.2 Limitations of using interpretivist paradigm in this research context

In this research, as in any particular research, there are limitations and critiques. Within the interpretivist paradigm, one of the common critiques is in terms of reaching “quality and credibility” (Charmaz, 2006, p. 18) as well as “scale and breadth” (Gray, 2003, p. 15) in the data gathered. In a positivist paradigm, realities are discovered based on generalised facts and figures from a large pool of survey respondents. It is crucial to highlight here that the realities within the interpretivist paradigm are often open-ended and constantly re-interpreted.

The philosophical position and nature in which an interpretivist sees realities are constructed from multiple layers of meanings (Seale, 1999). Drawing from specific and targeted respondents is therefore criticised as being “inadequate in representativeness and generalisability, two key criteria of validity in sociology research” (Gray, 2003, p. 15). However, having smaller samples (as compared with a survey) that are focused and specific to the context of a study is the nature of exploratory interpretivist research because, as Charmaz (2006) described, an interpretivist approach aims to conceptualise initial categories and illuminate meanings within these contextual categories. In this thesis, such a process of discovery was needed to identify issues.

According to Charmaz (2006), an interpretivist learns about a research setting by understanding what occurred in the lives of the participants in the setting and at various levels. Thus, this thesis does not seek to verify or test existing theory or hypotheses but rather is conceptual, seeking to generate new overarching theoretical

ideas in an area that is less understood, in both the public relations and CSR theoretical frameworks, within a Malaysian context, where influences are complex and multi-layered. The aim is to allow fresh perspectives to emerge within a setting that has various cultural implications and interpretations. This research was conducted through an analytic approach that looks deeper within a contextual public relations structure and its relationships with CSR processes and outcomes. The aim was to uncover and further understand the complexities of meanings, within the realms of a constructivist viewpoint, to shed light on some unrecognised and sometimes taken for granted discussions, especially within a developing nation with political, economic and social constraints. This is particularly important for developing nations where corporate investments are prioritised as a crucial aspect for the development of the country.

Daymon and Holloway (2011) argued that an interpretive approach is “particularly appropriate for research in public relations” (p. 144), and Cope and Elwood (2009) further suggested that “analytical techniques such as... discourse analysis, or content analysis [and textual analysis]... work with qualitative forms of evidence to tease out their negotiated meanings and situated knowledge” (p. 4). However, some scholars argue that the methodological aspect of this theory fails to “articulate the systematic steps” which results in many researchers’ inclination to adopt a simpler version of the interpretive approach rather than embracing it full scale (Daymon & Holloway, 2011).

In this particular research, an interpretivist approach influenced by Charmaz (2000) allows me (as a researcher who is aiming to understand and conceptualise the existing body of knowledge into a contextual framework grounded in the data), to use multiple methods, systematically, for this thesis, to compare and contrast, for the purpose of making sense of my data. The process of gathering

information is conducted systematically in that qualitative textual analysis of corporate annual reports and semi-structured interviews were guided by an instrument collated and drawn from my own extensive reviews of global best-practice guidelines that existed in the literature and were relevant for the Malaysian context. Interpretive approach allows for both such flexibility and structure.

One of the criteria for quality when using the interpretivist approach is the constant need to verify data. Daymon and Holloway (2011) explained that terms such as internal and external validity, often used in the positivist paradigm, would be replaced with “credibility, transferability, dependability and confirmability” (p. 33) in an interpretivist paradigm. In this particular context, this thesis will define ‘internal validity’ as the credibility and dependability of the data. Validity is defined differently in the interpretivist paradigm, as Saukko (2009) argued that the evaluation of such validity in cultural studies (and similarly applied to the interpretivist approach) is in terms of the contextual realities of the historical and social discourse. “Internal validity” in qualitative research is the degree to which stories and data are accurately reflected in a study and relate to a given phenomenon to which a researcher is studying (Daymon & Holloway, 2011). The best and most crucial way to establish ‘internal validity’ and credibility in qualitative inquiry is through clarifying information from participants (Seale, 1999). Acknowledging that this is an integral aspect in a qualitative method, all transcripts for this research were returned by email to the participants for verification. Transcripts from those who returned comments were then amended accordingly. Likewise, the researcher’s interpretations of the meaning of participants’ comments were checked with the participants.

Acknowledging that data are selective and specific to the contextual framework of this study, stories and instances reported in the data were limited to what was needed for the purpose of this thesis.

I also acknowledge the fact that these particular instances were interpreted as I understood them to be. Often, participants were unable to fully explain their stories, as their stories are “only accounts about what they’ve done and why” (Denzin & Lincoln, 2008, p. 29). Therefore the interpretivist paradigm seeks to understand and uncover the particular meaning of these ‘accounts’ and ‘stories’ within my contextual framework.

### 3.3 The researcher’s own limitations and strengths in using an interpretivist approach

I will point out here that, coming from an interpretivist position, I am very much aware that this research has its strengths as well as biases. In this section, I will highlight some of the strengths and biases in using an interpretivist research approach, grounded in the knowledge that an interpretivist research approach will allow me to be flexible in my research techniques and broad in my analysis of data. After all, “flexibility and openness lie in the heart of qualitative research” (Daymon & Holloway, 2011, p. 304).

Based on the professional knowledge that I have accumulated over the years, as a public relations practitioner, researcher and educator, I brought to this research my own experience that shaped the way I viewed and constructed the emerging themes from the transcripts. Gray (2003) theorised the “experience” of a researcher as “a discursive site of articulation upon and through which subjectivities and identities are shaped and constructed” and further elaborated that “experience is not an authentic and original source of our being, but part of the process through which we articulate a sense of identity” (pp. 25-26). These experiences I picked up along the way drove me to construct some of my own realities of existing CSR and public relations practices in Malaysia. Many of my perceptions (such as the usefulness of

excellence theory norms) were in fact challenged or changed through the course of the research, as I engaged with alternative meanings present in the data, while other knowledge enabled me to make sense of jargon and context-specific information in the data that may have been difficult for an 'outsider' researcher to interpret.

As a practitioner, I have worked in the public relations department of an MNC in Malaysia (it was called the marketing communication department but the functions were similar to that of a public relations department). I was introduced and exposed to ideas of the common structure and daily routine of a typical public relations practitioner in a large organisation. As I moved away from the professional world and into education, the information I gathered about public relations grew and the experiences I have acquired from my professional practice assisted and influenced me to understand public relations in particular ways, as a professional body and in theory.

Therefore, these instances in my life have influenced how I viewed and constructed themes that have emerged from my data analysis. "It is difficult for researchers to acquire this awareness without drawing on the knowledge they already have from their life experiences, their disciplinary training and their possible commitment to a particular school of thought" (Daymon & Holloway, 2011, p. 144). Charmaz (2006) concurred that "the 'real' world of research is always situated and able to be situated within a context and an important part of that context is the researcher" (p. 84). I believe my experience did not hinder the credibility of my research, but assisted me with making sense of my data, the accounts and stories I gathered from my participants. It has also given me an added advantage because it has given me the confidence to express and make sense of, some blurred stories and answers given by the respondents.

It is however important to point out further that to avoid having overwhelming influences and personal biases from the data, the initial

stage of my research was deductive, where I thoroughly reviewed literature and knowledge about my topic which led me to conceptualise the information I gathered into an instrument that guided my textual analysis and gave some structure to my interviews. In qualitative research, although it is often assumed to start with an inductive inquiry, research can begin deductively as well, due to its adaptability and pragmatic nature. Beginning research with a deductive approach can be useful for the researcher who knows what the specific topic is and who will then explore and use some general or specific themes to roughly guide the interviews or textual analysis (Daymon & Holloway, 2011).

An interpretive approach has allowed me to bring in my own interpretation of the data, to construct meanings that are grounded in the context of my own study. I realise that this particular technique of uncovering meanings and realities of the data may be seen as or perceived to be, in itself, bias, as an objectivist may question the credibility and trustworthiness of the data and themes that emerged from it. However, each perception of data requires meticulous evaluation based on a researcher's own interpretation as well as previous studies (see Charmaz, 2005, p. 68). As Charmaz (2006) further pointed out, theories and data are not meant to be discovered and viewed independently, because "we are part of the world we study and the data we collect" (p. 10).

Another limitation that is worth highlighting is the use of time and funds for a PhD student as being one of the influences in choosing a particular method. It is important to emphasise here that this is not an integral aspect of why I believe the constructivist paradigm is relevant for my research. Gray (2003) pointed out that a research student has limitations in terms of "time and funds... you select aspects of culture and social groups for your research with which you are already familiar, if not a part" (p. 84). She further stated that it's "an

almost inevitable part of doing cultural studies [or similarly, an interpretive study], and is often not only a question of pragmatics” (p. 84).

### 3.4 Research methods

The previous section offered understanding of this research paradigm and theoretical approaches. This next section will describe the methods adopted, motivations in adopting such methods and procedures used to carry out the research. This thesis was designed to help understand the current CSR standards of Malaysian MNCs and the role given to public relations in CSR. In particular, this thesis’ aim was to answer these research questions: a) how do MNCs in a range of sectors and ownership in Malaysia currently report their performance when measured against the international and Malaysian CSR standards?; b) what types of roles do these companies give to public relations in their CSR in comparison with normative public relations theories’ ideal roles?; c) How do public relations practitioners in MNCs explain the reasons for the role public relations plays in contributing to CSR in Malaysia?

Two distinct qualitative methods were employed to collect and interpret data from varied sources, which are qualitative textual analysis and semi-structured interviews, both grounded within an interpretive paradigm. Earlier research into CSR reporting in Malaysia often focused on quantitative methods, in that one of the most common methods was content analysis of annual reports of large organisations publicly listed in the KLSE (Ahmad & Ramayah, 2012; Atan et al., 2010; Thompson & Zakaria, 2004). For example, Thompson and Zakaria (2004) conducted a content analysis of annual reports of 250 large Malaysian companies analysing the companies’ social and environmental disclosures.

This thesis did not use a quantitative content analysis. Specifically, a qualitative textual analysis was employed for this thesis for the purpose of uncovering new perspectives and ideas of the current standards of CSR as reported in selected Malaysian MNCs' public documents. Daymon and Holloway (2011) suggested that the term, qualitative textual analysis, differs from a content analysis because, while content analysis is concerned with identifying statistical patterns of frequency of a large number of texts, a qualitative textual analysis often assists researchers to explore the underlying meanings which may lead to a possible understanding of why an issue or action was influenced or developed. Fürsich (2009) further stated that a qualitative textual analysis is often relevant to use to explore the "underlying ideological and cultural assumptions of the text" (p. 240), and is often chosen for the purpose of illuminating implicit patterns and assumptions. A qualitative textual analysis helps interpret multiple meanings from blurred aspects in the data which is often a limitation for researchers using a quantitative content analysis.

There are wide scholastic debates surrounding the usage of qualitative textual analysis. Some scholars have argued that the term textual analysis in the literature is often poorly defined (Fürsich, 2009; Neuendorf, 2002), which has added confusion to the usage of both textual and content analyses. Neuendorf (2002) further argued that some scholars have used content analysis in studies which do not appropriately reflect the purpose of using the particular method. For instance, Neuendorf (2002) argued that three major rules must apply in order for research to be called content analysis which are: a) the researchers must code text in the whole document; b) a researcher must use intercoder reliability tests with independent coders; c) the codes analysed must be unambiguous and mutually exclusive. Furthermore, Weber (1990) suggested that a content analysis would need consistency in a classification procedure in which "[classifying] must generate variables that are valid" (p. 12). More importantly, in the process of

analysing text in a traditional content analysis, two researchers must code the same text in the same way (Weber, 1990). This means the codes have manifest meaning, and the researcher is seen as independent of the interpretations made.

That was not the case in this thesis, hence the decision not to use the term 'content analysis' for the method, despite the fact that the term is sometimes loosely applied to a wide range of textual analyses (Neuendorf, 2002, claims incorrectly). In this thesis, both development and application of the coding instrument were interpretive. Firstly, the researcher interpreted, based upon insider knowledge gained from working within the Malaysian public relations industry, which aspects of all the global best-practice guidelines reviewed were relevant for the Malaysian professional and cultural context. Secondly, the coding itself was interpretive. Annual reports do not use the exact language specified in global guidelines. Therefore, a process of interpretation was involved in deciding whether a form of words in an annual report constituted the presence of a particular category of reporting. As is standard in interpretive research, these decisions utilised the researcher's positionality (cultural and professional background) to inform these decisions, but another coder may have made different interpretations. Therefore, according to classic definitions of content analysis such as Weber's this is an interpretive analysis, not a content analysis.

This thesis therefore uses throughout, to describe the method applied to the annual reports, terminology describing a qualitative textual analysis, which is derived from an interpretive analysis approach. According to Neuendorf's (2002) definition of the term interpretive analysis, the method involves, "theoretical sampling; analytical categories; cumulative, comparative analysis; and the formulation of types or conceptual categories" (p. 6). The understanding of the usage of qualitative textual analysis for this study was drawn from an interpretive analysis method because the data gathered were based on instances found in the text and compared against a set of

global best practice guidelines.

Further, Neuendorf (2002) argued that, an interpretive analysis differs from a scientific approach to content analysis because, in a qualitative textual analysis, a researcher is constantly discovering new ideas from the data gathered. She elaborated that studies using qualitative textual analysis based on an interpretive analysis method are “in fact... more precise and challenging than most content analyses” (p. 7).

Although the approach was qualitative, to sustain the accuracy and precision of data found in the textual analysis for this study, frequency numbers of the themes that were interpreted are presented in tables. Graphs are also included, to illustrate a systematic approach to the qualitative work. Many researchers have argued that using numbers in a qualitative method contributes an additional value to the process of uncovering new ideas in a qualitative sense (see, Sandelowski, Voils & Knafl, 2009; Fielding, 2012; Maxwell, 2010; Sandelowski, 2001). In particular, Sandelowski, Voils and Knafl (2009) favour the use of numbers in describing qualitative data, a process that they called “quantitizing qualitative data” (p. 210). Similarly, Maxwell (2010) argued that presenting qualitative data in a numerical context adds value to a qualitative approach because numbers allow for precision in presenting and discussing interpretations of qualitative data.

The numbers do not have statistical validity, but they guide the reader clearly through the patterns in the interpretive decisions made by the researcher. Maxwell (2010) also stated that describing data in numbers for qualitative inquiries would better justify patterns and themes than terms such as “some, usually, and most” (p. 476). Sandelowski (2001) suggested that a qualitative researcher should not refrain from using numbers to describe data because numbers in a qualitative method support and enhance the description of meanings in text. Therefore, data gathered from the public documents for this thesis were presented in numbers solely to support and illustrate the

interpretation of instances found in the documents.

In the last decade, there has been an increasing trend to conduct qualitative and interpretivist approaches to explore CSR reporting in Malaysia (Amran & Susela, 2007; Tee, 2008). For instance, Amran and Susela's (2007) research was grounded within an interpretivist perspective and employed semi-structured in-depth interviews with the management team of small selected companies in Malaysia to find out the motivations and signal factors that promote CSR reporting.

Similarly, Tee (2008) in her thesis employed semi-structured interviews using interpretivist perspectives with a focus on creating meanings and realities through shared stories of members of an organisation. However, what these interpretivist researchers lack is a theoretical and applied explanation of CSR reporting of Malaysian companies grounded within public relations theories and concepts. This thesis employed a similar methodological approach, but extended the existing literature on CSR reporting in Malaysia by bringing in public relations theories and concepts as part of the interpretive context. This shifts the research from a CSR-disciplinary focus to an interdisciplinary lens that aims to discover meaning for both the CSR and public relations paradigms.

#### 3.4.1 Qualitative mixed-methods approach: An overview

A qualitative mixed methods approach was employed for the purpose of gaining various perspectives in a single contextual framework. Given the qualitative inclination of this study and its grounding in interpretive epistemological and ontological assumptions, descriptive accounts of the sources gathered are important. Researcher and participants interacted and interpreted situations together within a particular context. Therefore a mixed methods approach should not be confined to a particular methodological stance that may limit researchers' possibilities in gaining rich qualitative data. Cope and Elwood (2009)

believed that “[interpretivist] epistemology need not prescribe to a given methodological orientation or only one approach (qualitative or quantitative)” (p. 5). They further described that while multiple methods in a study involve a process of different methods working in parallel with each other, a mixed methods approach differs in that it is a fluid process of interconnecting research techniques in order to “fill in gaps, add context, envision multiple truths, play different sources of data off each other, and provide a sense of both the general and the particular” (p. 5). Some researchers have contested the growing importance of mixed methods research in organisational studies (Azorin & Cameron, 2010; Currall & Towler, 2003). However others argue that mixing methods in answering a research problem is an important technique for collecting data in much 21<sup>st</sup> century research (Taylor & Trujillo, 2001).

In order to understand the CSR performance of organisations and the role of the public relations practitioners of selected organisations, I needed to analyse from various perspectives and approaches in order to create breadth and pluralism for the data gathered. The intricacies that make up the structure and functions within an organisation require larger aspects and dimensions of data. Several researchers have suggested that combining methods is essential in studies that need to uncover realities of a phenomenon that is multi-layered and complex (Gabb, 2009; Martinez, Dimitriadis, Rubia, Gomez, & De La Fuente, 2003; Sale, Lonfeld, & Brazil, 2002). A qualitative mixed-method approach was chosen to better understand the CSR practice in Malaysian organisations and the involvement of the public relations staff in selected organisations. In this case, the use of the qualitative mixed methods for this study is particularly valuable because of the complexities and constant change in organisational structure.

Within the context of this study, the mixed-method approach is

defined as having the flexibility of combining two qualitative methods. Morse (2003, 2009, 2010) described the use of the term mixed methods, or, as she described it, *QUAL-qual* mixed methods, being two different qualitative methods combined together in a single research. Daymon and Holloway (2011) explained that a mixed methods approach is at times used within an ethnographic, interpretive or grounded theory design and the process of collecting data may be conducted sequentially. In fact, Fielding (2012) believed that “there is no logical reason why a study combining purely qualitative or purely quantitative methods could not be regarded as ‘mixed methods’”. Therefore, this study employed a qualitative sequential mixed methods approach.

First, I interpreted from the literature review, a best-practice instrument to guide textual analysis of CSR. I categorised my best-practice instrument into eight main categories which are named as macro-categories, namely: a) human rights, b) labour rights, c) environmental stewardship, d) fighting corruption and bribery, e) social reporting, f) financial necessity, g) compliance with international standards and, h) community driven. Within these macro-categories, I listed 38 micro-categories. These micro-categories are explained below under the best-practice guidelines: the instrument section.

Two research methods were used for data collection. They were textual analysis of corporate annual reports and stand-alone sustainability or CSR reports, followed by semi-structured interviews of selected case-study MNCs. The data collected were triangulated as a way to illuminate relationships between CSR performance and public relations roles in Malaysian case-study MNCs.

I used my instrument to analyse 45 selected MNCs’ public documents. Two public documents were analysed: a) annual reports, and b) stand-alone sustainability reports. These documents are publicly available online. My next step was to use the same best-practice instrument to develop a semi-structured interview guide. This semi-

structured guide was employed to guide 11 interviews with public relations practitioners from six case-study MNCs. The findings from both textual analysis of public reports and interviews were then considered and interpreted both separately and as a whole, to build a picture of both reporting practices and public relations practitioners' input, and to include public relations practitioners views on both.

This type of research approach is supported in studies that seek dynamic explanations of a given complex phenomenon (Gabb, 2009). What this approach suggests is the ability for me to extensively gather and triangulate data from various angles grounded within the interpretive stance in order to holistically understand the Malaysian MNCs' CSR performances and the roles these companies give to Malaysian public relations practitioners interpreted by both myself and selected practitioners.

#### 3.4.2 Limitations of qualitative mixed-methods approach

Inevitably, there are some weaknesses that have been highlighted when using two different methodologies in a mixed methods approach. Daymon and Holloway (2011) identified some flaws associated with a mixed methods approach using qualitative and quantitative methods in which the researcher may encounter some difficulties in interpreting data from two absolutely different paradigms and theoretical stances. Synthesising becomes a great challenge for researchers in the analysis and interpretation fraction of the research. Combining two methods within the same paradigm may lessen these particular challenges. Further, confining the study to qualitative data assisted the researcher in gaining an understanding of the "internal validity" (Huberman & Miles, 2002, p. 18). Combining two qualitative methods assisted in further validation of the 'why' factor associated with the research.

In relation to the philosophical issues behind using methods

from different paradigms, Biesta (2010) argued that research is neither quantitative nor qualitative and only data can appropriately be identified as quantitative or qualitative. Biesta (2010) explained that this philosophical concept of research paradigms in a study becomes problematic for researchers because it deviates from the important underpinning assumptions of a particular research approach.

### 3.4.3 The mixed-methods techniques and procedures

Although the commonest mixed methods approach is to use methods from both qualitative and quantitative methodologies, this study chose to use two qualitative methods. In general terms, the common approach of a mixed methods study is that it combines quantitative and qualitative approaches, complementing each research paradigm by also including the other in a single study (Ivankova, Creswell, & Stick, 2006; Johnson & Onwuegbuzie, 2004; Maxwell, 2009). However, “no real consensus” has been achieved in getting an absolute definition of the term mixed methods approach (Morse, 2010, p. 483). Some researchers believe that mixed methods research should entail quantitative analysis which is then supported by qualitative analysis (Azorin & Cameron, 2010; Nicholson, Knapp, Gardner, & Raynor, 2011; Sale et al., 2002), and some other researchers have argued for the relevance of mixing qualitative methods especially in a complex social and organisational context as a way to gain internal validity (Gabb, 2009; Morse, 2003, 2009, 2010; Morse & Niehaus, 2009).

After gathering data from the companies’ annual reports and stand-alone sustainability reports, I needed to look at how public relations roles and functions sit in these particular organisations. In order to do this, an interpretation of personal encounters by selected practitioners of the organisations would assist me to triangulate the relationship between the current CSR standards and performance and public relations roles in Malaysian MNCs. Therefore, a data

triangulation process is needed. The use of triangulation in this study incorporates two sets of qualitative data for the purpose of interweaving ideas between two disparate concepts, CSR and public relations, as a way to describe and uncover possibly new and less explored areas. Fielding (2012) argued that a triangulation process in qualitative mixed methods is an established method. Fielding (2012) further suggested that triangulation in a qualitative research is often employed as a way for a researcher to compare various sources of data for a more comprehensive qualitative analysis. Cope and Elwood (2009) concurred that sources based on triangulation of various qualitative data enable researchers to “examine the contradictions, commonalities, and nuances of data that are rich in contextual and process-based detail” (p. 4). In qualitative research triangulation of data does not seek an exact match or consistency between the different data sources, but is interested in complexity and diversity, including both the similarities and differences, which the different perspectives on the research context can illuminate (Guion, Diehl, & McDonald, 2011).

The process of undergoing qualitative sequential mixed methods is similar to the traditional process of mixed methods. Ivankova et al. (2006) described the process of sequential mixed-methods design as two phases, in which a quantitative method is conducted first followed by a qualitative method to support or supplement the quantitative data. Morse (2003) described the sequential steps of mixing qualitative methods as “the imported strategies that are supplemented to the major or core method and serve to enlighten or provide clues that are followed up within the core method” (p. 190). In other words, the supplemented method complements the main method and brings to life a more complete picture of the multiple realities involved.

As noted, my qualitative sequential mixed-methods approach began with qualitative textual analysis of annual reports and stand-alone sustainability reports of MNCs which are on the main board of the

KLSE, followed by semi-structured interviews with staff from six case-study MNCs. Data from these methods were then brought together in order to find patterns of relationships between two disparate bodies of knowledge, in particular, between Malaysian CSR performance and the types of roles public relations staff were given in CSR. The data collected from the interviews acted to support and explore the data from the textual analysis of annual reports and stand-alone sustainability reports.

### 3.4.3 Triangulation process

Triangulation helped to further unfold the existing realities and to make sense of the relationships that emerged from the data gathered. A sequential mixed-methods approach was used for the purpose of triangulation of data collected from two different qualitative methods. Triangulation is useful for organisational research as it provides greater reliability and external validity that involves using two or more methods within a single study (Jick, 1979), and “multiple methods, quantitative and/or qualitative” are ideal and are supported among scholars in organisational communication (Taylor & Trujillo, 2001, p. 167).

The triangulation process in a qualitative approach will not be conducted in the traditional sense or in a way that has been done in the positivist paradigm, but will be defined in this context as a way to make a connection or comparison to verify, and reveal the complexities of, the historical and social realities of a given phenomenon. In this contextual framework, a data triangulation process was conducted in order to make sense and to verify accounts of stories, which are multi-layered.

Seale (1999) defined triangulation in the interpretivist paradigm as a way of explaining how various meanings in a particular contextual framework are influenced and constrained by one another. Johnson and Onwuegbuzie (2004) argued that triangulation is one of the five

major reasons for choosing a mixed-methods technique. They further argued that a mixed-methods approach allows researchers to creatively design techniques that will work best to answer and legitimise their research designs. In other words, what this thesis aimed to achieve from a triangulation process was to describe or explain several accounts of stories from members of the selected organisations to see how and why these accounts influence or differ from the textual analysis of corporate public reports.

In a practical sense, triangulation of various qualitative methods within the same paradigm not only assisted me in gaining holistic integration, but also assisted me in gaining validity of the data. According to Currall and Towler (2003), the triangulation process will assist in validating further the various data by combining various perspectives in order to create a new or deeper meaning in a study. Daymon and Holloway (2011) illustrated a communication research example where researchers were faced with many unreliable sources in which they had to support these sources by drawing on a wide range of publications, including international ones which offered similar cases in order to develop consistency in their case (p. 92). Therefore, a triangulation method becomes valid when a study is examined in different techniques and from different perspectives (Daymon & Holloway, 2011).

#### 3.4.4 The best-practice guidelines: The instrument

In this particular study, a qualitative instrument to interpret best-practice aspects of CSR reporting was developed based on a collation of literature on global best-practice guidelines. The instrument was used to guide the qualitative textual analysis and interviews and then further triangulated to reveal complex realities with the aim to make sense of particular phenomena within a contextual framework.

As mentioned earlier in this chapter, my best-practice instrument consists of eight macro-categories. They are: a) human rights, b) labour rights, c) environmental stewardship, d) fighting corruption and bribery, e) social reporting, f) financial necessity, g) compliance with certified international standards, and h) community driven. These macro-categories are based on existing best-practice guidelines in the literature (a detailed description of the existing best-practice guidelines are found in the literature review chapter). Below is an explanation of the macro-categories as displayed in Table 1 in Chapter Two. A description list to explain the parameters of interpretation for each best-practice micro-category is displayed in Appendix A.

#### 3.4.5.1 Human rights macro-category

Within the human rights macro-category, three micro-categories were used to identify reporting of CSR best-practice initiatives in the annual reports. These areas are: a) respecting the right to practise religion, b) employees' awareness of human rights violations in company policy and, c) adherence to local values, customs, norms and government policies. The human rights micro-categories were collated based on the requirements set forth by Bursa Malaysia and the securities commission of Malaysia. As a way to respect the human rights of the employees, every publicly listed company in Malaysia is required to show sensitivity to religion and the local values, norms and government policies (Bursa Malaysia, 2008), which include allowing employees of various faiths to perform their daily prayer routines as well as being sensitive towards various ethnic cultures and values. When analysing human rights micro-categories in the context of this study, I analysed companies' reports based on these elements of human rights in their annual reports and stand-alone sustainability or CSR reports.

#### 3.4.5.2 Labour rights macro-category

The labour rights micro-categories illustrate companies' initiatives in communicating labour rights in accordance with the international labour standards (ILO) and/or local Malaysian employment standards. Within the labour rights section, 11 labour rights best-practice areas (micro-categories) were used to analyse annual reports. The areas covered under the labour rights category are: company's conformity to local labour standards; work hours as stipulated under the ILO standards; sensitivity to local practices and norms in dealing with discrimination which includes race, ethnicity and gender; employment rights; educational opportunities for employees and families of employees; training for employees; collective bargaining under the ILO 1949; company's initiatives to protect the union; initiatives with regards to no forced or compulsory labour; industrial relations and health and safety issues. A detailed description of the ILO is provided in Chapter Two.

#### 3.4.5.3 Environmental stewardship macro-category

The micro-categories under the environmental stewardship macro-category covered a company's initiatives towards global standards compliance, greenhouse emission in tons of CO<sup>2</sup> or equivalent, compliance with local environmental regulations and the company's efforts for environmentally efficient technology. These micro-categories were collated based on requirements developed for MNCs in developing nations particularly those that were listed by the UN Global Compact, OECD, and Bursa Malaysia, the securities commission of Malaysia.

#### 3.4.5.4 Fighting corruption and bribery macro-category

As explained in Chapter Two, anti-corruption and bribery was only added to the UN Global Compact in June 2004 (see Jenkins, 2005). As part of Bursa Malaysia's efforts to monitor the integrity of publicly listed companies, ethical practices in Malaysian business relate to the practice of corporate governance (see Abdul Wahab, How, & Verhoeven, 2007; Salleh, 2009). These micro-categories under fighting corruption and bribery covered a company's initiatives in educating and informing its employees about corporate corruption and bribery. This macro category, therefore explores a company's initiatives in this area of CSR as reported in annual reports and stand-alone sustainability and CSR reports.

#### 3.4.5.5 Social reporting macro-category

Social reporting within the context of this thesis covers companies' initiatives to report on employees' social actions and accountability. Accountability in the context of this study, includes transparency of the company's efforts in communicating its policy and actions to wider stakeholders. The social reporting macro-category includes a micro-category that represents the company's active participation to reach out to its publics through various channels, in particular through corporate websites and other social media (blogs and chat rooms are included). Most importantly, social reporting allows publics opportunities to gain knowledge of companies' CSR initiatives. Hence communication about social reporting is important in the annual reports as part of measuring a company's CSR initiatives to communicate to wider stakeholders.

#### 3.4.5.6 Financial necessity macro-category

It is a legal requirement that Malaysian companies, including

MNCs, report financial standing in annual reports under the Malaysian Companies Act 1965 (Malaysia Government Official Portal, April 15, 2011), however financial dimensions of CSR and social reporting remain voluntary. The financial necessity macro-category within the context of this study looks at how companies communicate their financial tools to wider stakeholders as a way to adopt a CSR best practice which is sustainable in terms of reputation and financial standing.

Within the context of the best-practice instrument for this study, some of the ways companies indicated in the annual reports their inclination towards financial sustainability are through reputational and image enhancement strategies, adoption of risk management and a shareholder-value focus. The socially responsible investment (SRI) micro-category within the context of this study looks at the companies' CSR initiatives and sustainability in terms of long-term investment. The practice of long-term investment for sustainability is related to reputational management and is therefore covered under the financial necessity section in this analysis. Some of the examples to identify text coded under this macro-category are described in Appendix A.

#### 3.4.5.7 Compliance with certified international standards macro-category

As explained in Chapter Two, complying with the international standards such as the ISO standards in Asian companies was often understood as a common practice of CSR (Matten & Moon, 2008). Therefore it is important to explore a company's compliance with international standards as reported in annual reports and stand-alone sustainability reports. Under this macro-category, seven micro-categories are listed as certified international standards used by Malaysian MNCs.

The ISO 9000/9001 consists of a company's organisational

governance and quality management practice (Murphy & Yates, 2009). The ISO 14001/14004 promotes good governance towards the environment and energy consumption (ISO, n.d.). Whereas, Coalition for Environmentally Responsible Economies (CERES) environment (CERES, n.d.; Fombrun, 2005) is an international standard certified and registered under the ISO 9001, which assists with the management of a company's environmental stewardship through monitoring and auditing of the company's environmental performance. The SA 8000 (Social Accountability International, n.d.) covers employee relations standards. The AA 1000 (AccountAbility, n.d.) covers stakeholder standards practised in a company, whereas the Investors in People (IIP) learning and training standard (Fombrun, 2005; Investors in People, n.d.) covers a company's initiatives towards sustainable employee management through a workable framework that meets international standards. Lastly, the OHSAS Health and Safety covers a company's initiatives to protect employees' security in the workplace. These standards are some of the key standards often used by MNCs globally, particularly in developing nations (Matten & Moon, 2008). These micro-categories explore Malaysian MNCs' initiatives as reported in annual reports and stand-alone sustainability or CSR reports.

#### 3.4.5.8 Community driven macro-category

Companies' initiatives to report community work and philanthropic activities are in line with the Malaysian government's policy for nation building (see Abdullah, 2010). These micro-categories are: a) charity or philanthropy and monetary contribution to the community, b) governmental sponsorships, c) affected publics and community sponsorships.

### 3.5 Sample and sampling procedures

#### 3.5.1 Textual analysis sample and sampling procedure

The sample for textual analysis of annual reports and stand-alone sustainability reports consisted of large organisations that have MNC status in Malaysia (both local and foreign organisations), and have businesses that are either regional or global. A non-probability method using purposive sampling was chosen, because in selecting annual reports various factors needed to be taken into account to help answer the research questions. Selection was based on the size of the companies, meaning they are publicly listed MNCs on the KLSE main board or they are listed in the *Forbes Global 2000* companies. The ranking of companies on *Forbes Global 2000* was based on Forbes' website (see Forbes, 2012, April 4). The list may have updated from the time the listing was viewed on 20<sup>th</sup> May, 2011. MNCs were also divided into industrial sectors for comparison. Key industrial sectors were consumer products, construction, trading, service and finance, based on Ahmad, Sulaiman and Siswanto's (2003) selection of large Malaysian companies for content analysis research. Classifying the sample into relevant industrial sectors has worked for some research in the past (Benn et al., 2010) and provides a way to organise the data.

During the selection process, I incorporated companies that were prominent, in that they had either won CSR awards or were listed in the *Forbes Global 2000* best-ranked global companies. Low-key companies were also selected in that they either had not been publicly recognised for their CSR initiatives or were not in the *Forbes Global 2000* best-ranked global companies. All of the organisations had corporate websites and their annual reports were accessible to the public. Pollach, Johansen, Nielsen and Thomsen (2012) argued that it is relatively common for research to experience obstacles in gaining access to an organisation due to corporate policies. Therefore, for those that were not publicly accessible, a convenience-sampling factor affects the

selection, in that organisations that did not respond to requests for their annual reports were not able to be included.

Overall, there were 861 organisations listed on the main market of KLSE (at the time the textual analysis was conducted). It is important to note here that not all of these companies listed on the KLSE main board have MNC status and most of the companies listed on the main board were local companies. The list of companies was therefore carefully scanned in order to be sure that the ones selected were MNCs (either foreign companies operating in Malaysia or local companies operating in other parts of the Southeast Asian region or abroad). I also made sure that the largest foreign MNCs operating in Malaysia with high reputation and image throughout the world were included in the selection. By way of contrast I also ensured that not all of the companies selected had won CSR awards or were listed in *Forbes Global 2000* top companies, in which case, these companies were low key in their CSR work. This purposive method of selecting samples was conducted in order to gain balance in the data gathered.

The selected annual reports ranged from 31 December 2009 to 1 July 2010 and covered 45 selected publicly listed MNCs on the KLSE. There were also 10 stand-alone sustainability/CSR reports from the same 45 MNCs available. Typically, annual reports in Malaysia are produced twice a year, covering a company's activities from January to June (which is made accessible online at the end of the year, typically in December) or July to December (which would be published and made accessible online between March and June).

Ten MNCs from the 45 selected MNCs for this study were found to have produced separate reports just on CSR that were accessible online. These stand-alone reports, which the companies termed either sustainability or CSR reports, were published between 2007 and 2010. Unlike annual reports, stand-alone reports are published irregularly, with companies producing these reports ranging

from once a year to every five years. Selection of standalone reports was based on what was publicly accessible online from the companies' corporate websites, and publication years varied. However, a majority of the stand-alone reports for this study (eight of the 10 reports) were produced in 2010. These were analysed both separately to give a complementary snapshot of purposeful CSR reporting, and triangulated with the main annual report data.

I categorised these 45 MNCs into five industries, as per Ahmad, Sulaiman and Siswantoro's (2003) selection of industries within the large Malaysian organisations; service, industrial and construction, finance, consumer product and trading. They were grouped accordingly with initially 49 annual reports. However, four companies were dropped from the list when there were a great number of local companies operating outside of Malaysia grouped under industrial and construction, which left me with an uneven representation across the industries. The process of classifying companies was needed in order to get a relative balance of companies within each category. This process left me with 45 annual reports of MNCs to analyse (both from foreign companies operating in the Malaysia and local companies operating in the Southeast Asian region). The final sample included 14 foreign-owned MNCs and 31 locally owned MNCs.

### 3.5.2 Interview sample and sampling procedure

Selection of participants for interview was based on a convenience sampling procedure, where key informants were selected who are experts and knowledgeable about the field of public relations and CSR. Bernard (2002) claimed that in qualitative research, informants who are experts in the research field may be more valuable to the research than randomly selected informants. This method of selecting participants who are experts or knowledgeable in a research topic is used in much research across the communication and management field, particularly

when using an interpretive approach (Douglas, 2010; Hine & Preuss, 2009; Pearse & Kanyangale, 2009; Sligo & Tilley, 2009; Williams-Piehota et al., 2010; Zhou & Baptista Nunes, 2010).

Six case-study companies were selected for the purpose of uncovering the voices of members who were key informants with expertise in public relations and CSR and therefore able to provide specific information for this study. Two members of the public relations unit or equivalent unit were selected from each of the six case-study companies. The participants were divided between managerial and non-managerial members. While gaining insights from managerial participants was crucial in order to gain access to information that is particularly hard to get from other sources within the organisations, non-managerial members from the same organisations were needed as well, to give some alternative insights into the same topic. Daymon and Holloway (2011) described this particular type of sampling procedure as selection of “deviant cases” (p. 212) which allows other members to share different types of viewpoints. This alternative information allows a researcher some options in the ways to interpret the data gathered.

Recruitment of participants was based on the availability and willingness of the practitioners to participate. Morse and Niehaus (2009) list three main criteria in selecting relevant participants to be interviewed: the participants must have relevant experiences or information for the particular study, be willing and available to participate, and lastly, possess the ability to articulate and express concerns and ideas. Neuendorf (2002) argued that although non-probability sampling, such as convenience sampling, may appear to lack generalisability and a systematic approach that a probability sampling method would have, convenience sampling can be most suitable when it is difficult to choose a sample based on random sampling or other scientific sampling methods. Selecting experts with

various substantial experiences in the field of public relations and CSR allows richness and depth in the qualitative data; as Daymon and Holloway (2011) put it, “qualitative research is concerned with the subjective experiences of informants and it is often by allowing such voices to be heard that qualitative research findings challenge the status quo and critique the assumptions that are commonly held in public relations” (p. 213).

### 3.6 Data collection: Textual analysis of annual reports and stand-alone sustainability reports

Forty-five annual reports and 10 stand-alone sustainability/CSR reports of MNCs listed in the main board of KLSE were analysed. A qualitative textual analysis technique was employed in which items were interpreted by the researcher in terms of their connection with items described in the existing best-practice guidelines collated from the CSR literature. This form of technique for coding of textual analysis was chosen to systematically categorise data to identify specific themes and patterns related to the research questions (Cope & Elwood, 2009). In this particular case, the process of coding was particularly employed to reflect on what is being interpreted by the researcher based on the particular items in the instrument. These selected organisations’ annual reports were interpreted against existing CSR categories that were drawn from a review of the literature in CSR and existing global CSR best-practice guidelines.

Tee (2008) argued that textual analysis of annual reports is still an important source of data in studying organisations as corporate annual reports are circulated to most stakeholders and offer a proactive communication strategy when compared with a “third party report” (p. 96). Further, analysis of annual reports is used in research to understand corporate performance (Ullman, 1985). Most CSR

researchers, mainly in the management field, have conducted quantitative content analysis in analysing annual reports to study CSR performance. Ullman (1985) used a reputational index to analyse content in annual reports on social disclosure, social performance and economic performance. Harrison and Freeman (1999) overviewed commonly used research methods for CSR and stakeholder issues and described the Fortune Reputation Survey as being at the top of their ranking followed by the Kinder, Lydenberg, Domini and Company (KLD) Index, (a socially responsible companies' stocks' index), case research and event studies. Further, McGuire et al. (1988) stated that the use of content analysis of annual reports and other documents is widely used by scholars in the CSR field; however they argued that the reliability of the content in annual reports may be merely for publicity rather than actual substance.

The process of understanding CSR performance required me to understand the way CSR is communicated and presented to the publics. Textual analysis is one of the methods available to understand the contextual meaning behind a public report. At the most basic level, McKee (2003) defined textual analysis as “an educated guess” of analysed and interpreted text in order “to make sense of the world” (p. 1). Dearing (1974) defined textual analysis as a determination of “genealogical relationships between different forms of the same message” (p. 1). He argued that a message is a “mental phenomenon” interpreted and constructed differently by each individual. In textual analysis, a researcher will subjectively interpret the messages being analysed.

### 3.6.1 Data analysis of annual reports and stand-alone sustainability reports

For analysing the text of the annual reports and stand-alone sustainability reports, an etic approach was used, in which texts were

analysed using predetermined categories that were drawn from review of the literature of CSR and documented global best-practice guidelines. These particular categories are described as “descriptive apparatus” (Perakyla, 2008, p. 356) within the membership categorisation analysis method in textual analysis to interpret meanings in the text of annual reports.

The research approach used for analysing text in reports differs from that used for interviews. Within the context of this thesis, the analysis of the data in annual reports was interpreted by superimposing a specific framework and interpreting matches. Charmaz (2006) argued that a researcher is required, where possible, to situate the texts being studied “within social, economic, historical, cultural, and situational contexts” (p. 35). In other words, within this thesis, the analysis of the annual reports was constructed based on my best-practice instrument as well as my own interpretation of the themes that have emerged from looking at what and how these selected annual reports present and communicate their CSR initiatives. By contrast, the interview coding used an emic approach, where coding was open and did not use a pre-formulated instrument. Perakyla (2008) stated, in research where both written and spoken discourse are analysed, “the use of different kinds of analytical procedures may be considered” (p. 353). The following section describes how the interviews were conducted and analysed.

### 3.7 Data collection: Interviews

A pilot study was not conducted for this research as Daymon and Holloway (2011) stated that “pilot studies are not always necessary in qualitative enquiry as the research is developmental” (p. 223). However, before the interview was conducted, the interview guide was checked by my supervisors, who are experts in research interviews, and by the Massey University Human Ethics Committee. Further, the interpretivist

approach means that the data gathered are contextual in meanings and are constructed and revisited for further clarification.

A semi-structured interview was conducted as a way to permit flexibility in the interviews. Bryman (2004) stated that a semi-structured interview is required when a researcher has a clear focus on what to investigate that requires addressing specific issues. Furthermore, a semi-structured interview allowed me to review the interview series for comparison. This is particularly important for this study, as I needed to guide the interviewees with a set of questions for the purpose of comparison. Bryman (2004) further argued that in the case of “multiple-case study research, you are likely to find that you need some structure in order to ensure cross-case comparability” (p. 324).

In the corporate reality sense, no companies are the same, and therefore, to have a fully structured interview will not give researchers room to probe participants and explore unique information that is useful for the research. It is in fact expected of the interviewers to, as Berg (2007) puts it, “probe beyond prepared questions” (p. 107). “Questions used in a semi-structured interview can reflect awareness that individuals understand the world in varying ways” (Gabrium & Holstein, 2003 in Berg, 2007, p. 107).

In formulating the questions to guide the interview, I constructed the questions based on my best-practice instrument and made sure that these questions reflected my research questions. I divided the questions into three sections: a) their views about the organisational structure, b) public relations roles, and c) the global standards (see Appendix B). Specifically, in asking the practitioners about the organisational structure, I wanted to know the structure of the public relations department, their perception of the relationships between the public relations and CSR functions, and whether they think it was an ideal structure. In asking the practitioners about their roles in

their organisation, I wanted to know what their roles are in terms of their general roles as public relations practitioners as well as their contribution to the documentation of CSR reporting, such as the annual reports.

Furthermore, practitioners were also asked whether they perceived public relations as an influential profession in the department and in the company, as well as to describe their daily routine in the department as a way to understand what their public relations job entails in the company. The participants were also asked about CSR global standards, within the context of my best-practice instrument. The best-practice instrument was sent to them prior to conducting the interviews. I wanted to know whether they were familiar with the global best-practice guidelines. During interviews I asked about their perceptions of these guidelines and whether they believed the items in the instrument reflected the Malaysian culture and context. These questions were selected to assist me to explore and uncover what public relations practitioners in MNCs perceive about their roles, what their roles exactly entail and their involvement in communicating CSR to publics. It helped me interpret the current status of the public relations profession in terms of the roles they hold in CSR initiatives as a way for me to triangulate various data sets to get a multi-faceted perspective on CSR performance in a Malaysian context.

The interview guide was approved by the human ethics committee. The interview questions were a guideline for me to stay focused with what needed to be answered. An interview guide ensures that you have similar types of data (Daymon & Holloway, 2011). Interviews were conducted in Malaysia. During most of the interview sessions, I encountered numerous occasions where the participants had gone off track and I had to bring them back to the questions. However, some of these 'off track' occasions have given me very useful insights and meanings that I believe to be most valuable for this thesis.

### 3.7.1 Data analysis of interview transcripts

The process of interview data analysis is described here. Describing the process of data analysis is crucial for establishing credibility, dependability and trustworthiness of data interpretations (Lincoln & Guba, 1985 in Ericson-Lidman & Strandberg, 2007; Graneheim & Lundman, 2004).

The interpretivist nature of this research requires a balance in interpretation of data analysis that includes the researcher's knowledge and interpretation of the data as well as the respondents' own interpretation. According to Graneheim and Lundman (2004), it is impossible for a researcher to not get involved in the interpretation process while it is also very important to let the text speak for itself. This balancing act is particularly important when there are two dimensions within one research phenomenon.

Thematic analysis in organisational communication is used to interpret data. Thematic analysis in the context of this thesis is defined, based on Putnam and Fairhurst (2001), as encompassing the study of "verbal codes, utterances, conversations, and patterns" (p. 79) within an organisational context. It is an important technique that allows a researcher to contextualise data based on the situation and themes extracted from the interview (Tee, 2008). Hence, in understanding CSR performance and the role of public relations in CSR in Malaysia, thematic analysis allowed me to construct data that is locally bound in Malaysian contexts and meanings. Analysis of text in interview transcripts for this research was conducted using an emic approach to thematic analysis. According to Taylor and Trujillo (2001), emic and inductive analyses "preserve the naturally occurring features and discourse of the organisational scene and depict consensual and

contested meanings among organisational members” (p. 183). Typically, inductive analysis is conducted in the initial stage where themes, categories and patterns are identified directly from the data collected (Daymon & Holloway, 2011).

My specific procedure for identifying themes was based on Owen’s (1984, 1985) thematic analysis. Owen (1984, 1985) adopted thematic analysis to interpret discourse in the relationship building of partners. In another study, Zorn and Ruccio (1998) analysed the use of motivational communication skills to inspire sales teams, where thematic analysis was used to interpret interview transcriptions. According to Zorn and Ruccio (1998), thematic analysis is a method that “allows the researcher to identify themes within individual perspectives”, in addition to finding themes common to all or most interviewees (p. 480). Owen’s (1984) thematic analysis procedure looks at texts as “the presence of recurrent, repetitious and forceful discourse” (see Owen, 1985, p. 2). Therefore, at the initial stage, transcribed interviews were read thoroughly to achieve an overall sense of meaning among all of the participants. Themes were then identified based on Owen’s (1984) thematic identification process, which was based on “recurrence of the same thread of meaning in different words, repetition of words, phrases or sentences and forcefulness of vocal inflection, volume or dramatic pauses” (Owen, 1994 in Zorn & Ruccio, 1998, p. 480). This specific thematic method allows for validity and making sense of constructs.

The use of an open coding or emic approach is relevant in order to achieve depth in meanings especially for the purpose of triangulation of data from various sources. An emic approach in thematic analysis within an interpretivist approach seeks “meaning in the data that goes beyond the surface” (Mills et al., 2006, p. 12), is open to what emerges from the data set as well as allowing for meanings to be interpreted by both the participants and the researchers’ views and

experiences. Further, emic and inductive approaches are recommended for thematic interpretations of organisational scenes and structures that signify a deeply rooted understanding of a particular organisational interpretation. Charmaz (2000) described the interpretivist approach as producing meanings that participants and researchers seek and create together.

In this thesis, themes from the transcripts were detected and interpreted based on what was being said by the participants and what was understood by me, as a researcher and based on my past knowledge and experiences. Meanings were constructed within the context of the study. This process is employed by “condensing, coding and sorting into groups on the basis of similar content and abstracted into subthemes” (Ericson-Lidman & Strandberg, 2007, p. 202). In the process of analysing themes, HyperRESEARCH software was used to assist in coding the emerging themes and for the purpose of organising data. Eleven transcripts were transferred to HyperRESEARCH software (ResearchWare, n.d). Themes were carefully identified at a micro level (sentence by sentence) and then coded using the software. A total of 182 codes were detected. In the next stage, I re-coded these 182 codes and compiled similar codes into bigger themes for the purpose of analysis.

HyperRESEARCH (ResearchWare, n.d) is software to assist qualitative researchers to systematically store and organise themes emerging from transcripts. This is particularly useful in speeding up the process of classifying themes that have been identified. The purpose of using this software was not to assist me in identifying themes that emerged from the transcripts, however, it allowed me to categorise, systematically, similar instances into a set of bigger codes for the purpose of identifying and analysing bigger themes derived from the micro codes. One of the advantages of using HyperRESEARCH was that it not only systematically categorises codes, it also gave me the chance to identify and extract the specific themes that were needed for the

analysis. This has made the process of 'going back and forth' to the same data, in order to find a particular theme, much more bearable. What may be a disadvantage to some, in using this particular software, or any other software is, the need to spend a few days or a week (in some cases, possibly more) to learn and adapt to the software. However it has proven to work best for me for this thesis.

A wide range of studies have employed HyperRESEARCH as a tool for qualitative research. For instance, recent studies in Australia and New Zealand employed HyperRESEARCH package to transcribe interviews in multiple areas of communication, such as, communication research conducted by the Adult Literacy and Communication Group (see Tilley & Hollings, 2008; Sligo, Tilley & Murray, 2011; Comrie, Tilley, Watson & Murray, 2012). Moreover, HyperRESEARCH is also used in a wide range of areas such as medical and clinical research in America (Textor & Hedrick, 2012), in education (see Barnes, 2010; Stonehouse, Keengwe & Shabb, 2012), tourism (see Harrison, 2008) and was used for a published work in Europe in the area of social change and culture (see Boskic, 2011).

### 3.8 Data management of interviews

Eleven interviews were recorded and transcribed. Potential participants were given information sheets and consent forms prior to the interview sessions (see Appendices C, D and E for the samples of information provided to participants). Managerial and non-managerial participants were given two different information sheets. Each information sheet described expectations and the process of the interview (see Appendices D and E). Consent forms were either faxed or scanned and emailed to participants before the interviews were conducted. They were informed earlier before agreeing to participate that interviews will be conducted in English. These selected participants are members of large MNCs dealing with many foreign stakeholders,

and therefore, they are proficient in the English language. Some of the participants expressed concerns regarding my request to conduct the interview in their offices. However, they were still interested in participating. One of the participants preferred to meet outside office hours and therefore, the interview was conducted at a cafe in a public area that was safe for both the researcher and participant. Another participant agreed to correspond by email as she was not able to find a suitable time to meet during or after office hours.

This research was approved by the Ethics Committee of Massey University. A formal full ethics approval process was undertaken where an ethics application form was filled out and approved. The ethics committee made it clear that all of the participants needed to be informed in the information sheets of their position in this research in terms of their status of anonymity when conducting the interviews. A separate information sheet was created and disseminated for the managerial and non-managerial participants. Potential managerial participants received an information sheet which explained that the researcher would not guarantee anonymity for this research and that their names and position in the company would be published in any research publication. Another separate information sheet was given to the non-managerial participants, and in this information sheet, it was stated that their names would be kept anonymous. All 11 participants understood and acknowledged this by signing a consent form.

Consent forms were returned to me, and these, along with written notes of the interviews and data that were saved in the audio recorder were kept in a locked personal filing cabinet in my home office while in Malaysia. Upon arrival in New Zealand, the data were transcribed and all printed documents were kept in my office in Massey University Wellington campus, in a locked filing cabinet. The following chapter illustrates the findings of this study.

# CHAPTER 4

## Findings

To recap, this doctoral thesis aims to understand CSR standards and performance and to identify the role of public relations in the current CSR practices of Malaysian MNCs. This chapter presents and describes findings from two methods: firstly, textual analysis of 45 annual reports and 10 stand-alone sustainability/CSR reports; and secondly, semi-structured interviews with six managerial participants and five non-managerial participants from six case-study MNCs.

The first section of this chapter presents a breakdown of criteria identified by using the best-practice instrument to analyse the selected MNCs' annual reports and stand-alone sustainability/CSR reports. The second section presents a summary of the stand-alone reports of the 10 companies. The third section of this chapter presents and describes the themes that emerged from 11 interview transcripts.

The annual reports and stand-alone sustainability/CSR reports can be obtained online by the general public. Therefore, analysing these public documents is an important process in understanding the level of CSR disclosure chosen by the selected MNCs. As earlier described in chapter three, the method employed to analyse these public documents was qualitative textual analysis. An extensive review of the literature was conducted to provide a grounded understanding of the CSR literature and global best-practice guidelines. After reviewing the literature of CSR and global best-practice guidelines, I extracted and collated key best-practice guidelines relevant to developing nations to create a best-practice instrument to guide my analysis. This instrument consists of eight macro-categories of CSR best-practices, namely: a) human rights; b) labour rights; c)

environmental stewardship; d) fighting corruption and bribery; e) social reporting; f) financial necessity; g) compliance with certified international standards; and h) community driven. Under each macro-category, there is a list of micro-categories with a total of 38 micro-categories. Each macro-category does not have equal representation of number of micro-categories – this discrepancy was based on what was published and highlighted more frequently in the CSR literature and best-practice guidelines.

The categories detected in these public documents reflect a qualitative interpretation of what a particular company has done to communicate its CSR activities to the public. There were some categories that were explicitly stated in the reports and some instances that I understood and interpreted as companies' efforts to communicate their CSR initiatives in a particular category. Appendix A provides a description of the parameters of interpretation for the 38 micro-categories.

Once a particular micro-category was detected in the annual reports, the micro-category was counted once and was not counted again throughout the same report. The same 38 micro-categories were used to analyse the stand-alone sustainability/CSR reports, and again were counted once to see presence or absence of a particular micro-category in a report. For micro-categories that were detected I coded them as one (1) in a Microsoft Excel worksheet and for micro-categories that were not detected they were coded as zero (0). The data summary is described and illustrated in the table below.

Table 2

*Summary of the Micro-Categories Presented in 45 Malaysian MNCs' Annual Reports and Stand-Alone Sustainability Reports*

Best-practice items (macro-categories & micro-categories)	Public documents	
	Number of MNCs out of 45 whose annual report communicated this category	Number of MNCs out of 10 whose stand-alone report communicated this category
<b>Macro-category: Human rights</b>	<b>*Total: 13</b>	<b>Total: 9</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Respecting the right to practise religion	1	3
Employees' awareness of human rights violations in company's policy	1	8
Adhere to local values, customs, norms and government policies	13	9
<b>Macro-category: Labour rights</b>	<b>Total: 36</b>	<b>Total: 8</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Conform to local labour standards (meritocracy)	10	3
Work hours adhering to the ILO standards	0	2
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	6	7
Equal rights and opportunities for employees	15	8
Educational opportunities for employees and/or family	15	8
Provide training for employees	30	8
The right for collective bargaining (ILO 1949)	1	3
Initiatives to protect the rights of employees against acts of anti-union	4	4
Initiatives to practice no forced or compulsory labour	2	3
Industrial relations	6	3
Health and safety issues of employees	28	7
<b>Macro-category: Environmental stewardship</b>	<b>Total: 30</b>	<b>Total: 10</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Global standards compliance	17	10
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	9	10
Compliance with the local environmental regulations	22	7
Communicates company's efforts for environmentally efficient technology	27	8
<b>Macro-category: Fighting corruption and bribery</b>	<b>Total: 26</b>	<b>Total: 8</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	9	4
Companies communicated and presented efforts to fight corruption and bribery	25	8
<b>Macro-category: Social reporting</b>	<b>Total: 43</b>	<b>Total: 8</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Companies communicated awareness towards accountability issues and actions	42	1
Companies practised transparency in reporting	15	3
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	18	5
Companies practised open dialogue with the publics (stockholders and shareholders are not included)	13	7
<b>Macro-category: Financial necessity</b>	<b>Total: 42</b>	<b>Total: 5</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Socially responsible investment (SRI) initiatives	3	0
Reputation or image enhancement	23	0
Adopt risk management	42	4
Direct and active two-way communication with shareholders (shareholder value-focused)	33	5
<b>Macro-category: Compliance with certified international standards</b>	<b>Total: 12</b>	<b>Total: 6</b>
<b>The micro-categories for this macro-category are listed below:</b>		
ISO 9000/9001 (quality management system)	7	3
ISO 14001/14004 (environment)	7	3
SA 8000 (workplace and employee relations)	0	0
AA 1000 (stakeholders)	0	1
CERES environment	0	0
IIP learning and training	0	0
OHSAS 18001 (health and safety)	5	5
<b>Macro-category: Community driven</b>	<b>Total: 35</b>	<b>Total: 6</b>
<b>The micro-categories for this macro-category are listed below:</b>		
Charity or philanthropy and monetary contribution to community	35	5
Governmental sponsorships	2	0
Affected publics and community sponsorships	16	4

\*Total = Total number of MNCs that reported the macro-category- the macro-category totals may be less than the sum of the micro-category representation, where a company reported two or more different micro-categories within the same macro-category.

Table 2 presents a summary of the micro-categories found in the qualitative textual analysis of 45 selected annual reports of publicly listed MNCs operating in Malaysia and 10 stand-alone reports from the same sample of MNCs. As shown above, most companies, specifically 42 out of 45, reported accountability issues and actions (situated under the social reporting section) and their efforts to adopt risk management (under the financial necessity section). Thirty-five out of 45 companies communicated their CSR initiatives in terms of charity, philanthropy and monetary contributions to the community (under the community driven section). Human rights and certified international standards reporting were low. Thirteen out of 45 companies reported in the human rights macro-category (the total of different companies which reported any micro-category once under this macro-category) and 12 out of 45 companies reported that they follow international standards in annual reports. This is further described in detail below under each best-practice macro-category.

Out of 45 companies, 10 companies produced additional information in a stand-alone report that specifically focused on their CSR or sustainability activities. The data show that the stand-alone reports of these 10 companies covered human rights, labour rights and especially environmental stewardship, in that all 10 of these companies communicated about their environmental initiatives. While there were instances of social reporting in stand-alone reports, it was mentioned less frequently as compared with annual reports. The 10 stand-alone reports also did not emphasise financial reporting as compared with the annual reports with only four out of 10 reporting on risk management adoption and five out of 10 reporting two-way initiatives with shareholders.

Although the certified international standards macro-category was given more attention in stand-alone reports as compared with annual reports, this macro-category is still one of the lowest reported overall. In the stand-alone reports, three out of 10

companies reported that they had ISO 9000/9001, three reported they had ISO 14001/ 14004 for environment, only one reported compliance with AA1000 for stakeholders and five complied with OHSAS 18001 for health and safety. In total, six out of 10 reported this macro-category in stand-alone sustainability reports. In the annual reports, 12 companies out of 45 reported once in any micro-category under this macro-category. Thus, the certified international standards macro-category is more likely to be reported in stand-alone sustainability/CSR reports than in annual reports but still only reaches 60%. Further description is provided in related sections below.

#### 4.1 Public documents: Annual reports and stand-alone sustainability/CSR reports

I categorised the public documents (annual reports and stand-alone reports) into five business sectors, based on Ahmad, Sulaiman and Siswantoro's (2003) categories that were commonly known business sectors and the most prominent business sectors of large Malaysian companies for content analysis research; namely, consumer products, construction, trading, service and finance. It is important to note here that results showed only what was and was not communicated in the public documents. The results were not a definite indication of whether the companies are practising such initiatives or otherwise (although it is likely that annual reports and stand-alone sustainability reports are as comprehensive as possible). Below, I present separate breakdowns of the annual report data and stand-alone sustainability report data as an introduction to the data, however more details are shown in each section throughout this chapter.

#### 4.1.1 Breakdown of the annual report coding results

Table 3 presents macro-categories that were reported from the most communicated to the least communicated in annual reports throughout the 45 selected Malaysian companies. A description of the results follows. As noted in the methodology chapter, the numbers are not statistical data, but provide ‘quantitizing’, a way of systematically illustrating and communicating clearly the interpretive patterns and themes found in the data.

Table 3

*Summary of the Total of MNCs Reporting CSR Best-Practices in 45 Annual Reports for each Macro-Category*

Macro categories	Number of companies reporting macro-category at least once in annual reports	Percentages of companies reporting this macro-category (%)
Social reporting	43	96
Financial necessity	42	93
Labour rights	36	80
Community driven	35	78
Environmental stewardship	30	67
Fighting corruption and bribery	26	58
Human rights	13	29
Compliance with certified international standards	12	27

Table 3 shows the numbers and percentages of companies reporting each macro-category at least once. Table 3 shows that 43 out of 45 companies (96%) were interpreted to be providing social reporting followed by financial reporting, that is a total of 42 companies (93%). Human rights and compliance with certified international standards reporting in annual reports were reported the least frequently, with only 13 companies (29%) reporting human rights and only 12 companies (27%) reporting that they comply with some international standards. Thirty-six companies (80%) reported on labour rights, with community driven reporting following closely with

35 companies (78%). Thirty companies (67%) reported on environmental stewardship and 26 out of 45 companies (58%) reported initiatives to fight corruption and bribery.

The following Table 4, below, presents a break-down of the micro-categories that were reported from the most communicated to the least communicated in annual reports throughout the 45 selected Malaysian companies. A description of the results will follow after Table 4.

Table 4

*Micro-Categories Ranked from the Most Reported to the Least Reported Among Malaysian MNCs' 45 Annual Reports*

Best-practice micro-categories	Results from annual reports	
	Number of MNCs communicating this micro-category in annual reports	Percentage of number of MNCs reporting this micro-category as total number of companies (%)
Companies communicated awareness towards accountability issues and actions	42	93
Adopt risk management	42	93
Charity or philanthropy and monetary contribution to community	35	78
Direct and active two-way communication with shareholders (Shareholder value-focused)	33	73
Provide training for employees	30	67
Health and safety issues of the employees	28	62
Communicates company's efforts for environmentally efficient technology	27	60
Companies communicated and presented efforts to fight corruption and bribery	25	55
Reputation or image enhancement	23	51
Compliance with the local environmental regulations	22	49
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	18	40
Global standards compliance	17	38
Affected publics and community sponsorships	16	36
Equal rights and opportunities for employees	15	33
Educational opportunities for employees and/or family	15	33
Companies practised transparency in reporting	15	33
Companies practised open dialogue with the publics (stockholders and shareholders are not included)	13	27
Adhere to local values, customs, norms and government policies	13	29
Conform to local labour standards (meritocracy)	10	22
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	9	20
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	9	20
Industrial relations	9	20
ISO 9000/9001 (quality management system)	7	16
ISO 14001/14004 (environment)	7	16
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	6	13
OHSAS 18001 (health and safety)	6	13
Initiatives to protect the rights of employees against acts of anti-union	4	8
Socially responsible investment (SR) initiatives	3	7
Initiatives to practise no forced or compulsory labour	2	4
Governmental sponsorships	2	4
Respecting the right to practise religion	1	2
The right for collective bargaining (ILO 1949)	1	2
Employees' awareness of human rights violations in company's policy	1	2
Work hours adhering to the ILO standards	0	0
SA 8000 (workplace and employee relations)	0	0
AA 1000 (stakeholders)	0	0
CERES environment	0	0
IIP learning and training	0	0

The results from the table above suggest that the majority of the companies, that is 42 out of 45 companies (93%), used their annual reports to communicate awareness of accountability issues and actions (see Appendix A for a description of interpretation for this micro-category), as well as risk management adoption. This is followed by charity and philanthropic activities, as 35 out of the 45 MNCs (78%) reported their initiatives. Thirty-three companies (73%) reported their initiatives to have direct and active two-way communication with their shareholders. In the annual reports, fewer companies (only nine out of 45) that is, 20% of the 45 MNCs made efforts to report on greenhouse emission (CO<sup>2</sup>) initiatives. Similarly, only 20% of the companies communicated to the employees about corruption and bribery in terms of educating and training employees about corruption and bribery.

Reports on the practice of complying with international standards were very low with only seven of the companies (16%) reporting ISO 9000/9001 (organisational and governance certified international standards) and ISO 14001/14004 (environmental certified international standards). Companies were also very low in reporting about their efforts in dealing with discrimination towards gender, race and ethnicity, with only 13% of the companies reporting on this. Only one company specifically mentioned the company's policy to respect freedom in practising religion. Likewise only one company mentioned that the company practises the right to collective bargaining under the ILO 1949. None of the companies reported in annual reports about companies' initiatives to create awareness among employees about human rights violations.

The table above shows that a majority of companies focused on financial reporting and charity and philanthropic activities. Companies were less likely to report efforts in adhering to human rights, labour rights and international standards in their annual reports. The next section details a summary of the coding results of macro and micro-categories from 10 stand-alone sustainability/CSR reports.

#### 4.1.2 Breakdown of the stand-alone report coding results

Contrary to the tables above, the tables below show the breakdown of the coding results of macro and micro-categories for the stand-alone sustainability reports. Table 5 shows the macro-categories of the stand-alone sustainability reports and subsequently Table 5 shows the micro-categories of the stand-alone sustainability reports.

Table 5

*Summary of the Total of MNCs Reporting CSR Best-Practices in 10 Stand-Alone Sustainability Reports for each Macro-Category*

Macro categories	Number of macro categories reporting in stand-alone sustainability reports	Percentages (%)
Environmental stewardship	10	100
Human rights	9	90
Social reporting	8	80
Labour rights	8	80
Fighting corruption and bribery	8	80
Community driven	6	60
Compliance with certified international standards	6	60
Financial necessity	5	50

Table 5 above, shows most of the companies that produced stand-alone sustainability reports mentioned efforts with regards to human rights, labour rights and environmental stewardship. It indicates that environmental stewardship macro-category was reported most often, with all 10 of the companies reporting this macro-category. What is comparably different between stand-alone reports and annual reports is that companies which reported in stand-alone reports did not focus on financial necessity (50% of the 10 companies which produced stand-alone reports) as compared with the high number of the companies (93%) that covered this macro-category in their annual reports as shown in Table 5 above. Compliance with certified international standards was second lowest as compared with the rest of the macro-categories of the stand-alone sustainability reports coding

result. However, it appears that the data show companies which produced stand-alone reports were more likely to report initiatives of compliance with ISOs (60%) than in annual reports (27%).

Table 6

*Micro-Categories Ranked from the Most Reported to the Least Reported Among Malaysian MNCs' 10 Stand-Alone Sustainability/ CSR Reports*

Best-practice micro-categories	Results from stand-alone sustainability/CSR reports	
	Number of MNCs communicating this micro-category in stand-alone reports	Percentage of number of MNCs reporting this micro-categories as total number of companies (%)
Global standards compliance	10	100
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	10	100
Adhere to local values, customs, norms and government policies	9	90
Employees' awareness of human rights violations in company's policy	8	80
Equal rights and opportunities for employees	8	80
Educational opportunities for employees and/or family	8	80
Provide training for employees	8	80
Communicates company's efforts for environmentally efficient technology	8	80
Companies communicated and presented efforts to fight corruption and bribery	8	80
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	7	70
Health and safety issues of employees	7	70
Compliance with local environmental regulations	7	70
Companies practised open dialogue with the publics (stockholders and shareholders are not included)	7	70
Charity or philanthropy and monetary contribution to community	5	50
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	5	50
Direct and active two-way communication with shareholders (shareholder value-focused)	5	50
OHSAS 18001 (health and safety)	5	50
Initiatives to protect the rights of employees against acts of anti-union	4	40
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	4	40
Adopt risk management	4	40
Affected publics and community sponsorships	4	40
Respecting the right to practise religion	3	30
Companies practised transparency in reporting	3	30
Conform to local labour standards (meritocracy)	3	30
The right for collective bargaining (ILO 1949)	3	30
Initiatives to practise no forced or compulsory labour	3	30
Industrial relations	3	30
ISO 9000/9001 (quality management system)	3	30
ISO 14001/14004 (environment)	3	30
Work hours adhering to the ILO standards	2	20
Companies communicated awareness towards accountability issues and actions	1	10
AA 1000 (stakeholders)	1	10
Socially responsible investment (SRI) initiatives	0	0
Reputation or image enhancement	0	0
CERES environment	0	0
IIP learning and training	0	0
Governmental sponsorships	0	0
SA 8000 (workplace and employee relations)	0	0

Table 6, above, shows that for those MNCs producing stand-alone sustainability/CSR reports, the focus of CSR reporting shifted to reporting on global standards compliance and communication greenhouse emission in tons of CO<sup>2</sup>, (100% for both micro-categories). Philanthropy reporting was in the middle (50%) as was reporting of two-way communication with shareholders (50%). Although slight improvements are seen in stand-alone sustainability/CSR reports, human rights, labour rights and international certified standards reporting remain at the bottom of the table for stand-alone sustainability/CSR reports as well.

Table 6 also shows that all of the companies (10) that produced stand-alone sustainability/CSR reports reported on global standards compliance and initiatives to reduce greenhouse emission in tons of CO<sup>2</sup> or equivalent. Nine of the companies reported in their stand-alone sustainability/CSR reports that they adhere to local values, customs, norms and government policies. Eight of the companies reported on employees' awareness of human rights violations in company policy. Although more companies reported certified international standards in stand-alone sustainability/CSR reports, this micro-category is still low with only three companies reporting adherence with ISO 9000/9001 and ISO 14001/14004. Only one company reported that they follow the AA 1000 stakeholder international standards. None of the companies reported on the rest of the international standards. None of the companies reported on reputational and image enhancement or socially responsible investment (SRI), a CSR area which looks at companies' CSR initiatives and sustainability as well as acts as companies' long-term profitability.

#### 4.1.3 Comparative coding results from a range of perspectives

Table 7, below, summarises the 45 companies aggregated by sectors (vertically listed), company ownership (foreign owned and locally owned

MNCs) and company's reputational and performance ranking based on the *Forbes Global 2000*. Comparing MNCs by ranking, between those that were listed and those that were not listed on *Forbes Global 2000*, contributes to an idea of how a company's reputation and image might relate to a company's efforts in reporting CSR initiatives in annual reports.

Table 7

*Summary of 45 Companies Listed by Sectors, Ownership, Ranks (Based on Forbes Global 2000), and Companies that Produce Stand-Alone Sustainability/CSR Reports*

Listed Companies by Sectors	Item			
	Companies that produce stand-alone sustainability reports	Company-ownership		Ranks
		Foreign-owned	Locally owned	Listed in <i>Forbes Global 2000</i>
<b>Service</b>				
Petronas	1	-	1	1
Shell Malaysia	1	1	-	1
Telekom Malaysia (TM)	1	-	1	-
Apex Health	-	-	1	-
Air Asia	-	-	1	-
Cycle & Carriage	-	-	1	-
Eastern Oriental	-	-	1	-
Help Institute	-	-	1	-
Parkson	-	-	1	-
<b>Industrial/ Construction</b>				
CBP	-	-	1	-
Bright Packaging Industry	-	-	1	-
Central Industrial Corporation (CIC)	-	-	1	-
Boustead Heavy Industry	-	-	1	-
Alcom	-	-	1	-
Glenealy Plantation	-	-	1	-
Ecowood International	-	-	1	-
Dominant Opto (D&O) Greentech	-	-	1	-
Sime Darby	-	-	1	1
Nagamas	-	-	1	-
Ho Hup	-	-	1	-
OKA	-	-	1	-
<b>Finance</b>				
Public Bank	-	-	1	1
Kuwait Finance House	-	1	-	1
Maybank	1	-	1	1
MCIS Zurich	-	1	-	1
Hong Leong	-	-	1	1
OCBC	-	1	-	1
CIMB	-	-	1	1
<b>Consumer product</b>				
Nestle Malaysia	1	1	-	1
Honda Malaysia	-	1	-	1
Toyota (UMW)	1	1	-	1
Edaran Otomobil Nasional (EON)	-	-	1	-
Olympus	1	1	-	1
Dutch Lady	-	1	-	-
Ajinomoto	1	1	-	1
Fraser & Neave (F&N)	-	1	-	1
Panasonic	1	1	-	1
Ogawa	-	-	1	-
British American Tobacco	1	1	-	1
Japan Tobacco	-	1	-	1
<b>Trading</b>				
Priceworth Wood	-	-	1	-
CN Asia	-	-	1	-
Scanwolf	-	-	1	-
Coastal	-	-	1	-
SCGM	-	-	1	-
<b>Total</b>	<b>10</b>	<b>14</b>	<b>31</b>	<b>19</b>

As Table 7 above shows, 19 of the companies are listed in the *Forbes Global 2000* (consisting of both foreign owned and locally owned MNCs). It shows that a majority of the companies which are ranked in the *Forbes Global 2000* are grouped under the finance and consumer products sectors. All seven of the companies categorised under the finance sector and nine out of 12 of the companies under the consumer products sector are ranked in the *Forbes Global 2000*.

The table also shows that companies which produced stand-alone sustainability/CSR reports among the 45 companies are Petronas, Shell, Telekom Malaysian (TM), Maybank, Nestlé, UMW Toyota, Olympus, Ajinomoto, Panasonic, British American Tobacco and Japan Tobacco. There are nine companies under the service sector, of which just one is from a foreign-owned MNC. There are 12 companies under the industrial and/or construction sector and all of these companies are locally owned. There are seven companies under the finance sector and only one of the seven companies is foreign-owned. A majority of the foreign-owned MNCs were found to be categorised under the consumer products sector. Out of the 12 companies from the consumer products sector, only two companies are locally owned MNCs. All five of the companies under the trading sector are locally owned MNCs.

When we cross-reference these characteristics it becomes apparent that foreign-owned companies are far more likely to produce stand-alone reports, at least in the present data-set, with 70% of the stand-alone reports from foreign companies. Also, nine of the 10 stand-alone reports were from *Forbes*-listed companies.

Table 8

*Stand-Alone Sustainability/ CSR Reports of the Selected 45 MNCs*

Stand-alone sustainability/CSR reports	Number of companies		Ownership	
	*N	%	Foreign-owned	Locally owned
Companies with stand-alone sustainability/CSR reports	10	22	7	3
Companies without stand-alone sustainability/CSR reports	35	78	7	28
Total	45	100	14	31

\*N = Number of companies with stand-alone reports and those without stand-alone reports.

Foreign-owned MNCs tend to produce more stand-alone sustainability/CSR reports than locally owned MNCs as well. Table 8 above illustrates that only 10 out of 45 (22%) companies produced stand-alone sustainability/CSR reports and the other 35 out of 45 companies (78%) did not. The content of this particular type of report acts as a separate document from the annual reports. For companies producing these reports, documentation and publication of such stand-alone sustainability/CSR reports are published either annually or once every two or three years. In comparing company ownership, a majority of the companies that produce stand-alone sustainability/CSR reports are foreign-owned MNCs (seven out of 10 of the foreign companies produced stand-alone sustainability/CSR reports) and three locally owned companies out of the 10 produced stand-alone sustainability/CSR reports. It is relevant to note here that the three locally owned MNCs are Maybank, Telekom and Petronas. These companies have some of the largest revenues and resources among the locally owned MNCs in Malaysia and also hold GLC status, which means the government is a shareholder and committee board member. In terms of the global ranking, Petronas and Maybank are listed in *Forbes Global 2000* best ranked global companies.

Table 9

Number of Best-Practice CSR Micro-Categories Reported in Annual Reports by Sector

Listed Companies by Sector	Human rights (3 micro-categories in this macro-category)			Labour rights (11 micro-categories in this macro-category)			Environmental stewardship (4 micro-categories in this macro-category)			Fighting corruption and bribery (2 micro-categories in this macro-category)			Social reporting (4 micro-categories in this macro-category)			Financial necessity (4 micro-categories in this macro-category)			Compliance with certified international standards (7 micro-categories in this macro-category)			Community driven (3 micro-categories in this macro-category)			Companies which reported all macro-categories as a whole
	*N	**%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N		
<b>Service</b>																									
PETRONAS	1	33	5	45	4	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Shell Malaysia	2	67	7	64	4	100	2	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Telekom Malaysia (TM)	1	33	8	73	3	75	2	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Apex Health	0	0	2	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Air Asia	1	33	5	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Cycle & Carriage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Eastern Oriental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Harlem Oriental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hotel Satrio	0	0	3	27	2	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Industri/Construction																									
CEB	0	0	1	9	2	50	1	50	1	50	1	25	1	25	0	0	0	0	0	0	0	0	0	0	
Eight Packaging Industry	0	0	2	18	1	25	1	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CIC	0	0	4	36	3	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Boustead Heavy Industry	0	0	3	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Alcom	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Genealogy Plantation	0	0	2	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ecowood International	0	0	2	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
D & O Greentech	0	0	1	9	3	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sime Darby	0	0	2	18	4	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Nagamas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ho Hup	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
OKA	0	0	4	36	1	25	1	50	1	50	3	75	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Finance</b>																									
Public Bank	1	33	7	64	1	25	2	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Kuwait Finance House	0	0	2	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Maybank	1	33	5	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
MCIS Zurich	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hong Leong	1	33	4	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
OCBC	0	0	2	18	3	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CIMB	1	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Consumer products</b>																									
Nestle Malaysia	1	33	3	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Honda Malaysia	0	0	2	18	3	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Toyota (UMW)	0	0	6	55	1	25	2	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Edaran Otomobil Nasional (EON)	2	67	5	45	3	75	3	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Olympus	0	0	1	9	4	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Dutch Lady	0	0	3	27	3	75	2	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Ajinomoto	0	0	3	27	4	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Fraser & Neave (F&N)	1	33	3	27	2	50	1	50	2	100	2	50	2	50	0	0	0	0	0	0	0	0	0	0	
Panasonic	0	0	2	18	2	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pigawa	0	0	1	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
British American Tobacco	1	33	8	73	4	100	1	50	2	100	3	75	4	100	0	0	0	0	0	0	0	0	0	0	
Japan Tobacco	0	0	0	0	4	100	0	0	0	0	2	50	2	50	3	75	4	100	3	75	4	100	1	33	
<b>Trading</b>																									
Pricewaterhouse	0	0	2	18	1	25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Wood	0	0	4	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
CN	0	0	1	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Keppel	0	0	4	36	3	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Seacell	0	0	4	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
SCGM	0	0	1	9	1	25	0	0	0	0	1	25	2	50	0	0	0	0	0	0	0	0	0	0	
<b>Total</b>																									

\*N = Number of micro-categories reported in annual reports; \*\*% = Percentage of micro-categories in a company's report.

5 out of 46: 11%

Table 9 shows that the service sector was more likely to report on the overall macro-categories than the other sectors for this study. It appears that out of the 45 companies selected for this study, only five of the companies (11%) were comprehensive in reporting CSR best practices in that they mentioned at least one micro-category across all eight macro-categories. The companies are Shell Malaysia, TM, Public Bank, Edaran Otomobil and British American Tobacco. The following table presents a company-ownership comparison between foreign and local MNCs.

The previous tables above were presented to introduce a macro understanding of the finding for the selected 45 MNCs' annual reports and stand-alone reports. In the sections that follow, a detailed description of findings for each macro-category is presented. Each section is described based on findings of each macro-category found in annual report and stand-alone sustainability/CSR report. Descriptions of the coding parameters for each micro-category was displayed in Appendix A.

## 4.2 Human rights

The following table presents the number of companies that have reported any one of the human rights micro-categories in companies' annual reports and stand-alone sustainability/CSR reports.

Table 10

*MNCs Reporting on Human Rights*

Human rights macro-category	Number of companies & percentage			
	Number of MNCs out of 45 whose annual report communicated this	*%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Human rights	13	29	9	90

\*% = Percentage of companies for this macro-category.

As shown in Table 10, a majority of the companies did not report companies' human rights initiatives according to these three micro-categories. The above table shows an overall number of companies that were detected to have reported in the human rights section for annual reports as well as 10 companies found to have produced stand-alone reports out of the 45 selected companies for this thesis study. This does not include the number of times the company has mentioned human rights in the micro-categories but the number of companies that were detected to have reported about human rights as a whole. The data suggest that MNCs' (both foreign owned and locally owned) human rights reporting in annual reports is very low with an overall score of only 13 out of 45 MNCs, that is, only (29%) having mentioned any micro-category at least once under the human rights macro category in the annual reports. However, for companies which produced stand-alone reports, nine out of 10 (90%) reported human rights.

Based on the overall percentages, it is assumed that companies took more effort to report human rights in stand-alone reports rather than in annual reports. However, since only 10 out of the 45 companies were found to have reported CSR best-practices in a document other than an annual report, companies are still relatively weak in reporting human rights as a whole. Furthermore, the irregularities of producing stand-alone reports (only every two to three years) show companies are still lacking in reporting CSR initiatives to wider stakeholders.

Table 11

*Comparison Between Foreign-Owned and Locally Owned Reporting of Human Rights Micro-Categories in Annual Reports and Stand-Alone Reports*

Human Rights micro-categories	Items							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' SR/ CSR reports (3 companies)	
	*N	**%	N	%	N	%	N	%
Respecting the right to practise religion	0	0	1	3	0	0	3	100
Employees' awareness of human rights violations in company's policy	1	7	0	0	5	71	3	100
Adhere to local values, customs, norms and government policies	5	36	8	26	6	86	3	100

\*N = Number of companies communicating this micro-category; \*\*% = Percentage of companies communicating this micro-category.

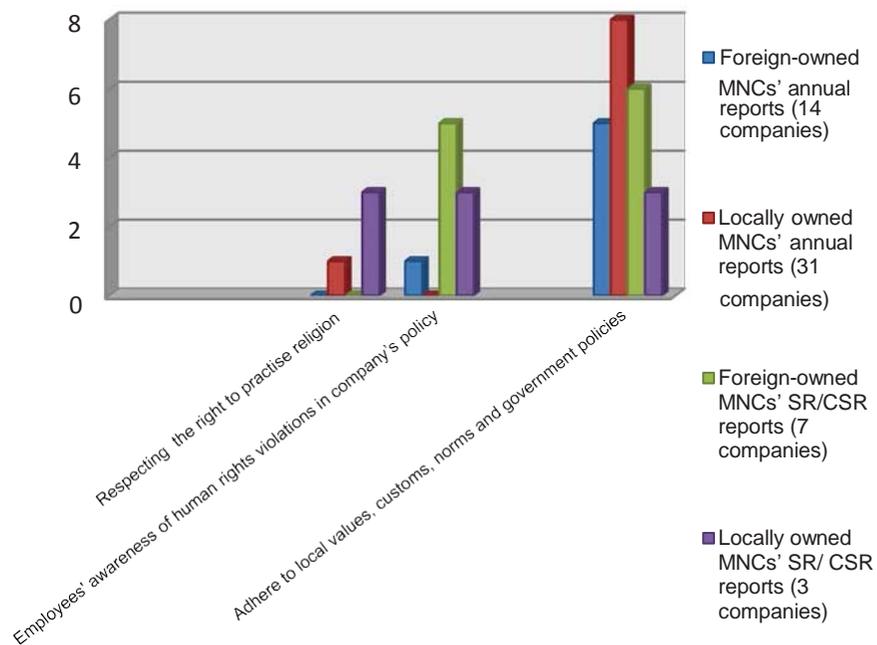


Figure 2. Foreign-owned MNCs vs. locally owned MNCs' annual reports and stand-alone reports under the human rights macro-category

Table 11 and Figure 2 above, illustrate companies which reported human rights micro-categories based on a company's ownership (foreign owned or locally owned MNCs). As shown above, none of the

foreign-owned MNCs reported respecting the right to practise religion in either annual reports or stand-alone reports. Although the number of MNCs that reported this micro-category is very low throughout both public documents this micro-category was significantly lacking in annual reports with only one company out of 31 (3%) companies from the locally owned MNC reporting this in annual reports. A sample of this statement was reported in Edaran Otomobil Nasional's (EON) 2009 annual report: "we treat all employees equally regardless of [the employee's] religion, race and gender" (EON, 2009, p. 49). In a nutshell, EON is a locally owned MNC that is listed under the consumer product sector. EON is a GLC and Malaysia's first national car company with its products sold worldwide. There were no other indications or instances of this micro-category found in the rest of the companies.

However, there is an improvement in reporting this micro-category for locally owned MNCs in stand-alone reports, as all three (100%) of the locally owned companies reported this micro-category in stand-alone reports. The companies reporting this micro- category are EON Malaysia (in its annual reports) and Telekom Malaysia (TM), Petronas and Maybank (in their stand-alone reports).

Only one company, Shell Malaysia (a foreign-owned company) communicated their initiatives to provide awareness to employees about human rights violations in the workplace as part of the company's policy in an annual report, whereas, five out of seven (71%) foreign-owned MNCs and all three (100%) locally owned MNCs reported this micro-category in their stand-alone reports.

Thirteen companies (five foreign owned and eight locally owned) reported in the annual reports that they adhered to local values, customs, norms and government policies. One of the instances communicated in the annual report was "we comply with all applicable laws and regulations of the countries in which we operate" (Shell

Malaysia, 2009, p. 15). Five out of 14 (36%) foreign-owned companies, and only eight out of 31 (26%) locally owned companies reported about local values, customs, norms and government. For those that produced stand-alone reports, all 10 (100%) companies from both foreign and locally owned MNCs reported this micro-category in their stand-alone reports.

The results show that foreign-owned MNCs communicated more initiatives with regards to human rights efforts and initiatives as compared to locally owned MNCs. CSR reporting of human rights micro-categories is weak in annual reports among these 45 MNCs, however these micro-categories are likely to be seen in stand-alone reports as shown in Table 11 above. All three locally owned companies which produced reports reported all three of the human rights micro-categories.

Table 12

*Human Rights Communicated in Annual Reports by Sectors*

Human rights micro-categories	Sectors (number of companies)										
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		***
	*N	** %	N	%	N	%	N	%	N	%	N
Respecting the right to practise religion	0	0	0	0	0	0	1	8.3	0	0	1
Employees' awareness of human rights violations in company's policy	1	11	0	0	0	0	0	0	0	0	1
Adhere to local values, customs, norms and government policies	4	44	0	0	0	0	4	33	5	71	13

\*N = Number of companies communicating this micro-category in their annual report; \*\* % = Percentage of companies communicating this micro-category; \*\*\*Total = Total number of companies in each micro-category.

Table 12 presents companies which reported human rights micro-categories in their annual reports by sectors. The annual report data show that only one company from the consumer product sector, a locally owned company, EON, mentioned their company's initiative towards respecting the right to practise religion. Only one company reported about company's initiative to create awareness for employees

about human rights violations in company's policy which is from Shell Malaysia (foreign-owned MNC and in the service sector). Thirteen companies reported that they adhere to local values, customs, norms and government policies. There was no reporting of human rights found in industrial and trading sectors in annual reports.

Table 13

*Human Rights Communicated in Stand-Alone Reports by Sectors*

Human rights micro-categories	Sectors (number of companies)										*** Total N
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		
	*N	%	N	%	N	%	N	%	N	%	
Respecting the right to practise religion	1	33	0	0	0	0	1	17	1	33	3
Employees' awareness of human rights	3	100	0	0	0	0	4	67	1	33	8
violations in company's policy	3	100	0	0	0	0	5	83	1	33	9
Adhere to local values, customs, norms and government policies	3	100	0	0	0	0	5	83	1	33	9

\*N = Number of companies communicating this micro-category in their stand-alone report; \*\*% = Percentage of companies communicating this micro-category; \*\*\*Total = Total number of companies in each micro-category.

Table 13 shows 10 companies' stand-alone reports according to five main sectors of business in Malaysia, namely service, industrial, trading, consumer products and finance. The table indicates that the service sector reported the most among the five sectors throughout the three micro-categories. Similar to results from the annual reports, a majority of the companies reported adhering to local values, customs, norms and government policies (90%). The service sector reported the most in this micro-category (100%) followed by the consumer products sector (83%). There was no reporting of human rights found in industrial and trading sectors in stand-alone reports as well. Moreover, none of the selected companies under the industrial and trading sectors for this study were found to have produced stand-alone sustainability or CSR reports to date.

### 4.3 Labour rights

The following table presents the number of companies that have reported any one of the labour rights micro-categories in annual reports and stand-alone reports. A description of each micro-category is displayed in Appendix A.

Table 14

*MNCs Reporting on Labour Rights*

Labour rights macro-category	Number of companies and percentages			
	Number of MNCs out of 45 whose annual report communicated this	*%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Labour rights	36	80	8	80

\*% = Percentage of companies for this macro-category.

Overall, Table 14 shows that 36 out of 45 (86%) companies reported one or more labour rights micro-categories in their annual reports. For companies that produced stand-alone reports, eight out 10 (80%) companies reported on labour rights.

Table 15

*Comparison Between Foreign-Owned and Locally Owned MNCs Under Labour Rights Micro-Categories*

Labour rights micro-categories	Results from annual reports and stand-alone reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' stand-alone reports (3 companies)	
	*N	** %	N	%	N	%	N	%
Conform to local labour standards (meritocracy)	4	29	6	19	1	14	2	67
Work hours adhering to the ILO standards	0	0	0	0	1	14	1	33
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	1	7	5	16	4	57	3	100
Equal rights and opportunities for employees	3	21	12	39	5	71	3	100
Educational opportunities for employees and/or family	6	43	8	26	5	71	3	100
Provide training for employees	10	71	20	65	5	71	3	100
The right for collective bargaining (ILO 1949)	1	7	0	0	1	14	2	67
Initiatives to protect the rights of employees against acts of anti-union	2	14	2	6	3	43	1	33
Initiatives to practise no forced or compulsory labour	1	7	1	3	2	29	1	33
Industrial relations	4	29	5	16	3	43	0	0
Health and safety issues of the employees	9	64	19	61	5	71	2	67

\*N = Number of companies communicating this micro-category; \*\* % = Percentage of companies communicating this micro-category.

As Table 15 suggests, with the exception of sensitivity to local practices, and equal rights and opportunities, foreign companies were always more likely to report labour rights than local companies in companies' annual reports. Training of employees as well as health and safety were most often reported in annual reports throughout the 45 selected companies. More than half of the companies reported that companies provide employees with training in annual reports, with 10 out of 14 (71%) from the foreign-owned MNCs and 20 out of 31 (65%) from the locally owned MNCs providing such reporting. Health and safety issues of employees were also one of the most reported in annual reports with nine out of 14 (64%) of foreign-owned MNCs and 19 out of 31 (61%) of the locally owned MNCs covering these issues.

As for stand-alone reports, a majority of the locally owned companies focused on reporting three particular micro-categories more than the foreign-owned MNCs. These micro-categories are: Equal rights and opportunities for employees (100% of the three locally owned

MNCs that produced stand-alone reports); educational opportunities for employees and family members (100%); and provide training for employees (100%). Similarly, foreign-owned MNCs were also likely to report these three micro-categories in stand-alone reports. However the fact that all three of the locally owned MNCs reported these micro-categories, suggests that locally owned MNCs would report these micro-categories more than the foreign-owned MNCs. By comparison, the industrial relations micro-category appears to be less popular among the locally owned MNCs in stand-alone reports.

At least one out of the three locally owned stand-alone reports reported each micro-category under the labour rights macro-category with the exception of industrial relations micro- category, which, none of the locally owned companies reported. The table also shows that the foreign-owned MNCs were less likely to report a company's conformity to local labour standards, work hours in accordance with the ILO standards and employees' rights for collective bargaining micro-categories (only 14% of the foreign-owned MNCs reported these micro-categories in stand-alone report).

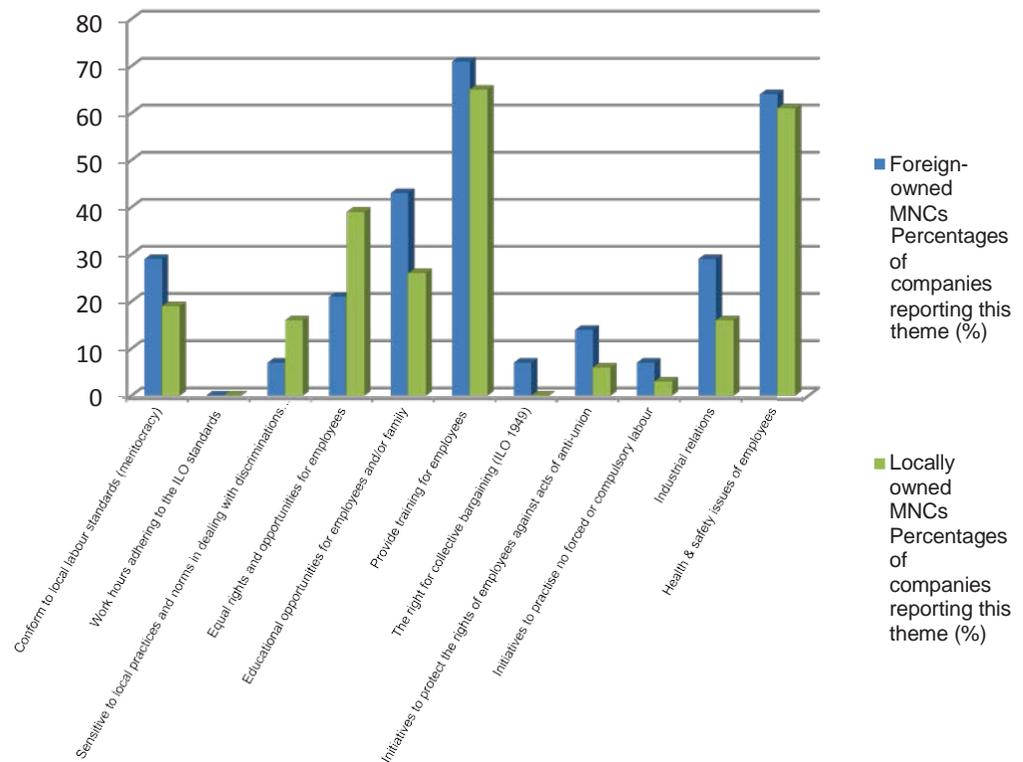


Figure 3. Annual reports for foreign-owned MNCs vs. locally owned MNCs under the labour rights micro-categories

Figure 3 gives a clear illustration that both foreign owned and locally owned companies were particularly low in reporting their efforts to adhere to work hours according to ILO standards in annual reports. The graph also shows that reporting collective bargaining in accordance to ILO 1949 was low with only one foreign-owned company reporting this micro-category and none from the locally owned MNCs.

Ten MNCs reported that employment is based on meritocracy and in accordance with national regulations. Samples of what was reported in the annual reports were: “we are a meritocracy based on their ability & capabilities”; “the rule of meritocracy is applied to all performance management & talent management”. In terms of comparing company-ownership, 29% of the foreign-owned MNC provided instances of efforts

to practise meritocracy based on fairness of employees' ability and capabilities and only 19% from the locally owned MNCs.

The annual reports indicate that a majority of the MNCs did not explicitly report their initiatives in practising labour rights in Malaysia. For example, in terms of the micro-category, 'work hours adhering to the ILO standards', none of the companies had explicitly reported initiatives to abide to work hours according to the ILO standards. Shell Malaysia did not state that it practises a particular international standard in setting up work hours for the employees however it stated it has "flexible work policies" (see Shell Malaysia, 2009, p. 60).

The 'work hours adhere to ILO standards' micro-category was not found in any of the annual reports and appeared almost as if overlooked by all companies. None of the companies reported or even showed any instances in the annual reports about communicating their voluntary initiatives to follow the work hours according to ILO standards (for instance, their CSR efforts in following international standards in adopting a minimum wage for employees).

In the right for collective bargaining micro-category, most of the companies did not communicate any initiatives in practising or acknowledging the right to collective bargaining among the union staff. Only one company reported in its annual report, that the workforce is covered by collective bargaining. Two companies reported that they practise 'no forced or compulsory labour'. These instances were found in British American Tobacco's 2010 annual report (foreign-owned company) and Public Bank's 2009 annual report (locally owned company) (see British American Tobacco, 2009; Public Bank, 2009).

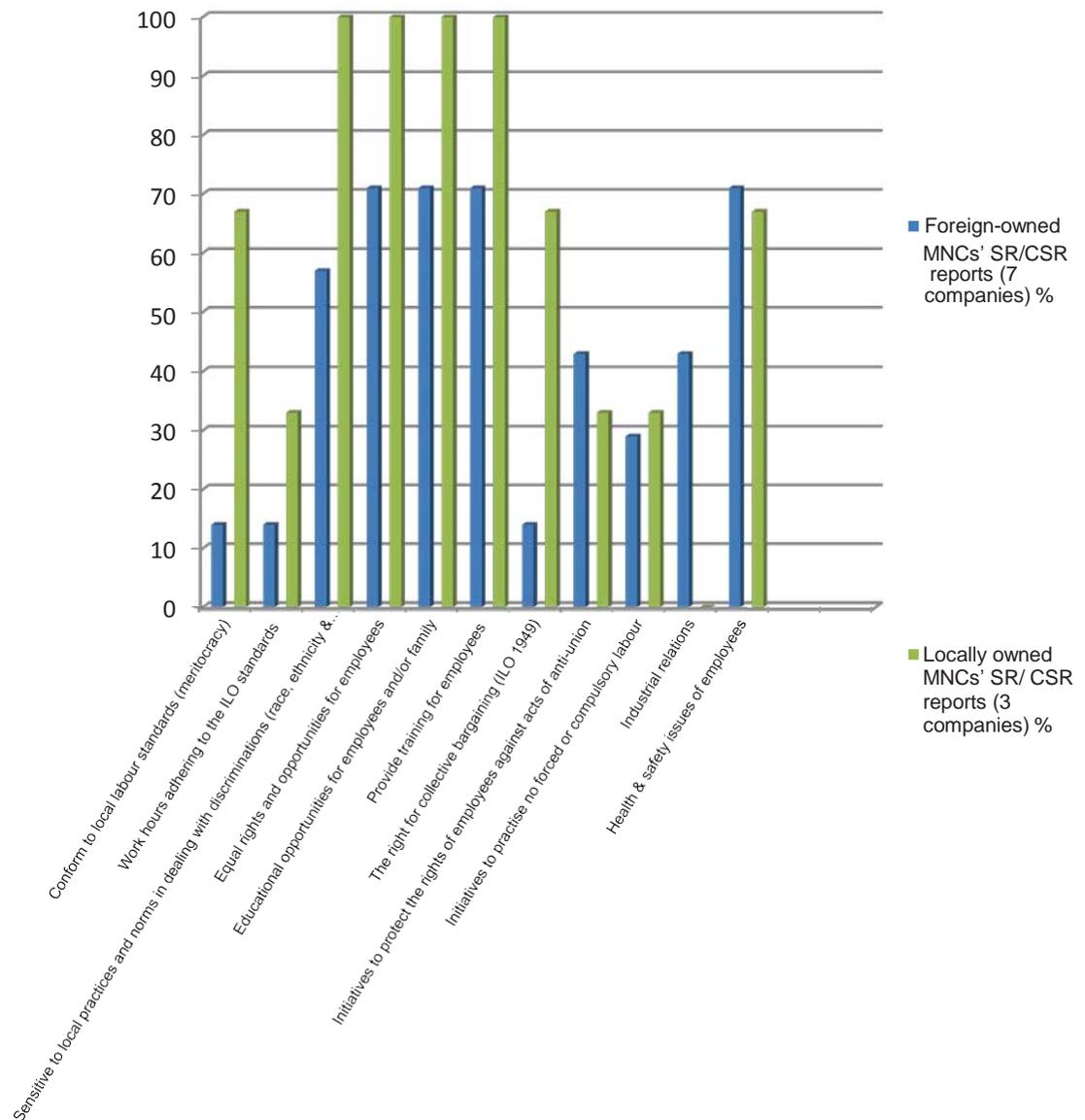


Figure 4. Stand-alone reports for foreign-owned MNCs vs. locally owned MNCs under the labour rights micro-categories

Figure 4 above is a graph indicating a slight change in labour rights data when looking at companies producing stand-alone reports in comparison with annual report data. Both locally owned and foreign-owned MNCs made relatively equal efforts in reporting labour rights in stand-alone reports. In fact, it seems that micro-categories that were not reported in the three locally

owned annual reports were reported in their stand-alone reports. However, the small number of locally owned companies (only three companies out of 31 locally owned MNCs) that were found to have produced stand-alone reports also shows that the labour rights macro-category reporting for locally owned companies is still very low as compared with foreign-owned MNCs.

The stand-alone reports data under the labour rights macro-category graph below show that for most of the micro-categories, (with the exception of sensitivity to local practices and norms in dealing with discrimination, employees' equal rights and opportunities, educational opportunities of employees and their family and provide training for employees), foreign-owned MNCs reported more micro-categories under the labour rights issues. Although the overall results indicate that foreign-owned MNCs reported more on labour rights macro-category than locally owned companies for both annual reports and stand-alone reports, the locally owned companies appear to emphasise four micro-categories in stand-alone reports, in particular. All three of the locally owned companies reported local practices and norms in dealing with discrimination, employees' equal rights and opportunities, educational opportunities of employees and their family and provide training for employees micro-categories. Consistently, as shown in Table 16 above, in annual reports reporting, sensitivity to local practices and norms in dealing with discrimination and employees' equal rights and opportunities micro-categories were reported by locally owned MNCs more than foreign owned MNCs.

In other words, when it comes to labour rights, while foreign companies emphasise a majority of the labour rights micro-categories, local companies focus more on local labour rights issues. As shown in Table 15, local companies appear to address locally contextualised labour rights issues in their reports involving sensitivity to local practices and norms, issues related to racial and gender discrimination

as well as education, by training employees for self-improvement. Whereas, foreign-owned companies were likely to focus on generic aspects involving internationally recommended areas of labour rights.

Table 16

*Labour Rights Communicated in Annual Reports by Sectors*

Labour rights micro-categories	Sectors										
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		*** Total
	*N	** %	N	%	N	%	N	%	N	%	N
Conform to local labour standards (meritocracy)	5	55	0	0	0	0	1	8.3	4	57	10
Work hours adhering to the ILO standards	0	0	0	0	0	0	0	0	0	0	0
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	3	33	0	0	2	40	1	8.3	0	0	6
Equal rights and opportunities for employees	4	44	3	25	2	40	3	25	3	43	15
Educational opportunities for employees and/or family	3	33	3	25	0	0	5	42	4	57	15
Provide training for employees	5	55	7	58	4	80	10	83	4	57	30
The right for collective bargaining (ILO 1949)	0	0	0	0	0	0	1	8.3	0	0	1
Initiatives to protect the rights of employees against acts of anti-union	1	0	0	0	0	0	3	25	0	0	4
Initiatives to practise no forced or compulsory labour	0	0	0	0	0	0	1	8.3	1	14	2
Industrial relations	3	33	2	17	0	0	3	25	1	14	9
Health and safety issues of employees	6	66	6	50	4	80	9	75	3	43	28

\*N = Number of companies communicating this micro-category in their annual report; \*\* % = Percentage of companies communicating this micro-category; \*\*\*Total = Total number of companies in each micro-category.

Table 16 above shows that overall, the consumer products sector reported more extensively on labour rights for both annual reports and stand-alone reports as compared with the rest of the sectors. The trading sector reported the least in annual reports. However, all sectors were relatively weak in reporting most areas of labour rights. Ten out of 12 (83%) of the consumer product companies (83%) reported that they provide training for employees. Initiatives to practise no forced or compulsory labour were not reported in annual reports for the majority of the companies throughout the five sectors, with the exception of one company from the consumer products sector

and one company from the finance sector. Table 16 above also shows that none of the companies throughout all sectors mentioned in their annual reports having a company's initiative to maintain work hours according to ILO standards. The trading sector was the lowest in reporting on labour rights in annual reports. However 80% of the trading companies reported that they provide training for employees as well as addressing health and safety issues.

Table 17

*Labour Rights Communicated in Stand-Alone Reports by Sectors*

Labour rights micro-categories	Sectors (Number of companies)										
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		*** Total
	*N	%	N	%	N	%	N	%	N	%	N
Conform to local labour standards (meritocracy)	1	33	0	0	0	0	1	17	1	100	3
Work hours adhering to the ILO standards	1	33	0	0	0	0	1	17	0	0	2
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	3	100	0	0	0	0	3	50	1	100	7
Equal rights and opportunities for employees	3	100	0	0	0	0	4	67	1	100	8
Educational opportunities for employees and/or family	3	100	0	0	0	0	4	67	1	100	8
Provide training for employees	3	100	0	0	0	0	4	67	1	100	8
The right for collective bargaining (ILO 1949)	1	33	0	0	0	0	1	17	1	100	3
Initiatives to protect the rights of employees against acts of anti-union	0	0	0	0	0	0	3	50	1	100	4
Initiatives to practise no forced or compulsory labour	0	0	0	0	0	0	2	33	1	100	3
Industrial relations	1	33	0	0	0	0	2	33	0	0	3
Health and safety issues of employees	3	100	0	0	0	0	3	50	1	100	7

\*N = Number of companies communicating this micro-category in stand-alone reports; \*\* % = Percentage of companies communicating this micro-category; \*\*\*Total = Total of companies communicating each micro-category.

Table 17 shows some improvement in best-practice labour rights reporting in stand-alone reports as compared with results from annual reports. As previously described, the annual reports data show that none of the companies reported work hour adherence according to the ILO standards, however, Table 17 above shows that two companies under the service and consumer products sectors reported this micro-category in their stand-alone reports. Most companies under the trading sector did not report on labour rights

and none of the companies under the trading sector produced a stand-alone sustainability or CSR report.

In stand-alone reports, three out of six companies from the consumer products sector and one company from the finance sector reported being sensitive to local practices and norms in dealing with discrimination such as race, ethnicity and gender. There were no stand-alone reports conducted by companies under the industrial and trading sectors within the pool of 45 companies selected for this study, at the time the study was conducted.

#### 4.4 Environmental stewardship

This section describes results found in annual reports and stand-alone reports under the environmental stewardship macro category. Results are presented first by overall view of this macro-category, then by company ownership and by sectors.

Table 18

*MNCs' Reporting on Environmental Stewardship*

Environmental stewardship macro-category	Number of companies and percentages			
	Number of MNCs out of 45 whose annual report communicated this	%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Environmental stewardship	34	75	10	100

\*% = Percentage of companies for this macro-category.

Table 18 shows that more than half of the companies (75%) reported this section in their annual reports. All of the 10 companies which produced stand-alone reports reported under this macro-category.

Table 19

*Comparison Between Foreign-Owned and Locally Owned Reporting on Environmental Stewardship*

Environmental stewardship micro-categories	Results from annual reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' SR/ CSR reports (3 companies)	
	*N	**%	N	%	N	%	N	%
Global standards compliance	8	57	9	29	7	100	3	100
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	5	36	4	13	7	100	3	100
Compliance with local environmental regulations	10	71	12	39	5	71	2	67
Communicates company's efforts for environmentally efficient technology	11	79	16	52	7	100	1	33

\*Number of companies reported this micro-category; \*\* Percentage of companies communicating this micro-category.

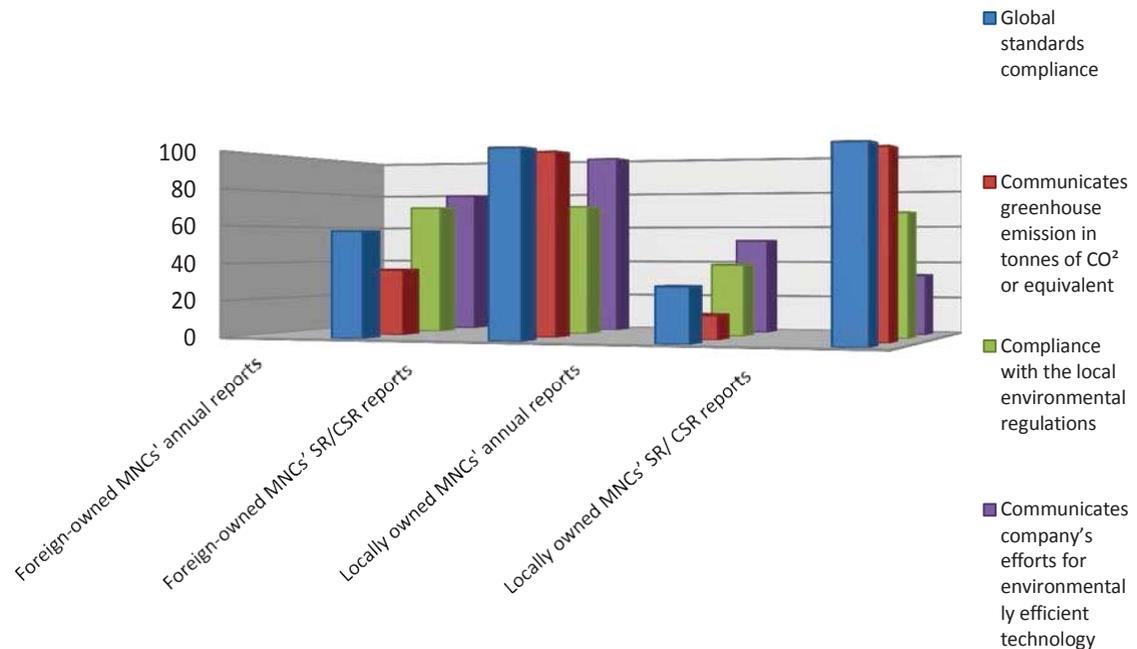


Figure 5. Annual reports and stand-alone reports by ownership under the environmental stewardship micro-categories

The above table and graph show results of companies reporting on environmental stewardship according to foreign owned and locally owned companies. Table 19 shows that for the annual report data, foreign-owned MNCs were more likely to report all environmental stewardship micro-categories. What is most emphasised by both foreign

owned and locally owned companies in annual reports is a company's efforts for environmentally efficient technology, (79% of the foreign-owned MNC and 52% of the locally owned companies). Greenhouse emission micro-category was the least reported for foreign owned and locally owned MNCs.

Some sample statements in the annual reports which indicated that they complied with global environmental standards were: “[The company is] in compliance with the Global Environmental Standard (GES) & international conventions and protocols” (Shell Malaysia, 2009, pp. 48-63); “[complies with] Kyoto protocol” (Petronas Malaysia, 2010, pp. 42-78). Sixteen locally owned MNCs reported company's efforts for environmentally efficient technology and 11 from the foreign-owned MNC whereas, all seven foreign-owned MNC reported in stand-alone reports compared with one out of three locally owned companies. For compliance with the local environmental regulations micro-category, a majority of the companies which reported this micro-category come from foreign-owned MNC' annual reports (71% from foreign-owned MNCs). For instance, “complies with the local legislation & adopts best-practices throughout the countries in which it operates” (Sime Darby, 2010, p. 67).

As indicated in Table 19, foreign-owned MNCs are more likely to report all four micro-categories under this macro-category for both annual reports and stand-alone reports. The stand-alone report data indicate that companies with stand-alone reports are more likely to report environmental stewardship. In fact, environmental stewardship is reported the most compared with seven other macro-categories for this study. Locally owned companies were also less likely to report their company's efforts for environmentally efficient technology.

Table 20

*Environmental Stewardship Communicated in Annual Reports by Sectors*

	Sectors										
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		*** Total
Environmental Stewardship micro-categories	*N	** %	N	%	N	%	N	%	N	%	N
Global standards compliance	4	44	4	33	0	0	7	58	2	29	17
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	2	22	2	17	1	20	4	33	0	0	9
Compliance with local environmental regulations	6	67	5	42	1	20	9	75	1	14	22
Communicates company's efforts for environmentally efficient technology	6	67	6	50	4	80	10	83	1	14	27

\*N = Number of companies communicating this micro-category in their annual report; \*\* % = Percentage of companies communicating this micro-category; \*\*\*Total = Total of companies communicating each micro-category.

Table 20 presents annual report of environmental stewardship reporting by sectors. The table illustrates that the consumer products sector was more likely to report environmentally efficient technology, (83% of the companies within the sector). In particular, a majority of the companies under the consumer product sector communicated the company's efforts for environmentally efficient technology (10 out of 12; 83%) followed by the trading sector (four out of five; 80%) with the lowest being from the finance sector (only one out of seven finance companies; 14%). In contrast, greenhouse emission in tons of CO<sup>2</sup> or equivalent had the least number of companies reporting this micro-category throughout all five sectors.

There were, however, as shown in the above table, very few companies that presented facts or processes in how they go about eliminating excessive carbon in tons of CO<sup>2</sup>. Some of the samples communicated in the annual reports are, "Greenhouse Gas Emission reduction by 20% by 2015" (Sime Darby, 2010, p. 67) and Japan Tobacco (2010) communicated the trends of CO<sup>2</sup> emissions, "it was reduced from 0.494 in 2007 to 0.458 in 2008 and most recent reduction was 0.456 in 2009" (p. 49). None of the finance companies reported greenhouse emission in tons of CO<sup>2</sup>. In fact, I detected very few instances of CSR initiatives in the finance industry. Only two out of

seven companies (Public Bank and OCBC Bank) under the finance sector reported environmental stewardship micro-categories in their annual report. Trading sector follows suit as one of the lowest companies reporting environmental stewardship by sectors. Industrial sector is also relatively low in their environmental reporting.

Initiatives in communicating best-practice efforts in annual reports can be seen in the last environmental stewardship micro-category from the above table. Twenty-seven of the companies communicated that they have undergone or set aside budget for the research and development (R&D) of environmentally efficient technology. In terms of environmentally efficient technology, Seng, Chai, Guan and Meng Limited (SCGM), a locally owned manufacturer of plastic packaging in Malaysia, is using “green machineries” to promote less wastage (see SCGM, 2010, p. 16), and Sime Darby Malaysia reported designing Southeast Asia’s, first environmentally efficient building to promote “zero carbon dwelling in the region” (see Sime Darby, 2010, pp. 53 & 74).

As far as reporting the environment is concerned, a majority of the companies (27 out of 45) emphasised research and development for the conservation of the environment and to create awareness to employees. Some samples of companies that reported research and development in terms of technological advancement for the environment were: “Green machineries which contributes to less wastage” (SCGM, 2010, p. 16) and “produce plastic resins using recycling materials” (SCGM, 2010, p. 28); EON reported that they are “advocators for Natural Gas Vehicles (NGVs)” (EON, 2009, p. 49); Sime Darby reported they invented “the first Idea house designed for green living and green building technology of Zero Carbon Dwelling in South East Asia” (Sime Darby, 2010, p. 53 & 74); D&O Greentech reported, “in 2009 the company channeled its resources into environmentally friendly LED lighting component solution and the company invests in R&D & heavily promotes green technology” (D&O Greentech, 2009, pp. 12-13). Some

emphasised sustainability training and creating awareness among employees. For instance, UMW Toyota stated in its annual report that the company “educates employees about recycling, conserving water and energy in the workplace” (UMW Holdings, 2009, p. 64); Coastal Malaysia reported: “encourages employees to participate with Earth Hour” (Coastal Contracts, 2009, p. 15).

Table 21

*Environmental Stewardship Communicated in Stand-Alone Reports by Sectors*

Environmental Stewardship micro-categories	Sectors										
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		***
	*N	** %	N	%	N	%	N	%	N	%	N
Global standards compliance	3	100	0	0	0	0	6	100	1	100	10
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	3	100	0	0	0	0	6	100	1	100	10
Compliance with local environmental regulations	2	67	0	0	0	0	4	67	1	100	7
Communicates company's efforts for environmentally efficient technology	1	33	0	0	0	0	6	100	1	100	8

\*N= Number of companies communicating this micro-category in their stand-alone report; \*\* % = Percentage of companies communicating this micro-category; \*\*\*Total = Total of companies communicating each micro-category.

As for stand-alone reports by sectors, Table 21 above shows companies which produced stand-alone reports were more likely to report environmental stewardship with all of the micro-categories reported among the sectors with the exception of trading and industrial sectors. All companies under service, consumer products and finance sectors reported global standards compliance and greenhouse emission in tons of CO<sup>2</sup> or equivalent (100% for all three sectors).

## 4.5 Fighting corruption and bribery

Twenty-five of the 45 companies communicated that corporate governance is practised. Five of the companies mentioned additional efforts apart from the minimal practice of adhering to the Malaysian companies act 1965 and the requirements set forth by Bursa Malaysia. Sime Darby (2010, p. 39), UMW Toyota (see UMW Holdings, 2009, p. 58), Dutch Lady (2009, p. 14) and Panasonic Malaysia (2010, p. 30) mentioned that they have implemented a “whistle-blowing policy” and similarly, a “minority shareholder watchdog group” was set-up by Maybank (2009, p. 174). A few companies explicitly stated that they are fighting corruption and bribery. For instance, Shell Malaysia (from the service sector and a foreign-owned MNC) stated under the 3rd general business principle that any form of bribery is “unacceptable” and “subject to audit and disclosure” (2009, p. 14) and Eastern Oriental (an industrial sector and a locally owned MNC) stated that they are “committed to ensure a high standard of corporate governance in the interest of shareholders and stakeholders” (Eastern Oriental, 2010, p. 42). Others did not state or specify their efforts in fighting corruption and bribery.

Table 22

*Results of 45 MNCs’ Annual Reports and 10 MNCs’ Stand-Alone Reports Reporting on Fighting Corruption and Bribery Macro-Category*

Fighting corruption and bribery macro-category	Number of companies & percentages			
	Number of MNCs out of 45 whose annual report communicated this	*%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Fighting corruption and bribery	26	58	8	80

\*% = Percentage of companies for this macro-category.

Table 22 shows that, overall, corruption and bribery is one of the least reported macro-categories in both annual reports and stand-alone sustainability or CSR reports for this study. It is third lowest next to human rights and compliance with international standards (see Tables 3 and 5 for summaries of the total of MNCs reporting CSR for both annual reports and stand-alone reports). Twenty-six out of 45 companies reported on corruption and bribery, which is 58% of the companies under study. This is more than half however the annual report data show that this best-practice macro-category is less reported as compared with every other macro-category. For companies which produced a stand-alone report, the data show that reporting of corruption and bribery initiatives is significantly improved as compared with the annual reports results. However this macro-category is fourth lowest next to financial necessity, compliance with certified international standards and community driven macro-categories. The percentage of companies communicating about corruption and bribery is higher (80% from the ten companies which produced stand-alone reports) as compared with only 58% from the 45 companies' annual reports.

Table 23

*Results Divided Between Foreign Owned and Locally Owned for Corruption and Bribery Reporting*

	Results from annual reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' stand-alone reports (3 companies)	
	*N	**%	N	%	N	%	N	%
<b>Fighting corruption micro-categories</b>								
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	7	50	2	7	2	29	2	67
Companies communicated and presented efforts to fight corruption and bribery	8	57	17	55	5	71	3	100

\*N= Number of companies reported this micro-category; \*\*%= Percentage of companies communicating this micro-category.

■ Foreign-owned annual reports    ■ Foreign-owned SR/CSR reports  
■ Locally owned annual reports    ■ Locally owned SR/CSR reports

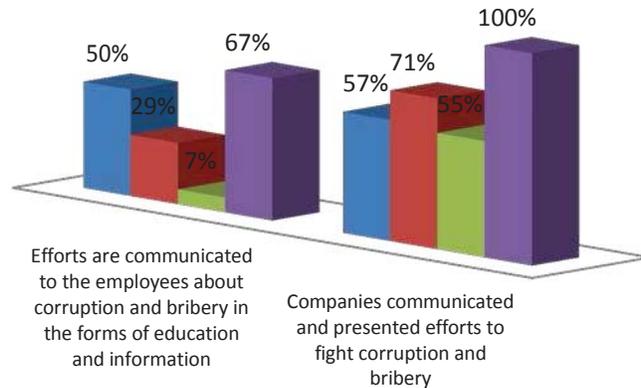


Figure 6. Foreign-owned MNCs vs. locally owned MNCs' annual report under the corruption and bribery micro-categories

It is shown from the table and graph above that for the annual report data, seven out of 14 (50%) foreign-owned MNCs communicate employee involvement and education about corruption and bribery and only two out 31 (7%) locally owned companies reported this micro-category. It seems that for those companies which have a stand-alone report, foreign-owned MNCs were less likely to report this micro-category. However, for locally owned companies which produced stand-alone reports, two out of three companies reported this micro-category.

The data suggest, for the annual report data, equal representation of companies reporting the second micro-category: organisation communicates actions to fight corruption and/or bribery micro-category. Eight of 14 (57%) foreign-owned MNCs reported their organisation's actions to fight corruption and bribery in their annual reports, with 17 out of 31 (55%) locally owned MNCs reporting this. The

data suggest that, similarly, more than half of all reported actions to fight corruption or bribery.

Table 23 also suggests that in stand-alone reports, locally owned companies were more likely to report both micro-categories under the corruption and bribery macro-category than foreign-owned MNCs. However, it seems that all companies still lack comprehensive reporting on corruption and bribery in other supplementary public documents such as stand-alone sustainability or CSR reports. Companies which reported corruption and bribery macro-category in their stand-alone reports were more likely to report actions to fight corruption and/or bribery than companies' employee involvement and education (training) about corruption and/or bribery.

Table 24

*Fighting Bribery and Corruption Communicated in Annual Reports by Sectors*

Fighting bribery and corruption micro-categories	Sectors										
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		***
	*N	***%	N	%	N	%	N	%	N	%	N
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	2	22	0	0	0	0	5	42	2	29	9
Companies communicated and presented efforts to fight corruption and bribery	6	67	8	67	0	0	8	67	3	43	25

\*N = Number of companies communicating this micro-category in their annual report; \*\*\*% = Percentage of companies communicating this micro-category; \*\*\*Total = Total of companies communicating each micro-category.

As shown in Table 24, none of the companies categorised under the trading industry have presented any indication of efforts in this macro-category. Once again, the finance sector also scores one of the lowest with only two out of seven of the finance companies reporting employee involvement and education about corruption and bribery. Eight out of 12 (67%) companies under the industrial sector communicated efforts to fight corruption and bribery but, none of the industrial sector companies reported their initiatives to educate

employees and involve them with corporate governance. A majority of the companies that communicated about corporate governance (companies' attempts to fight bribery and corruption or show awareness of the issue) are from the consumer product category with 42% communicating employee involvement and education with corporate governance and 67% communicating the company's actions to fight corruption and bribery.

Table 25

*Fighting Bribery and Corruption Micro-Categories Communicated in Stand-Alone Reports by Sectors*

Fighting bribery and corruption micro-categories	Sectors										*** Total N
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		
	*N	**%	N	%	N	%	N	%	N	%	
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	2	67	0	0	0	0	1	17	1	100	4
Companies communicated and presented efforts to fight corruption and bribery	3	100	0	0	0	0	4	67	1	100	8

\*N = Number of companies communicating this micro-category in their stand-alone report; \*\*% = Percentage of companies communicating this micro-category; \*\*\*Total = Total of companies communicating each micro-category.

Table 25 shows employee involvement and education about corruption and bribery micro-category with the least number of companies reporting as compared with communicating actions made to fight corruption and bribery for stand-alone reports. Only the service, consumer products and finance produced stand-alone reports. Among these three sectors, as shown in the table above, the finance sector scored 100% for both micro-categories, however it is important to note here that there was only one company from the finance sector produced a stand-alone report. The service sector was more likely to report both micro-categories under this macro-category with 67% and 100% respectively. Further, a majority (an overall total of eight out of 10) of the companies which

produced a stand-alone report tend to report more about organisation’s actions made to fight corruption and bribery micro- category than the micro-category of employee involvement and education about corruption and bribery and training.

4.6 Social reporting

This section presents data of the social reporting category from annual reports and stand-alone reports. The section describes data comparison between annual reports and stand-alone reports, ownership type and by sectors.

Table 26  
*Results of 45 MNCs’ Annual Reports and 10 MNCs’ Stand-Alone Reports Reporting Under Social Reporting Macro-Category*

Social reporting macro-category	Number of companies and percentages			
	Number of MNCs out of 45 whose annual report communicated this	*%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Social reporting	43	96	8	80

\*% = Percentage of companies for this macro-category

As illustrated in Table 26, the social reporting macro-category was reported by, 43 out of 45 (96%) companies in their annual reports, and was reported by slightly fewer - eight of the 10 (80%) - companies in their stand-alone reports. Social reporting in annual reports was most reported among the 45 MNCs as compared with other best-practice macro-categories for this study (see Table 3) and social reporting macro-category was third most reported in stand-alone sustainability or CSR reports (see Table 5). This indicates inconsistencies in reporting macro-categories between the two public documents.

Table 27

*Annual Reports and Stand-Alone Reports by Ownership Under Social Reporting Micro-Categories*

Social reporting micro-categories	Results from annual reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' SR/CSR reports (3 companies)	
	*N	**%	N	%	N	%	N	%
Companies communicated awareness towards accountability issues and actions	12	86	30	97	0	0	1	33
Companies practised transparency in reporting	6	43	8	26	2	29	1	33
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	8	57	10	32	3	43	2	67
Companies practised open dialogue with publics (stockholders and shareholders are not included)	6	43	7	23	6	86	1	33

\*N= Number of companies reported this micro-category; \*\*%= Percentage of companies communicating this micro-category.

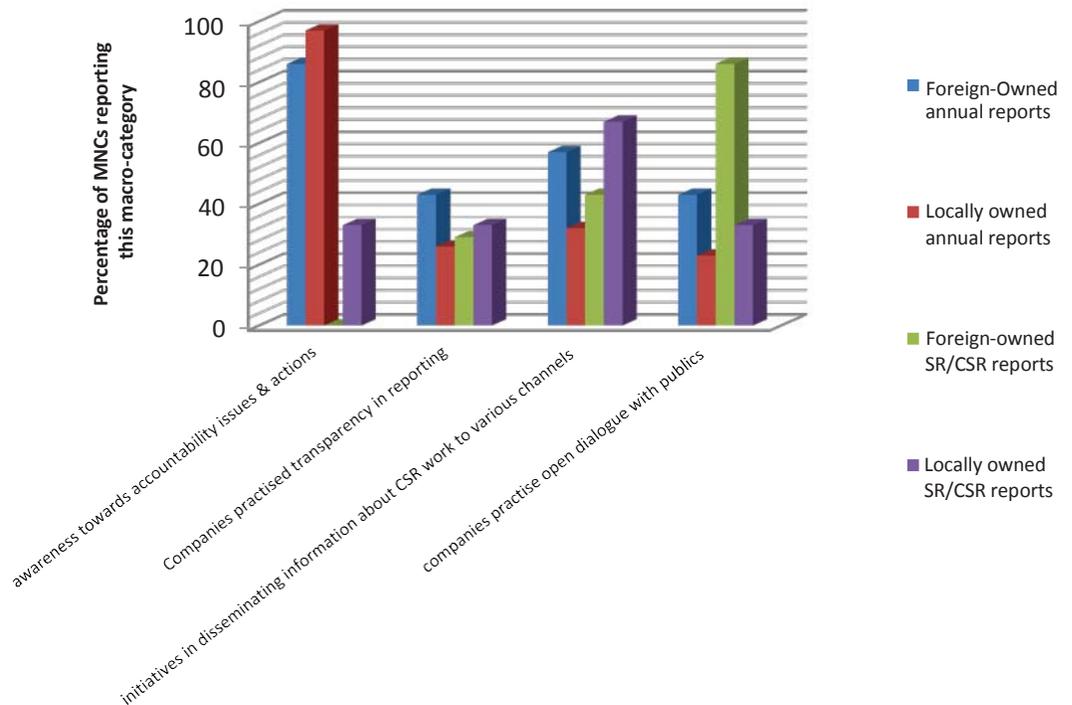


Figure 7. Foreign-owned vs. locally owned MNCs' annual reports under the financial necessity micro-categories

As shown above in Table 27 as well as Figure 7, both types of ownership in annual reports focused on communicating accountability

issues and actions with 12 out of 14 (86%) from foreign-owned MNCs and 30 out of 31 (97%) locally owned companies reporting. Foreign-owned MNCs reported more extensively in the overall social reporting section as compared with locally owned MNCs. In the annual report data, six out of 14 (43%) foreign companies reported that they practised transparency in reporting and only eight out of 31 (26%) locally owned companies reported this micro-category. More than half, in particular, eight foreign companies (57%), reported on their initiatives in disseminating CSR initiatives in other channels, in particular websites and other media. Only ten (32%) locally owned companies mentioned this. Also, more foreign-owned MNCs reported that they practised open dialogue with stakeholders (employees and external key publics) that were not shareholders or investors to the companies, that is, 43%, as compared with only 23% from locally owned MNCs.

As for the stand-alone reports data, with the exception of reporting companies' practices of open dialogue, foreign-owned MNCs were less likely to report on social reporting in a stand-alone sustainability or CSR report. For instance, none of the foreign-owned MNCs reported in the accountability issues and actions micro-category, only one out of seven foreign-owned MNCs reported companies' practices of transparency reporting and just three companies reported initiatives in disseminating information about CSR work. Although the number of locally owned companies which produced stand-alone reports is very low (only three out 31 locally owned companies; 9.7%), it seems locally owned companies emphasise social reporting in stand-alone reports. However, the table and graph show that foreign-owned MNCs were more likely to report companies' practices of open dialogue with their stakeholders (other than shareholders or stockholders) than locally owned companies.

Table 28

*Social Reporting Communicated in Annual Reports by Sectors*

	Sectors										*** Total N
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		
<b>Social reporting micro-categories</b>	*N	**%	N	%	N	%	N	%	N	%	N
Companies communicated awareness towards accountability issues and actions	9	100	12	100	4	80	11	92	6	86	42
Companies practised transparency in reporting	3	33	3	25	1	20	5	42	3	43	15
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	5	56	2	17	0	0	8	67	3	43	18
Companies practised open dialogue with publics (stockholders and shareholders are not included)	4	44	1	8	0	0	6	50	2	29	13

\*N = Number of companies communicating this micro-category; \*\*% = Percentage of companies communicating this micro-category;  
 \*\*\*Total = Total number of companies in each micro-category.

Overall, the social reporting macro-category was the most frequently reported. Within that, the accountability issues and actions micro-category was most reported in annual reports. In other words, a majority of the companies, 42 out of 45, communicated about initiatives to educate and inform employees about accountability. This is spread throughout all five sectors with service and industrial sectors scoring 100%, consumer products scoring 92%, finance scoring 86% and trading scoring the lowest with 80%. This item was the most communicated about and almost met a consensus. However, reporting transparency is relatively low, with only 15 companies reporting in annual reports on transparency efforts to their stakeholders. Few companies (13 out of 45) reported that they practised open dialogue with stakeholders who are not board members or shareholders. Most of the companies which reported practising open dialogue with stakeholders apart from shareholders and investors were in the consumer products sector (50% of the companies in this sector) followed by the service sector (44%), whereas 29% came from the finance sector.

Table 29

*Social Reporting Micro-Categories Communicated in Stand-Alone Reports by Sectors*

Social reporting micro-categories	Sectors										*** Total
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		
	*N	**%	N	%	N	%	N	%	N	%	
Companies communicated awareness towards accountability issues and actions	0	0	0	0	0	0	0	0	1	100	1
Companies practised transparency in reporting	1	33	0	0	0	0	1	17	1	100	3
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	1	33	0	0	0	0	3	50	1	100	5
Companies practised open dialogue with publics (stockholders and shareholders are not included)	1	33	0	0	0	0	5	83	1	100	7

\*N= Number of companies communicating this micro-category in their stand-alone report; \*\*% = Percentage of companies communicating this micro-category; \*\*\*Total = Total of companies communicating each micro-category.

As for stand-alone reports by sectors, Table 29 above, shows that only one finance company out of 10 companies which produced this type of report was consistent in reporting each micro- category for social reporting. None of the other sectors reported on companies' accountability issues and actions. The transparency in reporting micro-category was very low throughout all sectors as well, with only one company from each of three sectors reporting this micro- category. Again, the consumer products sector was more likely to report open dialogue with the stakeholders that are not shareholders or investors of the company in a stand-alone report as well.

#### 4.7 Financial necessity

The following section presents the coding results of the financial necessity category for this study, as reported in annual reports and stand-alone reports.

Table 30

*Results of 45 MNCs' Annual Reports and 10 MNCs' Stand-Alone Reports Reporting on Financial Necessity Macro-Category*

Financial necessity macro-category	Number of companies & percentage			
	Number of MNCs out of 45 whose annual report communicated this	*%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Financial necessity	42	93	5	50

\*% = Percentage of companies for this macro-category.

The above table shows the number of companies communicating this macro-category. 42 out of 45 (93%) companies reported one or more micro-categories under the financial necessity section. Financial necessity is the second highest macro-category reported in annual reports among the selected 45 companies. Contrary to this, companies which reported in stand-alone reports were less likely to report on financial necessity. For companies which produced stand-alone reports, five out of 10 companies reported this macro-category. The financial necessity macro-category was the least reported in stand-alone reports as compared with the rest of the macro-categories among these ten companies.

Table 31

*Annual Reports and Stand-Alone Reports by Ownership Under Financial Necessity Micro-Categories*

Financial necessity micro-categories	Results from annual reports and stand-alone reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' SR/CSR reports (3 companies)	
	*N	**%	N	%	N	%	N	%
Socially responsible investment (SRI) initiatives	2	14	1	3	0	0	0	0
Reputation or image enhancement	8	50	15	48	0	0	0	0
Adopt risk management	14	100	28	90	2	29	2	67
Direct and active two-way communication with shareholders (shareholder value-focused)	13	93	20	65	3	43	2	67

\*N= Number of companies reported this micro-category; \*\*%= Percentage of companies communicating this micro-category.

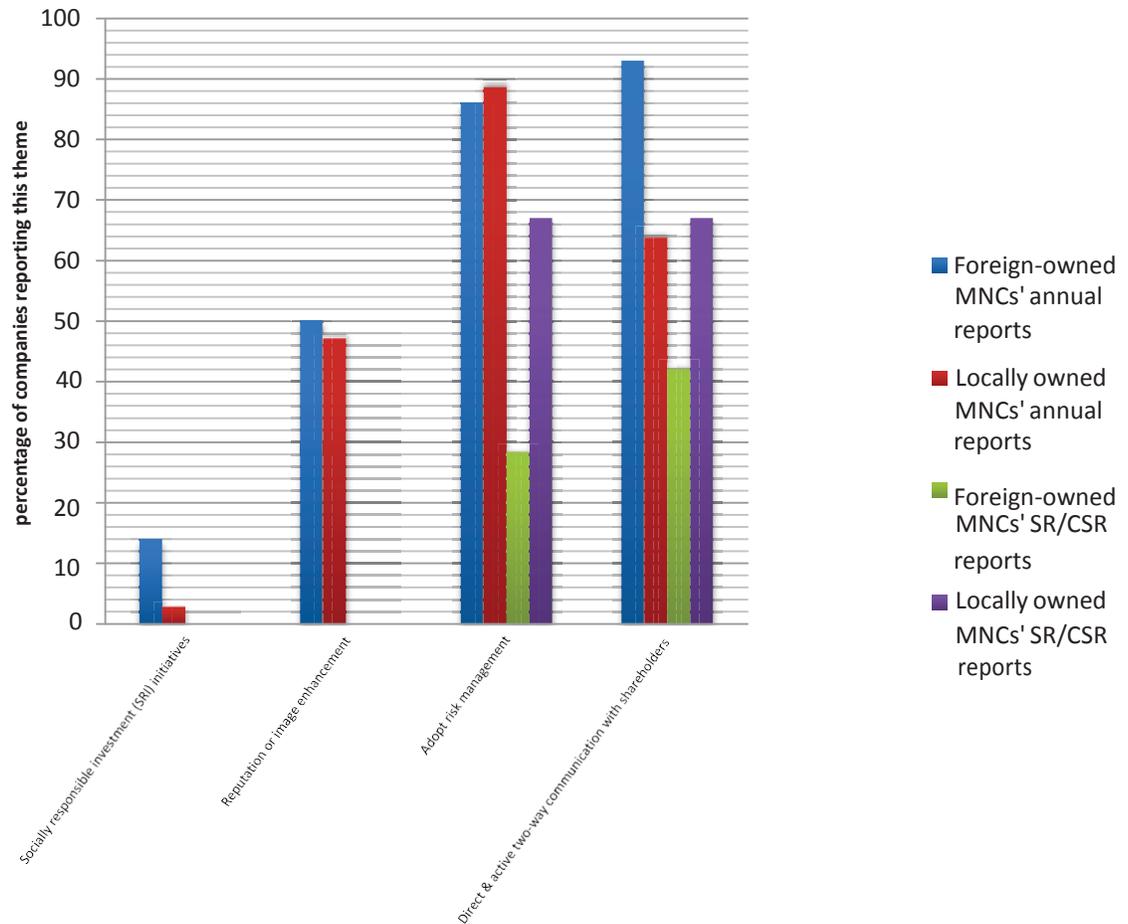


Figure 8. Foreign-owned vs. locally owned MNCs' annual reports under the financial necessity micro-categories

For annual report data, as shown in the table and chart above, foreign-owned MNCs reported more SRI, reputation and image enhancement and two-way communication with shareholders (shareholder focused). The table shows that foreign-owned MNCs reported slightly more than locally owned MNCs in adoption of risk management, in that 90% of the locally owned MNCs whereas all of foreign companies reported this micro-category.

The reputation and image enhancement micro-category was reported by eight out of 14 (50%) foreign-owned MNCs and 15 out of 31

(48%) locally owned MNCs, which shows that both ownership types were on equal ground when reporting this micro-category. Instances of reputation or image enhancement micro-category that were detected included: “employees and communities remain our long term valuable assets” (CIC, 2009, p. 21), “sustainable approach to business” (Glenealy Plantation, 2010, p. 11), “Long term vision and reputation” (Hong Leong Bank, 2010, p. 9), “long term profitability” (Shell Malaysia, 2009, p. 14), “brand image enhancement” (Parkson, 2010, p. 25).

Foreign-owned companies were more likely to adopt two-way communication with shareholders (93% of the foreign-owned MNCs) whereas locally owned companies were less likely to report this micro-category (only 65%). However, the locally owned companies were more likely to report on risk management (90%) which is slightly greater than the percentage of the foreign owned (86%).

As illustrated in the table and chart above, neither ownership type reported SRI initiatives and reputation and image enhancement micro-categories in companies’ stand-alone reports. Foreign-owned companies were less likely to report all four micro-categories under the financial necessity macro-category whereas, two out three of the locally owned companies reported risk management adoption and direct and active two-way communication with shareholders micro-categories. Out of the seven foreign-owned MNCs, only two reported risk management adoption and three reported initiatives for direct and active two-way communication with shareholders.

Table 32

*Financial Necessity Communicated in Annual Reports by Sectors*

Financial categories	necessity	micro-	Sectors										*** Total N
			Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		
			*N	**%	N	%	N	%	N	%	N	%	
Socially responsible investment (SRI) initiatives			1	11	0	0	0	0	1	0	1	14	3
Reputation or image enhancement			3	33	5	42	4	80	7	58	4	57	23
Adopt risk management			8	89	11	92	4	80	12	92	7	100	42
Direct and active two-way communication with shareholders (shareholder value-focused)			8	89	7	58	1	20	11	92	6	86	33

\*N= Number of companies communicating this micro-category; \*\*%= Percentage of companies communicating this micro-category.

Table 32 shows that all of the companies under the finance sector mentioned in their annual reports companies' adoption of risk management. In fact, a majority of the companies (41 out of 45) reported about risk management practices. The number of companies reporting on SRI initiatives was relatively low with only one company from the service sector and one company from the finance sector. The consumer product sector scored the highest (92%) in two-way communication with shareholders followed by the service sector, 89%. The trading companies were the least communicative about participating in two-way communication with shareholders. However, a majority of companies from the trading sector, (four out of five), adopted risk management and gave instances of reputation and image enhancement practice. Some of these instances of reputation and image enhancement reported in annual reports were: the consistent usage of the word "long term business strategy" throughout the report (PricewaterhouseCoopers, 2009, p. 7), "sustainable programmes to benefit both company & stakeholders" (Scanwolf, 2010, p. 21), and "business sustainability through CSR" (Coastal Contracts, 2009, p. 16).

Table 33

*Financial Necessity Micro-Categories Communicated in Stand-Alone Reports by Sectors*

	Sectors										
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		*** Total
Financial necessity micro-categories	*N	**%	N	%	N	%	N	%	N	%	N
Socially responsible investment (SRI) initiatives	0	0	0	0	0	0	0	0	0	0	0
Reputation or image enhancement	0	0	0	0	0	0	0	0	0	0	0
Adopt risk management	1	33	0	0	0	0	2	33	1	100	4
Direct and active two-way communication with shareholders (shareholder value-focused)	1	33	0	0	0	0	3	50	1	100	5

\*N= Number of companies communicating this micro-category in their stand-alone report; \*\*% = Percentage of companies communicating this micro-category; \*\*\*Total= Total number of companies in each micro-category.

The above stand-alone sustainability or CSR reports by sectors data show that all sectors were less likely to report on financial necessity. None of the sectors reported SRI initiatives and reputation or image enhancement micro-categories. Two out six companies under the consumer products sector reported risk management adoption followed by one from the service sector and one from the finance sector. Three companies under the consumer products sector communicated in their stand-alone reports direct and active two-way communication with shareholders, followed by one from the service sector and one from the finance sector. The following section describes international standards reported in annual reports and stand-alone reports.

#### 4.8 Compliance with certified international standards

The tables for this section present the coding results of the international standards category for this study. The certified international standards reporting macro-category was the least reported among the 45 selected MNCs.

Table 34

*Results of 45 MNCs' Annual Reports and 10 MNCs' Stand-Alone Reports Reporting on Compliance with Certified International Standards Macro-Category*

	Number of companies & percentages			
	Number of MNCs out of 45 whose annual report communicated this	**%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
<b>Compliance with certified international standards macro-category</b>				
Compliance with certified international standards	12	27	6	60

\*% = Percentage of companies for this macro-category.

Table 34 shows that there were only 12 companies out of 45 selected MNCs and six out of 10 MNCs which reported that they adhere to some international standards. Overall reporting of the international standards macro-category was slightly better among the 10 MNCs which produced stand-alone reports. However, considering that there were only 10 MNCs out of the selected 45 companies for this study that produced stand-alone reports, the number of companies reporting this macro-category is still very low as a whole.

Table 35

*Comparison Between Foreign-Owned and Locally Owned MNCs Under Compliance with Certified International Standards Micro-Categories*

Compliance with certified international standards micro-categories	Results from annual reports and stand-alone reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' SR/CSR reports (3 companies)	
	*N	**%	N	%	N	%	N	%
ISO 9000/9001 (quality management system)	2	14	5	16	1	14	2	67
ISO 14001/14004 (environment)	4	29	3	10	1	14	2	67
SA 8000 (workplace and employee relations)	0	0	0	0	0	0	0	0
AA 1000 (stakeholders)	0	0	0	0	1	14	0	0
CERES environment	0	0	0	0	0	0	0	0
IIP learning and training	0	0	0	0	0	0	0	0
OHSAS 18001 (health and safety)	0	0	6	19	2	29	3	100

\*N= Number of companies communicating this micro-category; \*\*%= Percentage of companies communicating this micro-category.

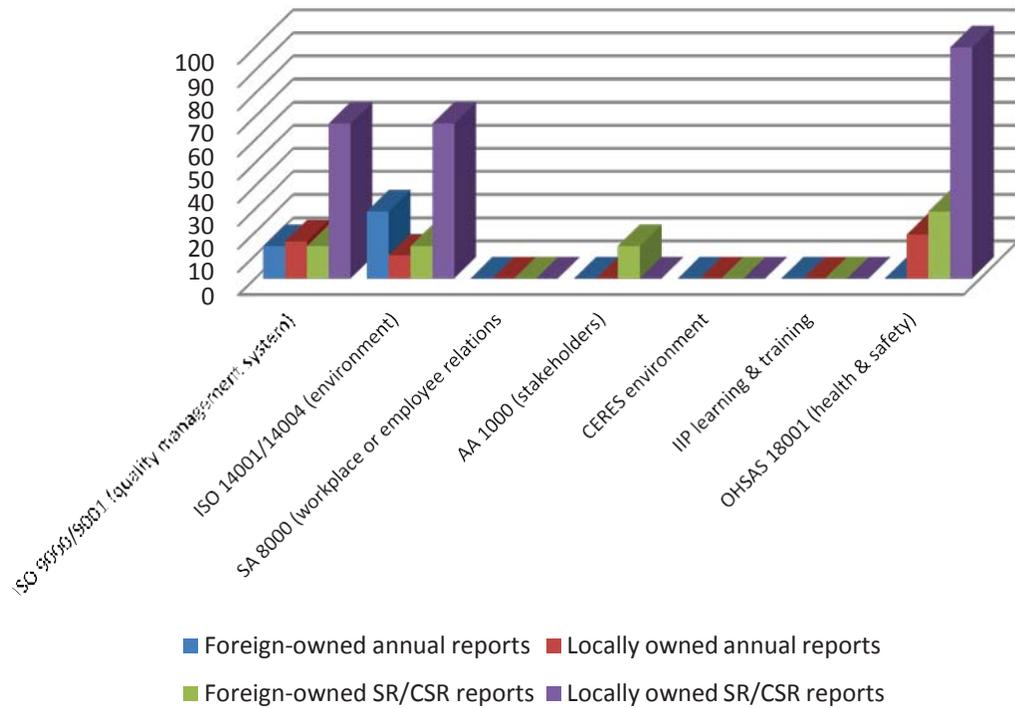


Figure 9. Forty-five MNCs’ annual reports and 10 MNCs’ stand-alone reports by ownership types under the compliance with certified international standards micro-categories

As shown in Table 35 and Figure 9 above, foreign-owned MNCs specified and documented international standards slightly more compared with locally owned companies. Only two out of 14 (14%) foreign-owned MNCs reported in annual reports that they adhered to ISO 9000/9001 (organisation and governance standards) and only five out of 31 (16%) locally owned companies’ annual reports reported adherence to these certified standards. Four of the foreign-owned MNCs reported in annual reports that they adhered with ISO 14001/14004 (environmental standards) and three locally owned MNCs mentioned this. Further, six of the companies from the locally owned category in annual reports reported that they comply with health and safety certified international standards (OHSAS standards) while none of the foreign-owned MNCs reported on this. None of companies in annual reports reported compliance to SA 8000 (workplace or employee relations), AA 1000 (stakeholders), CERES Environment and IIP

Learning and Training standards. Only one foreign owned company reported AA 1000 (stakeholders) in its stand-alone report.

A majority of the companies which produced stand-alone reports did not report most of the micro-categories for this macro-category. However, as seen in the table and chart above, a majority of the companies which reported some micro-categories were locally owned MNCs. Nevertheless, the proportion of companies reporting this macro-category in stand-alone sustainability or CSR reports is still low considering the low number of companies producing stand-alone reports.

Table 36

*Compliance with Certified International Standards Reported in Annual Reports by Sectors*

Compliance with certified international standards micro-categories	Sectors										
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		***
	*N	***%	N	%	N	%	N	%	N	%	N
ISO 9000/9001 (quality management system)	1	11	1	8	0	0	3	25	2	29	7
ISO 14001/14004 (environment)	3	33	1	8	0	0	3	25	0	0	7
SA 8000 (workplace and employee relations)	0	0	0	0	0	0	0	0	0	0	0
AA 1000 (stakeholders)	0	0	0	0	0	0	0	0	0	0	0
CERES environment	0	0	0	0	0	0	0	0	0	0	0
IIP learning and training	0	0	0	0	0	0	0	0	0	0	0
OHSAS 18001 (health and safety)	1	11	1	8	0	0	4	33	0	0	6

\*N = Number of companies communicating this micro-category; \*\*\*%= Percentage of companies communicating this micro-category; \*\*\*Total = Total number of companies in each micro-category.

Table 36 above shows that a majority of the companies throughout sectors did not specify specific standards in annual reports with the exception of ISO 9000/9001 (organisation and governance standards), ISO 14001/14004 (environment standards) and OHSAS 18001 (Health and safety standards) micro-categories. ISO 14001/14004 for environment was equal with ISO 9000/9001 (quality management system). However, a majority of the companies reporting ISO 9000/9001 came from the consumer products sector, whereas, a majority of the companies reporting ISO 14001/14004 came from both

the service and consumer products sectors. A majority of the companies reporting practising organisation and governance standards (ISO 9000/9001) came from the finance sector (29%) followed by the consumer products sector (25%). For the environment international standards of operation (ISO 14001/14004) micro-category, a majority of the companies reporting this micro-category came from the service sector. Six companies were found to report on health and safety standards (OHSAS 18001), while SA 8000, AA 1000, CERES Environment and IIP Learning and Training micro-categories were not reported.

Table 37

*Compliance with Certified International Standards Micro-Categories Communicated in Stand-Alone Reports by Sectors*

In compliance with certified international standards micro-categories	Sectors										Total N
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		
	*N	** %	N	%	N	%	N	%	N	%	
ISO 9000/9001 (quality management system)	2	67	0	0	0	0	1	17	0	0	3
ISO 14001/14004 (environment)	1	33	0	0	0	0	2	33	0	0	3
SA 8000 (workplace and employee relations)	0	0	0	0	0	0	0	0	0	0	0
AA 1000 (stakeholders)	0	0	0	0	0	0	1	17	0	0	1
CERES environment	0	0	0	0	0	0	0	0	0	0	0
IIP learning and training	0	0	0	0	0	0	0	0	0	0	0
OHSAS 18001 (health and safety)	2	67	0	0	0	0	2	33	1	100	5

\*N= Number of companies communicating this micro-category in their stand-alone report; \*\*% = Percentage of companies communicating this micro-category; \*\*\*Total=Total of companies communicating each micro-category.

Table 37 shows that a majority of the companies, which produced stand-alone reports, reported the same three micro-categories as micro-categories found most reported in annual reports. By sectors, the service sector was more likely to report ISO 9000/9001 and OHSAS 18001. Both the service and consumer products sectors were equal in reporting ISO 14001/14004. The finance sector reported only OHSAS 18001. This time we have AA

1000 reported, which was not the case in the annual reports.

#### 4.9 Community driven

Publicly listed companies in Malaysia appear to show great CSR efforts in reporting community driven category. The companies' initiatives of community driven areas in CSR among the 45 companies are illustrated in the tables below. Micro-categories under the community driven category are: Charity or philanthropy and monetary contribution to community; governmental sponsorships, and; affected publics and community sponsorships. These micro-categories are described in Appendix A.

Table 38

*Results of 45 MNCs' Annual Reports and 10 MNCs' Stand-Alone Reports Reporting on Community Driven Macro-Category*

Community driven macro-category	Number of companies & percentages			
	Number of MNCs out of 45 whose annual report communicated this	*%	Number of MNCs out of 10 whose stand-alone reports communicated this	%
Community driven	35	78	6	60

\*% = Percentage of companies for this macro-category

The table above shows that 35 companies out of 45 (78%) reported community activities and philanthropy. These companies are more inclined to report on what they have done with the community in terms of charity and philanthropic work. As for companies with stand-alone reports, six out of 10 (60%) reported this macro- category.

Table 39

*Comparison Between Foreign-Owned and Locally Owned MNCs Under Community Driven Micro-Categories*

Community driven micro-categories	Results from annual reports and stand-alone reports based on ownership							
	Foreign-owned MNCs' annual reports (14 companies)		Locally owned MNCs' annual reports (31 companies)		Foreign-owned MNCs' stand-alone reports (7 companies)		Locally owned MNCs' SR/ CSR reports (3 companies)	
	*N	**%	N	%	N	%	N	%
Charity or philanthropy and monetary contribution to community	13	92	22	71	3	43	2	67
Governmental sponsorships	2	14	0	0	0	0	0	0
Affected publics and community sponsorships	8	57	8	26	1	14	3	100

\*N = Number of companies communicating this micro-category in their reports; \*\*% = Percentage of companies communicating this micro-category

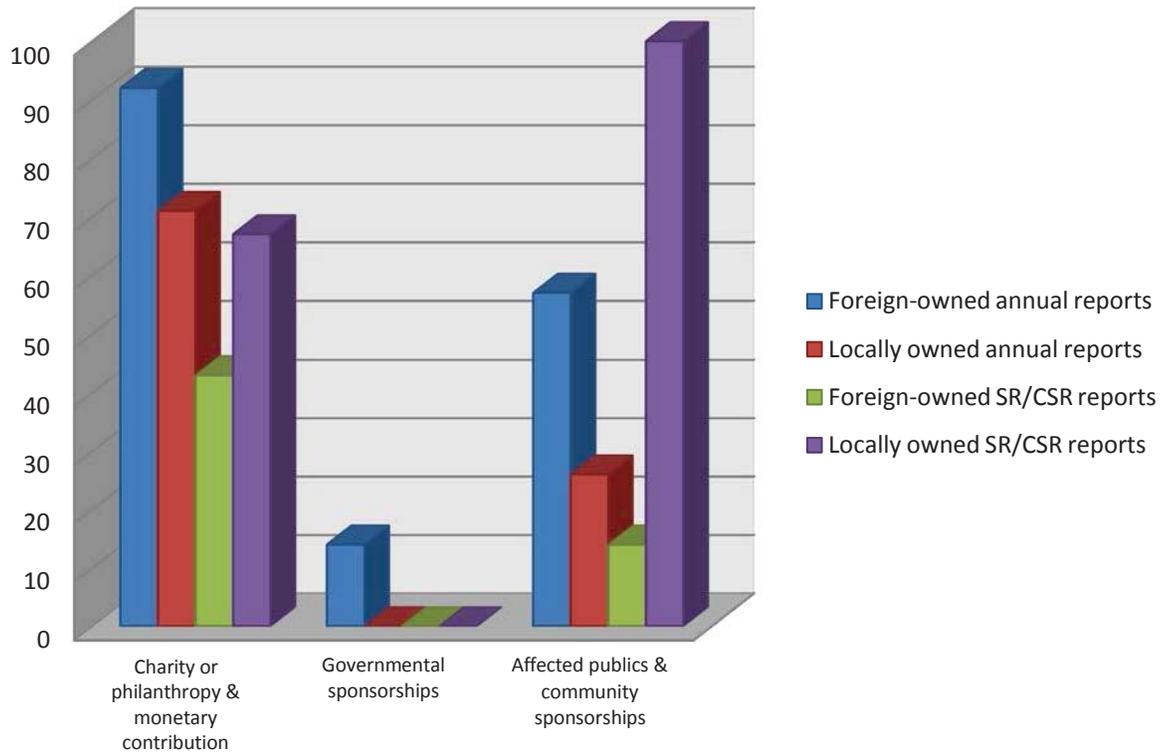


Figure 10. Forty-five MNCs' annual reports & 10 MNCs' stand-alone reports by ownership types under community driven micro-categories

Table 39 and Figure 10 show that for the annual report data, MNCs in Malaysia are relatively active when reporting charity and philanthropic activities, with foreign-owned MNCs reporting more of this

micro-category than locally owned MNCs. Most of the companies did not report government sponsorship (only two foreign owned companies reported in this micro-category). The affected publics and community sponsorships micro-category was reported more by the foreign-owned MNCs (57%) than locally owned MNCs (only 26%), in the annual reports.

Contrary to the annual reports data, Table 39 and Figure 10 reveal that companies were less likely to report the community driven macro-category in stand-alone reports. All three of the locally owned companies which produced stand-alone reports reported about public and community sponsorships whereas only one out of seven foreign-owned MNC reported this micro-category. Locally owned MNCs (67%) reported more charity and philanthropic work as compared with foreign-owned MNCs (43%) as well. Both ownership types did not report governmental sponsorships (see Appendix A for a description of governmental sponsorships interpreted for this study). The data suggest that locally owned MNCs would be more likely to cover most of the micro-categories under the community driven macro-category and provide readers with more comprehensive community and philanthropic information than foreign-owned MNCs in stand-alone report.

Table 40

*Community Driven Micro-Categories Communicated in Annual Reports by Sectors*

Community driven micro-categories	Sectors										
	Service (9)		Industrial (12)		Trading (5)		Consumer products (12)		Finance (7)		*** Total
	*N	**%	N	%	N	%	N	%	N	%	N
Charity or philanthropy and monetary contribution to community	8	89	6	50	4	80	12	100	5	71	35
Governmental sponsorships	0	0	0	0	0	0	2	17	0	0	2
Affected publics and community sponsorships	4	44	2	17	1	20	7	58	2	29	16

\*N = Number of companies communicating this micro-category in their annual reports; \*\*%= Percentage of companies communicating this micro-category; \*\*\*Total = Total number of companies in each micro-category.

For Table 40 above, all 12 (100%) of the companies from the consumer products sector reported companies' charity events and philanthropy in annual reports. A majority of the companies throughout the five sectors did not mention companies' government sponsorships practice. This significantly suggests that most companies do not provide government with any monetary contribution or sponsorships to support the government's events or activities, although it may occur but not be reported separately, as disclosure is voluntary.

Most of these efforts are in the forms of monetary contributions such as sponsorships, donations and foundations. Some of the specific activities emphasised in the annual reports were "cash donations to the underprivileged" (CIC, 2009, p. 22), "contribution to the Kuwait foundation for the advancement of sciences" (Kuwait Finance House, 2009, p. 18 & 42) and in Petronas Malaysia's (2010, pp. 88-89) annual report, a section on CSR activities. Sixteen of the companies reported in the annual reports that they are involved with sponsorships to affected publics and the community in general. Some companies in Malaysia set aside an annual budget for charity work as a way of giving back to society. The ACCA and The Edge (2006) suggested that CSR should go beyond the usual sponsoring of events and "signing of Cheques" for charity giving, to a legitimate role that shows deep initiatives to assist with issues in the community, employees and the environment (p. 2).

Table 41

*Community Driven Micro-Categories Communicated in Stand-Alone Reports by Sectors*

	Sectors										
Charity or philanthropy and monetary contributions to community	2	67	0	0	0	0	2	33	1	100	5
Governmental sponsorships	0	0	0	0	0	0	0	0	0	0	0
Affected publics and community sponsorships	2	67	0	0	0	0	1	17	1	100	4

\*N= Number of companies communicating this micro-category in their stand-alone report; \*\*% = Percentage of companies communicating this micro-category.

Table 41 shows that the service sector reported charity and philanthropy contributions and community sponsorships micro-categories more than consumer products and finance sectors. Only one finance company produced a stand-alone report and this company reported charity and philanthropic contribution to community and community sponsorship micro-categories.

#### 4.10 CSR best-practice documentation in stand-alone reports

Bursa Malaysia has made it a requirement for companies listed in the main board of KLSE to produce reports to present companies' best-practice initiatives in line with the Global Reporting Initiatives (GRI) and key elements such as sustainable economic and environmental development for the nation (ACCA, 2005; The Star, 2009). For companies that are not listed on the main board of KLSE, a stand-alone report remains voluntary in Malaysia. The production of stand-alone sustainability or CSR reports apart from the usual documentation of CSR in annual reports is not as consistent as annual reporting. In other words, companies voluntarily produce stand-alone reports separate from the annual reports. Most documentation of stand-alone reports varies from one company to another. For instance, companies may produce this type of report once every two or more years.

As shown in the data presented in the previous section of this chapter, production of such reports is still very low among Malaysian MNCs (only 10 MNCs produced stand-alone sustainability or CSR reports out of the 45 selected MNCs for this study, that is, only 22% of the MNCs). Sustainability reporting is in line with the Malaysian government's initiatives for sustainable development. However, the practice of sustainability reporting among companies in Asia and

Australasia has increased 25% between the years 2003 to 2005 (ACCA, 2005). ACCA (2005) also reported that companies' sustainability reporting in Malaysia has increased from 23 companies in 1999 to 60 companies in 2003 with 10% of the companies from the main board of KLSE. A summary of the stand-alone reports data is shown and described further in tables below as a supplementary overview drawing together data that were presented earlier in this chapter.

The following section presents best-practice documentation in stand-alone sustainability/CSR reports. The aim of the next section is to show results of the 10 companies from a pool of 45 selected MNCs that reported stand-alone sustainability or CSR reports as a separate section for comparison.

#### 4.11 Results from the stand-alone reports.

Below, tables representing 10 companies from the 45 selected MNCs that were found to produce stand-alone sustainability or CSR reports. Table 42 illustrates the 10 companies reporting in stand-alone reports by sectors and Table 43 presents the 10 companies by ownership type.

Table 42

Number of Companies Reporting on Best-Practice Micro-Categories in Stand-Alone Reports of 10 out 45 Selected MNCs by Sectors

Best-practice micro-categories	Sectors (Number of companies)										
	Service (3)		Industrial (0)		Trading (0)		Consumer products (6)		Finance (1)		***
	*N	%	N	%	N	%	N	%	N	%	N
<b>Human Rights</b>											
Respecting the right to practise religion	1	33	0	0	0	0	1	17	1	100	3
Employees' awareness of human rights violations in company's policy	3	100	0	0	0	0	4	67	1	100	8
Adhere to local values, customs, norms and government policies	3	100	0	0	0	0	5	83	1	100	9
<b>Labour Rights</b>											
Conform to local labour standards (meritocracy)	1	33	0	0	0	0	1	17	1	100	3
Work hours adhering to the ILO standards	1	33	0	0	0	0	1	17	0	0	2
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	3	100	0	0	0	0	3	50	1	100	7
Equal rights and opportunities for employees	3	100	0	0	0	0	4	67	1	100	8
Educational opportunities for employees and/or family	3	100	0	0	0	0	4	67	1	100	8
Provide training for employees	3	100	0	0	0	0	4	67	1	100	8
The right for collective bargaining (ILO 1949)	1	33	0	0	0	0	1	17	1	100	3
Initiatives to protect the rights of employees against acts of anti-union	0	0	0	0	0	0	3	50	1	100	4
Initiatives to practise no forced or compulsory labour	0	0	0	0	0	0	2	33	1	100	3
Industrial relations	1	33	0	0	0	0	2	33	0	0	3
Health and safety issues of the employees	3	100	0	0	0	0	3	50	1	100	7
<b>Environmental stewardship</b>											
Global standards compliance	3	100	0	0	0	0	6	100	1	100	10
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	3	100	0	0	0	0	6	100	1	100	10
Compliance with the local environmental regulations	2	67	0	0	0	0	4	67	1	100	7
Communicates company's efforts for environmentally efficient technology	1	33	0	0	0	0	6	100	1	100	8
<b>Fighting corruption and bribery</b>											
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	2	67	0	0	0	0	1	17	1	100	4
Companies communicated and presented efforts to fight corruption and bribery	3	100	0	0	0	0	4	67	1	100	8
<b>Social reporting</b>											
Companies communicated awareness towards accountability issues and actions	0	0	0	0	0	0	0	0	1	100	1
Companies practised transparency in reporting	1	33	0	0	0	0	1	17	1	100	3
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	1	33	0	0	0	0	3	50	1	100	5
Companies practised open dialogue with the publics (stockholders and shareholders are not included)	1	33	0	0	0	0	5	83	1	100	7
<b>Financial necessity</b>											
Socially responsible investment (SRI) initiatives	0	0	0	0	0	0	0	0	0	0	0
Reputation or image enhancement	0	0	0	0	0	0	0	0	0	0	0
Adopt risk management	1	33	0	0	0	0	2	33	1	100	4
Direct and active two-way communication with shareholders (shareholder value-focused)	1	33	0	0	0	0	3	50	1	100	5
<b>Compliance with certified international standards</b>											
ISO 9000/9001 (quality management system)	2	67	0	0	0	0	1	17	0	0	3
ISO 14001/14004 (environment)	1	33	0	0	0	0	2	33	0	0	3
SA 8000 (workplace and employee relations)	0	0	0	0	0	0	0	0	0	0	0
AA 1000 (stakeholders)	0	0	0	0	0	0	1	17	0	0	1
CERES environment	0	0	0	0	0	0	0	0	0	0	0
IIP learning and training	0	0	0	0	0	0	0	0	0	0	0
OHSAS 18001 (health and safety)	2	67	0	0	0	0	2	33	1	100	5
<b>Community Driven</b>											
Charity or philanthropy and monetary contribution to community	2	67	0	0	0	0	2	33	1	100	5
Governmental sponsorships	0	0	0	0	0	0	0	0	0	0	0
Affected publics and community sponsorships	2	67	0	0	0	0	1	17	1	100	4

\*N = Number of companies communicated this micro-category; \*\*%= Percentage of companies communicated this micro-category; \*\*\*Total = Total number of companies in each micro-category.

Table 42 presents the stand-alone report data of 10 MNCs from the 45 selected companies under study. Sectors that produced stand-alone reports out of the 45 companies are the service, consumer product and finance sectors. None of the companies under industrial and trading sectors produced these reports and it is important to note here that these two sectors are relatively weak in reporting overall best-practice areas in their annual reports as well. Three of the stand-alone report producing companies came from the service sector, six companies are from the consumer product sector and only one from the finance sector. The data show that a majority of the companies throughout the three sectors reported on human rights. All three of the service companies reported under the human rights macro-category, and the finance sector company (Maybank) mentioned all three of the human rights micro-categories in the company's standalone sustainability/CSR report. As shown earlier, the data from the annual reports show that the finance sector reported less about human rights micro-categories. However, only one out of seven companies under the finance sector produced a separate sustainability or CSR report and this particular company covered all of the human rights areas for this study.

A majority of micro-categories under the labour rights macro-category were covered by the service, consumer products and finance sectors as well. Although reporting of work hours under the ILO standards is also relatively low in a stand-alone report, two companies mentioned this micro-category, namely the consumer products and service sectors. In contrast to this, none of the companies from all 45 MNCs' annual reports mentioned this micro-category. More companies (three out of 10) mentioned the right for collective bargaining in their sustainability/CSR reports as compared with only one company from all 45 MNCs' annual reports.

A clear difference is seen in the environmental stewardship macro-category, in that companies which produced sustainability reports

or CSR reports are more likely to report about their efforts for environmental stewardship compared with efforts to report this macro-category in annual reports. All ten of the companies mentioned global standards compliance and green house gas emission in tons of CO<sup>2</sup>, seven out of 10 reported compliance with local environmental regulations and eight of the companies reported on efforts for environmentally efficient technology. Social reporting and financial necessity macro-categories are less reported in the 10 companies' stand-alone reports and were reported more extensively in the 45 annual reports.

Table 43

*Ten Companies' Reported Micro-Categories in Stand-Alone Reports by Ownership Types*

Best-practice micro-categories	Results from stand-alone reports				
	Foreign-owned MNCs (7 companies)		Locally owned MNCs (3 companies)		Total of companies reporting stand-alone reports
	*N	**%	N	%	Total
<b>Human Rights</b>					
Respecting the right to practise religion	0	0	3	100	3
Employees' awareness of human rights violations in company's policy	5	71	3	100	8
Adhere to local values, customs, norms and government policies	6	86	3	100	9
<b>Labour Rights</b>					
Conform to local labour standards (meritocracy)	1	14	2	67	3
Work hours adhering to the ILO standards	1	14	1	33	2
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)	4	57	3	100	7
Equal rights and opportunities for employees	5	71	3	100	8
Educational opportunities for employees and/or family	5	71	3	100	8
Provide training for employees	5	71	3	100	8
The right for collective bargaining (ILO 1949)	1	14	2	67	3
Initiatives to protect the rights of employees against acts of anti-union	3	43	1	33	4
Initiatives to practise no forced or compulsory labour	2	29	1	33	3
Industrial relations	3	43	0	0	3
Health and safety issues of the employees	5	71	2	67	7
<b>Environmental stewardship</b>					
Global standards compliance	7	100	3	100	10
Communicates greenhouse emission in tons of CO <sup>2</sup> or equivalent	7	100	3	100	10
Compliance with the local environmental regulations	5	71	2	67	7
Communicates company's efforts for environmentally efficient technology	7	100	1	33	8
<b>Fighting corruption and bribery</b>					
Efforts are communicated to the employees about corruption and bribery in the forms of education and information	2	29	2	67	4
Companies communicated and presented efforts to fight corruption and bribery	5	71	3	100	8
<b>Social reporting</b>					
Companies communicated awareness towards accountability issues and actions	0	0	1	33	1
Companies practised transparency in reporting	2	29	1	33	3
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)	3	43	2	67	5
Companies practised open dialogue with publics (stockholders and shareholders are not included)	6	86	1	33	7

Best-practice micro-categories	Results from stand-alone reports				
	Foreign-owned MNCs (7 companies).		Locally owned MNCs (3 companies)		Total of companies reporting stand-alone reports
	*N	**%	N	%	Total
<b>Financial necessity</b>					
Socially responsible investment (SRI) initiatives	0	0	0	0	0
Reputation or image enhancement	0	0	0	0	0
Adopt risk management	2	29	2	67	4
Direct and active two-way communication with shareholders (shareholder value-focused)	3	43	2	67	5
<b>Compliance with certified international standards</b>					
ISO 9000/9001 (quality management system)	1	14	2	67	3
ISO 14001/14004 (environment)	1	14	2	67	3
SA 8000 (workplace and employee relations)	0	0	0	0	0
AA 1000 (stakeholders)	1	14	0	0	1
CERES environment	0	0	0	0	0
IIP learning and training	0	0	0	0	0
OHSAS 18001 (health and safety)	2	29	3	100	5
<b>Community Driven</b>					
Charity or philanthropy and monetary contribution to community	3	43	2	67	5
Governmental sponsorships	0	0	0	0	0
Affected publics and community sponsorships	1	14	3	100	4

\*N= Number of companies reporting stand-alone reports for each micro-category; \*\*%= Percentage of companies reporting each micro-category.

Above, in Table 43, the data show a breakdown of the 10 companies with stand-alone reports produced between 2009 and 2010 by ownership type (foreign owned and locally owned). The number of times companies communicated about best-practice macro-categories in stand-alone reports is higher than the number of times reported in annual reports (as shown further below). The companies highlighted greater concerns and compliance with regards to the best-practice macro-categories. In particular, nine out of 10 companies mentioned adherence to local values, customs, norms and government policies, eight out of 10 communicated about employees' awareness of and involvement in human rights. However, companies were still weak in communicating efforts with regards to religious rights, and all of these companies which reported this micro-category were locally owned MNCs.

Labour rights reporting was also higher in the 10 stand-alone reports as compared with reporting in annual reports, in that a majority of the companies (eight out of 10) communicated about companies' initiatives with regards to equal rights and opportunities of employees, educational opportunities and training for employees. Seven

out of 10 of the companies communicated that they are sensitive to local practices and norms in dealing with discrimination. Overall, labour rights reporting in stand-alone reports was communicated proportionally more often among the 10 companies and was communicated less frequently in annual reports among 45 companies. Reporting on work hours according to ILO standards came from two companies, one locally owned (TM) and one foreign owned (UMW Toyota).

Environmental reporting was communicated more in stand-alone reports compared with environmental reporting in annual reports, as shown in previous sections of this chapter. All 10 of the companies which produced stand-alone reports mentioned the companies' compliance with the global environmental standards and greenhouse gas emissions in tons of CO<sup>2</sup> or equivalent. This is followed by companies' initiatives for environmental efficient technology which eight out of 10, seven foreign-owned and one locally owned reported. The lowest score was compliance with local environmental regulations with only five foreign owned and two locally owned MNCs reporting. The Environmental reporting in the sustainability/CSR reports shows company's initiatives to practise transparent reporting as well as support the government's initiatives and policies for environmental sustainability and sustainable development of the nation.

Out of the eight best-practice macro-categories, certified international standards reporting was the least mentioned in stand-alone reports. However, companies still reported more certified international standards in stand-alone reports as compared with annual reports. A majority of them reported that they adhere to the health and safety international standards under the OHSAS 18001, with three locally owned and two foreign-owned MNCs reporting this.

Overall, the 10 companies which produced stand-alone reports communicated more extensively in these reports as compared with the reporting of best-practice macro-categories in the 45 annual reports.

The following section describes interview results of 11 public relations practitioners from six case-study MNCs. An introduction of the six case-study MNCs was described earlier in chapter one. Section 4.12 describes results based on themes emerged from the interviews.

#### 4.12 Results from the interview transcripts: An introduction

The overall purpose of this section is to describe the themes that were found in the interviews with 11 practitioners from six selected case-study companies. The major themes described in this section are: public relations roles and functions; factors influencing public relations' value in CSR; practising international standards; and involvement in annual reports and stand-alone reports. These themes are illustrated further below. The section will begin by introducing the six selected case-study companies for this study.

##### 4.12.1 The case-study organisations and interviewees

Six organisations were selected based on the companies' ranking and reputation (either listed in *Forbes Global 2000* and are publicly listed companies in the KLSE) with MNC status (either locally or foreign owned). The case-study organisations selected for this thesis are UMW Toyota, TM, MCIS Zurich Insurance and Finance, Nestlé Malaysia, Honda Malaysia and Shell Malaysia. Four of the companies (UMW Toyota, TM, Nestlé Malaysia and Shell Malaysia) produce sustainability reports either annually or every two years and two of the companies

(Honda Malaysia and MCIS Zurich) do not have stand-alone reports. Five of the selected companies are foreign-owned MNCs and one is a locally owned MNC (TM). Three of the companies are from the consumer products sector (UMW Toyota, Honda Malaysia and Nestlé Malaysia), two companies are from the service sector (Shell Malaysia and TM) and one company is from the finance sector (MCIS Zurich).

Shell Malaysia, Toyota UMW, TM, Nestlé Malaysia and Honda Malaysia are companies that have a higher risk tendency for reputational damage given that these companies are exposed to a diverse group of publics and contribute greater social and environmental impact, whereas MCIS Zurich is at a lower risk of contributing to environmental damage. This is due to the fact that MCIS Zurich is a business that is driven by specific customer needs in terms of insurance policies and financial services to cater to targeted stakeholders. Furthermore, the company and its public relations department are still relatively new; the company is still at a stage of developing a particular identity and reputation of its own in its publics' eyes.

It is important to note here that Honda Malaysia is (within the context of this research) categorised under the low-risk sector because it is also a relatively young company in Malaysia and its public relations department is less than five years old. Therefore, Honda Malaysia is categorised in a low-risk sector because the company has not had time to build a strong reputation as compared with larger and more established companies in Malaysia. However, given that Honda Malaysia is in a heavy industry, which means that the company is mass-producing at an international level (Nagashima, 1970), that puts the company at a high risk of contributing to environmental pollution as well as impacting the community where it operates.

This thesis did not look at the overall organisational structure of each company, but looked at the micro structural configuration of the public relations department of each case-study organisation. In particular, the case study focuses on the involvement of the public relations staff members in CSR and how an organisation's CSR processes and outcomes projected in public documents assist with and reflect an organisation's reputation. This insight comes from the public relations practitioners' own perspectives, in terms of the CSR roles given to them. These case-study companies are also part of the 45 companies studied for annual report and stand-alone report analysis.

Interviewees were divided into managerial and non-managerial participants. The managerial participants consisted of heads of public relations departments or senior managers who hold CSR and public relations roles. Therefore, these participants are well-versed in the topics and issues that were raised during the interview. The managers interviewed were Saperi Rambli from Shell Malaysia, Dr. Mohammad Firdaus Low Abdullah from TM, Immy Ooi Lay Imm from Nestlé Malaysia, Monique Low from Honda Malaysia, Akhbar Puteh from Toyota UMW and Cairil Irwan Mohd Amir Sharifuddin from MCIS Zurich. The managerial participants were given the best-practice instrument before the interview and all six of them requested and receive the interview guide prior to the interview. Nestlé Malaysia's CSR manager runs the CSR department by herself and has no non-managerial executive under her and so this makes the total participants 11 rather than 12.

Each managerial participant signed a consent form with the understanding and agreement that their names would be published in this thesis for the purpose of this particular research. However, being sensitive to issues that may arise later, non-managerial participants' names will not be published. This is also for the purpose of the richness and depth of the data, in terms of the non-managerial participants' ability to express concerns or raise issues that are useful for this thesis.

#### 4.13 Public relations roles and functions: Themes detected

The following section gives public relations practitioners' own descriptions of their roles and practices in the organisation as well as their perceptions and observations of the roles and tasks of public relations, more generally both for their organisation and for Malaysian businesses. From their comments, themes were collated and divided into major subtopics for an overall description of the current understanding and practices of the public relations roles and functions in Malaysia. The major subtopics were, media and newspaper monitoring functions, public relations tasks that drive nation building and government policy, public relations role as defined by Malaysian MNCs' practitioners, reputational management, perception of public relations role in Malaysia, CSR involvement, processes and outcomes and employee involvement function. These themes are explained and illustrated in Table 44 below.

Table 44

*Practitioners' Roles and Daily Function*

Function (tasks)	Role	Number of respondents	Percentage of the number of respondents (%)
<b>Internal production (brochures, internal documents)</b>	Communication technician	11	100
<b>Media relations</b>	Relationship management	9	82
<b>Manages all key stakeholders</b>	Relationship management	9	82
<b>Media and newspaper monitoring</b>	Communication technician	8	73
<b>Communicating philanthropic activities (donation, sponsorships, charities)</b>	Communication technician	7	64
<b>Compiling and write-up of press release kits, external brochures and flyers</b>	Communication technician	6	55
<b>Compiling of content for annual reports (less involved in the processes &amp; outcomes of the production)</b>	Communication technician	6	55
<b>Compiling of content and write-up for stand-alone reports (fully involved in the processes &amp; outcomes of the production)</b>	Sustainability management	6	55
<b>Government relations</b>	Relationship management	6	55
<b>Crisis management</b>	Crisis or issues management	6	55
<b>Issues management</b>	Crisis or issues management	5	45
<b>Involved with overall processes and outcomes of CSR/CR initiatives</b>	Sustainability management	4	36
<b>Administer corporate websites</b>	Communication technician	2	18
<b>Maintaining relationships in cyberspace (i.e. bloggers)</b>	Relationship management	2	18
<b>NGO relations</b>	Relationship management	2	18
<b>Networking within industry</b>	Relationship management	1	9
<b>Manage and monitor compliance with global standards</b>	Sustainability management	1	9
<b>Managing governance standards</b>	Sustainability management	1	9

#### 4.13.1 Media and newspaper monitoring function

The participants were asked to describe their daily routine as a way to understand their tasks in the organisation on a daily basis. All of the participants perform some kind of internal communication functions that involve the process of writing and compiling of internal brochures and communication documents. The majority of the participants (seven out of 11) are involved with philanthropic activities, and they emphasised during the interviews the great importance of the philanthropic projects which the organisations saw as CSR initiatives. These philanthropic activities require them to perform a more technical role such as preparing press kits and other forms of documentation and write-ups as well as communicating with the media and other publics involved.

The public relations manager from Honda Malaysia, Monique Low, commented that

“ultimately we want to reach out to the people and to raise awareness on the issues that we are working on, be it education be it environmental... when it comes to the PR role we have various channels, different methods, so be it talks, school talks, press releases... we do communicate whatever messages that the company wants to talk about”.

Some of the other comments from non-managerial participants were: “we will start drafting media releases speeches, if we have events then we will reece [this particular term is short for the word reconnoitre] the venue and a lot of tiny- winy stuff, invitations to media”;

“liaising with people media vendors”; “I’m both in corporate communication and CSR, I do a lot of corporate communication work at the same time and it swings. There are some days, when I

sit all day typing speeches, press releases articles [and] there are some days... I remembered one morning, I would be at a fancy hotel mc-ing a fancy event and then in the afternoon I'm off to an underprivileged home doing something there then the next day I'm somewhere in the jungles of Sabah with [Malaysian Medical Relief Society or also known as MERCY]”.

Malaysian Medical Relief Society (MERCY) is a Malaysian non-profit organisation formed in 1999 focusing on providing medical relief and other forms support specifically for people in need (MERCY Malaysia, n.d.). MERCY members have travelled across West and East Malaysia as well as abroad to other countries to provide additional medical help and support (MERCY Malaysia, n.d.). Table 44 above shows a list of some of the most common functions to the least common ones that emerged from the participants' comments. Samples of participants' comments follow.

Four non-managerial participants and four managerial participants performed newspaper and media monitoring. The public relations departments in the case-study companies put great emphasis on newspapers as their most important daily CSR function. The comments given by the managerial participants included: “First thing [in the morning] is the newspaper. [It is important] as part of my keeping in touch with what's happening in the environment. I read major things happening that can affect communities and our business” (Saperi Ramli, Senior Manager Social Performance and Communications, Shell Malaysia); “Media relations is a daily routine. I would say, because every day we will have to monitor the news in terms of, if it's not crisis or any ad hoc stuff. We would know the information earlier” (Monique Low, Public Relations Manager of Honda Malaysia); “Daily tasks would include, catching up on the current news locally and internationally” (Immy Ooi, Corporate Responsibility and Internal Communication Manager of Nestlé Malaysia); “the moment they step

into the office, the first thing they have to make sure of, is in terms of paper cutting the news cutting” (Dr. Mohd Firdaus Low Abdullah from TM). These four managers from Shell Malaysia, Honda Malaysia, Nestlé Malaysia and TM, respectively, emphasised greatly newspaper and media monitoring as their primary daily tasks in the organisations. MCIS Zurich and Toyota Malaysia’s managers did not emphasise newspaper and media monitoring during the interview when asked about their daily routines.

However, a majority of the non-managerial participants tend to emphasise newspapers and media monitoring as their daily routine indicating that newspaper and media reporting is more likely be the responsibility of the non-managerial than the managerial. The comments given by non-managerial participants were:

“whether you’re doing media or CSR... I guess our bible is the newspapers... first thing in the morning, being in my line, I also watch out for any NGOs, that’s probably being published somewhere in the newspapers, that’s saying something against some environmental cause... so I look out for stuff like that and what the companies are doing on CSR”;

“Normally in the morning we do have to clear emails because, in our PR department, we are the only department. [We are] the contact person to the media.”; “media monitoring for our competitors”; “the moment [we] step into the office, the first thing [we] have to make sure, is in terms of the newspaper cuttings”.

#### 4.13.2 Public relations tasks that drive nation building and government policy

Some of the tasks described by the public relations practitioners in the interviews were understood to focus and channel into helping the organisation achieve particular standards in its support for the country's nation building. As shown from Table 45 above, seven out of 11 practitioners described their tasks as having philanthropic and community elements. Moreso, some participants emphasised that their tasks were primarily driven towards education, health and the environment. More detailed description from practitioners follows.

##### 4.13.2.1 *Philanthropy: Education, health and the environment*

One of the common themes detected among the participants in these findings is that the role of public relations in CSR is often perceived as coordinating philanthropic work geared towards a particular cause. For instance, Cairil Irwan who heads the CSR team for MCIS Zurich Malaysia highlighted the need to look for a charitable cause as a backbone for a major CSR project in which he mentioned: “we are actually looking for ... pet projects [donation and charity giving for a particular cause] ... all companies that are involved in CSR, seem to have pet projects”. Monique Low, a public relations manager for Honda Malaysia viewed her roles in CSR as mainly to publicise major CSR (philanthropic) projects:

“We have two big CSR projects. The first one is the Rhino rescue project, working with WWF. The second one is Honda's dreams fund, which is a scholarship programme, where we work with United Nations Development Programme (UNDP). [The UNDP is an international organisation that focuses on rebuilding and preventing economic-torn nations (UNDP, 2012)]. It's a non-binding full scholarship programme, so these are two bigger CSR

projects, whereby we publicise it more. On top of that we also have a lot of donations, [such as] donating our product to an institution ... and ... [assisting with] flood disaster and relief”.

These two case-study organisations above viewed their roles in CSR as undertaking short-term CSR projects more so than long-term sustainable CSR processes and outcomes that see public relations as utilising its CSR role to assist in the shaping of a company’s policy and behaviour. As explained earlier, these two companies are low-risk industries within the context of newly established companies in Malaysia.

A majority of the participants (seven out of 11), as shown in Table 44 above, emphasised that their role in CSR focuses primarily on educational, health and environmental projects. Sample comments were:

“[CSR is] very vital and important, especially [given that] we are in heavy weight industry [and] besides just taking on [environmental issues]... overall, for [company X] as a brand not just [company X] Malaysia but [company X] worldwide it’s our company’s belief, that we have to contribute back to the society everywhere we operate. So be it [company X] Malaysia, [company X] Thailand, [company X] Australia, we have to give back to the community... in terms of education”;

“those continuous donations... we select [the ones] we think that are appropriate. Of course they have a [standard operating procedure], to select which orphanages or which school... because we need the public, we want to raise awareness on the issue”.

Dr. Mohd Firdaus Low from TM commented that “for community programs [there are] three areas: Education, health care and

environment. Mostly, [they are] ad hoc donations and [especially] education [such as Promoting Intelligence, Nurturing Talent and Advocating Responsibility (PINTAR)] programs”. PINTAR is a foundation that works with GLCs and Malaysian private corporations to improve academic and non-academic levels of under-privileged children. One of the non-managerial practitioners mentioned that the budget for charity work is specifically allocated under the communication department’s resources: “The money that we put aside, that we give out to the communities directly, this money is parked under [the] under communication [department]”.

#### 4.13.3 Public relations role as defined by Malaysian MNCs’ practitioners: Mixed worldviews

Participants were asked about how they defined the roles of public relations based on their experiences. There were some mixed answers. Saperi Rambli from Shell Malaysia responded,

“Public relations is not just a nice to have thing, from my experience I really believe that... public relations is a business process, it is as important as the technology that you put in place, when you want to start a project... as important as your governance”.

Cairil Irwan from MCIS Zurich mentioned, “It would be somebody, who is able to identify, to propose, and to develop CSR program, which is in line with the broad intentions of the company. That would be the role of the CSR practitioner in this company”. Some of the answers the non-managerial participants gave were: “The role of a public relations practitioner, pretty much covers everything that has to do with communicating... public relations provides the communication link

between most, if not all, parties within the company and also outside the company”. A broad and mixed understanding of public relations roles in organisations, even among the practitioners, seems to be the case here and is consistent with Yeo and Sriramesh’s (2009) study in Singapore which revealed that “senior managers have mixed worldviews of public relations” (p. 422).

Only one of the managerial participants highlighted that his roles in CSR involve managing and monitoring governance standards and the company’s compliance with global standards. Saperi Rambli, public affairs senior manager of Shell Malaysia commented that “Public affairs for us, is a process and we have governance standards to monitor, we have protocols that we put in place that the Shell group adheres to. So public relations, ... [by] definition ... is an integral part of business planning”.

#### 4.13.4 Gradual shift towards reputational management roles among public relations practitioners in Malaysia

A majority of the participants (10 out of 11) hold some form of strategic and stakeholder management role. Their roles as public relations practitioners (both non-managerial and managerial) involve managing stakeholders as well as issues and crisis management. Five of the participants highlighted that their roles revolve around ensuring that the reputation of the company is managed properly and this consists of crisis and issues management. Typical managerial participants’ comments included:

“If we have a bad reputation, it’s not good for business, so because of that we started to develop all these processes that support the management of our reputation, ... we came up with [a]

reputation management framework, which comprises ... issues management, stakeholder engagement, social performance and social investment, communications, ... crisis and business continuity” (Saperi Rambli, Shell Malaysia);

“Reputation management [as the role we hold]” (Dr. Muhammad Firdaus Low from TM). Some of the comments from non-managerial participants:

“Our role is just to enable the communication lines to stay open between the external stakeholders and our company itself... my role basically is not just to candy coat the company’s image, but to give advice to guide the company in such a way that you don’t have to candy coat the image. So the company, what they do, would speak for itself positively”;

“Communications department, which you can also call public relations, what we do here is social investments, media relations, internal communications, external communications, stakeholder management, reputation management, government relations, all that... crisis management, issues management”;

“Reputation management... that’s it, because that’s the main role of the public relations, doesn’t matter crisis management or whatever, but they still manage the reputation of the company”;  
“PR practitioner’s portfolio of key deliverable is, managing the activities of the reputation, of the organisation, which includes communication media management”.

In other words, practitioners from the case-study MNCs generally perceived the role of public relations as a middle person between the company and its stakeholders. A particular highlight was on managing

stakeholders' issues and crises as a strategic way to sustain and enhance the reputation of the company.

#### 4.13.5 Perceptions of public relations roles in Malaysian companies

All 11 interviewees expressed a sense of pride and appreciation in their jobs as practitioners in their organisations. They had a sense of importance for their jobs as communication experts for their organisations; however some expressed that others in the organisation may not feel the same way about the role of public relations in the organisation. As the interviews proceeded, some of these participants expressed what they believed to be the reality of public relations in Malaysia. They sensed that others outside the profession are still relatively clueless about what the public relations profession entails.

For example, two of the participants commented that:

“It’s an important job, but people perceive it as the nice-to-have department, they don’t see the importance of public relations in this company. [I believe] everywhere is like that most of the companies [in Malaysia] we feel like we are not being appreciated on what we do. We are only perceived as the division that wastes companies’ money” (Akhbar Puteh, Head of Group Public Affairs and Corporate Division, UMW Toyota Malaysia) and

“I think people over here in Malaysia, they haven’t grasped that corporate responsibility is not just charity work. It’s also what you do with the employees. It’s what you sell, how you sell things, how your plant is managed. So when we need to report certain things, like employee relations, or our business practices in certain countries, or our environmental management, when we

call them up they don't understand why we would want this info and why we would need to keep this info" (non-managerial participant).

By way of summary, practitioners believed strongly that public relations plays an important part in a company's bottom line. However, they do not feel that their contributions are recognised and appreciated by other divisions in their company. The relevance of the role public relations plays appears to be questioned by some other divisions in a Malaysian company.

#### 4.13.6 CSR involvement, processes and outcomes: Long-term sustainability outcomes

Another primary theme that was seen among the practitioners is the lack of involvement in the initial CSR process. Participants indicated that their CSR role in the organisation was mainly to carry out what has been discussed by the top management which is then acted upon and communicated to key stakeholders. This signals that the public relations role in CSR is still to a certain degree technical. Although this theme was not as obvious as the above theme, it was common among the practitioners for this study. Cairil Irwan from MCIS mentioned that: "in terms of CSR work, as far as donations go, it would follow the history of the corporate branding department, perhaps from the year 2000... [Before that] I don't think our HR department has been doing anything CSR related apart from orphanage [charitable cause]". Some comments from the non-managerial participants: "our fund is for this kind of purpose [CSR purpose]... we don't just give money on our side. We take on our communication role, we of course, we advertise, we do public relations"; "we don't really do a big one, just a small CSR project like, blood donation sponsoring blood donation giving out, what do you call, this venue for them to donate their blood donation around our

office”.

Involvement with CSR processes and outcomes also includes involvement with companies’ stand-alone sustainability or CSR reports. Six of the participants (both managerial and non-managerial) from four of the case-study companies, namely, TM, Nestlé, Shell and Toyota emphasised that they are involved in coordinating the overall communication aspects of production of stand-alone sustainability reports from the discussion of the content to the production and outcomes of the reports.

TM’s head of corporate responsibility, Dr. Muhammad Firdaus Low commented, “It’s under the group corporate communications department, so it’s actually parked under external relations publications and CR unit. We, in TM, call it CR, Corporate Responsibility, rather than CSR because we’re looking at it as a bigger angle”. Some of the non-managerial comments were:

“[CSR is] not just in the projects that we do in the community but with everything, even with our suppliers, vendors and dealers, there’s so much of building in sustainable characteristics, sustainable business, sustainable training for the drivers of the trucks, for example, so that we don’t have a huge turn around on the truck drivers ... Why? [Because] we need them to be constantly trained experts in the field, even the remuneration packages are higher than the rest of the other companies. Why? Because you want to ensure continuity, we want to ensure that we do not have to pay more money to do retraining... it’s all a waste of resources. So that’s how we view [CSR], a sustainable development, holistically in the company”;

“We manage the CSR activities, and we drive them in the organisation with the support of the rest. That’s how we look at

it. We champion the initiative, let's say, one CSR initiative on environment... or education for example, we drive, we plan, we manage and we get the support from the rest of the organisation. It might not be from media management alone, it might not be from internal communication alone, we might need support from the state's operation for example, so that's how we drive the PR activities, through the communication”.

However, only one of the participants from Shell was involved not only with the overall communication of small and large CSR projects but also CSR initiatives that assist with the direction (monitoring of governance) and long-term sustainability of a company's CSR. Shell Malaysia is an organisation with greater resources and reputation. The managerial participant takes on some form of managerial and strategic roles for CSR and practise CSR initiatives as a long-term investment and sustainability strategy for the company. Saperi Rambli from Shell Malaysia commented,

“I do social investment, social investment is, I would say just a small area within sustainable development, because in Shell we're big on sustainable development, and sustainable development for us is CSR. We don't see CSR as just pure philanthropy, you know, activities projects with universities, with school children and et cetera... we see CSR as, right from the beginning of the business [that is, advising directions to take before a CSR initiative is launched], to the end of the business”.

#### 4.13.7 Employee involvements and relations role

All 11 participants are (to some extent) involved in the publication of newsletters and documents for internal circulation. However, the human resource department still handles the bulk of employee relations and internal communication. Some of the CSR projects were not handled by the public relations department such as projects that involve engaging with employees. Evidence that these CSR projects are handled by the human resources staff was found in remarks such as:

“there are certain CSR projects that are handled by human resources, mostly to do with employee relations, things to do with the sports club. They have this sports club, about two years ago, under the sports club, they came up with [a] sub club that wanted to do some CSR activities” (Cairil Irwan, Head of Corporate Strategy and Branding, MCIS Zurich Insurance and Finance).

However, there was an indication of awareness by a managerial participant about a need for public relations department to be more involved with the employees as she commented that “Employee relations, not so much, but I do have plans this year to start an internal public relations ... we have not embarked on that” (Monique Low, Public Relations Manager, Honda Malaysia). Some of the comments given by non-managerial participants were: “CSR is under our public relations department but there are certain CSR projects that are handled by human resources, things to do with employee relations... such as scholarships for recruitment purposes”; “right now not really [involved with employee relations of the company] because that is still parked under human resources but we do have internal communication. We send out bulletins like we do a lot of projects [to] convey out to the public”; “[Employee relations] that would be under human resources

department”.

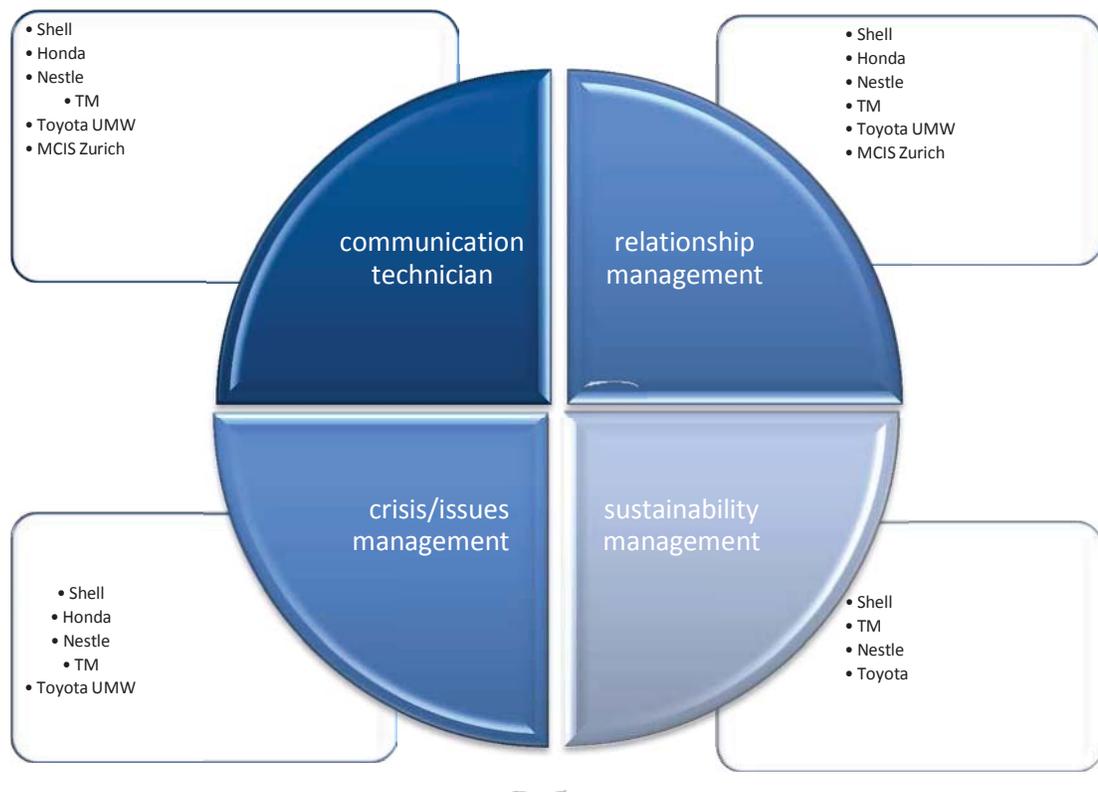


Figure 11. Practitioners' roles in case-study MNCs on a daily basis.

Figure 11 above displays the roles mentioned by participants of the selected six case-study MNCs. These roles were divided into four main categories: a) communication technician; b) relationship management; c) crisis management; d) sustainability management. The participants were asked about their overall roles and daily tasks in their department and these four categories were highlighted by the participants.

Below are organisational charts of each case-study organisation and the breakdown of tasks that the case-study organisations mentioned in each category. The charts show that Shell Malaysia's senior manager of public affairs is involved with monitoring and managing global standards compliance and governance standards. Four of the case-study companies, namely, Shell, TM, UMW Toyota and Nestlé, are fully involved with the production of the communication aspects of company's stand-alone sustainability reports from start to finish.



Figure 12. Daily tasks mentioned by practitioners interviewed from six of the selected case-study MNCs.

Figure 12 above shows a list of daily roles and tasks of public relations practitioners specified by six case-study companies. Practitioners in Shell Malaysia seem to emphasise at great length their daily roles and function in the organisation. This is followed by TM and Nestlé Malaysia. Interestingly, this supports the annual report data

which also showed that Shell Malaysia reported the most CSR activity micro-categories (26 micro-categories) followed by TM (24 micro-categories) for this study. However, Nestlé Malaysia reported far fewer CSR-related micro-categories in its annual report with only 12 micro-categories.

From this particular list of roles and tasks, it seems that the practitioners in the service sector were more likely to describe in great detail their roles and tasks. It seems that they were more aware of the roles they play in the organisation. Practitioners in MCIS Zurich described the least number of tasks or roles they play in the organisation. All six case-study companies seem to view in great extent that they hold a communication technician role in the organisation. All six companies emphasised philanthropic work, internal production and press release kits as their tasks. A majority of the companies (five companies) mentioned news monitoring. Three companies mentioned that their task is to write and compile annual reports (the two companies are from the consumer products sector and one company is from the service sector). This supports data from the annual reports which suggest that a majority of the companies which reported extensive best-practice themes were from the consumer products and service sectors.

A relationship management role was also highlighted by all six companies and all of them stressed that their main task in this respect is to manage relationships with key stakeholders, in that they coordinate and control the communication line between the organisation and stakeholders. They seem to emphasise that they assisted with corporate reputation by representing as a middle person between the organisation and key stakeholders. Two companies (TM and Shell) mentioned that they maintain relationships with online stakeholders, in particular, bloggers (see Table 44).

Four companies mentioned that the public relations role is also to handle crises and issues. The two companies which did not mention

this were UMW Toyota and MCIS Zurich. Practitioners from Shell Malaysia stressed that they are responsible for the overall processes and outcomes of CSR, which involves monitoring global standards and compliance, governance standards. In other words, they are involved with the initial CSR processes and they then, followed up with outcomes of the stand-alone sustainability reports. Nestlé Malaysia mentioned that in this role, the practitioner is involved with coordinating the overall communication processes and outcomes of stand-alone sustainability reports. Although the number of studies is low, they give a diverse insight into how these key informant practitioners see their role in preparing annual reports and stand-alone sustainability reports.

#### 4.14 Factors influencing public relations value in CSR: Themes detected

##### 4.14.1 The degree of expertise given to the role of CSR affects the perception and degree of CSR standards and outcomes

Some interviewees expressed concerns with regards to the current standards of public relations in companies in Malaysia, with typical comments along the lines of: “I’m sad to say that most big companies in Malaysia are not quite practising public affairs the way I understand it”. One of the non-managerial participants even felt that some Malaysian companies are using public relations as a way to gain publicity out of their CSR campaigns and activities, in which the comment was: “[Name] is a question mark, he [as the CEO of a renowned Malaysian MNC] is all ‘PR’, he needs to look into SD [sustainable development]... in his case, PR is a total spin, ... he’s managing reputation internally, he’s probably managing reputation externally, [but] internally, it’s decaying”. Practitioners for this study generally believed that they play a valuable

role in their organisations however they felt that in general, the rest of the members in their organisations as well as in many organisations in Malaysia still do not understand what the roles of public relations entail. These perceptions came from both managerial and non-managerial practitioners, for example, a public relations manager commented, “not many employees actually know the role of public relations, they only know there is a public relations department”.

Some participants perceived CSR as a way to improve their company’s image (branding strategy) and to a greater degree, a role handled by marketing practitioners. The public relations practitioners’ role is seen as complimentary. For instance, Honda Malaysia’s public relations manager highlighted that CSR is the role of marketing practitioners and the CSR role of public relations practitioners is minor and focused on the publicity aspect and to communicate bigger CSR events to the media and the publics. She said: “the two bigger CSR projects that we have, that one is actually handled by the marketing side, currently marketing, not really PR, but PR helps to promote it or create awareness” (Monique Low, public relations manager from Honda Malaysia). She felt that her role in CSR is mainly to support the marketing department, as the marketing practitioners hold a bigger role in CSR than the public relations practitioners.

Similarly, MCIS Zurich looked at CSR as branding and marketing strategies however, the corporate strategy and branding department (this is the company’s public relations and CSR department) is targeted specifically at branding the company’s image and reputation, and CSR initiatives fall under this department. The head of MCIS Zurich’s corporate strategy and branding department, Cairil Irwan commented:

“Our change of name in the department to corporate strategy and branding, is quite specific in the sense that we do look at strategy and we do look at branding, the reason why it’s the same name is

because, we believe that the strategy and planning go hand in hand. Also, CSR is part of branding, as far as we're concerned, that's why, there must be a correlation between the CSR activities and our business but having this kind of structure [corporate strategy and branding structure] would make CSR activities fit in quite well". A non-managerial participant's comment was: "[one of our CSR initiatives is] we sponsor our venue to [an NGO] and provide some light refreshments, to give them kind of a free ground to conduct their workshops here. It is part of our branding; those people who walk into our venue would know our brand".

These two managerial participants from Honda Malaysia and MCIS Zurich are given less significance in their roles in CSR; in particular, their roles in CSR are more technical than managerial. In other words, it appears their involvement in the companies' CSR best-practice initiatives is limited to only providing the company with the communication tools to communicate its CSR initiatives. By contrast, other case-study companies' practitioners, namely from Shell, Nestlé, TM and Toyota UMW, seem to project more diverse roles in their companies' CSR best-practice initiatives. These companies have more established public relations departments and well-versed employees working in their public relations departments. At least, the practitioners are more aware of the company's compliance with international standards. Therefore, based on the six case-study companies, it can be stated that the degree of expertise given to the role of public relations seems to affect the practitioners' perceptions towards CSR global standards and best practices among the selected case-study organisations.

It is important to note here that, while these four case-study companies give their public relations staff a management role in communicating CSR in public documents, only one company, Shell Malaysia, actually gives its public relations practitioners a role that

involves direct changes to and sustainability of the organisation's behaviour. For instance, Saperi Rambli, a managerial participant from Shell Malaysia, is responsible for monitoring CSR compliance of the company, and advises ways to improve CSR standards which gives the participant the ability to guide the company's direction of its CSR policy.

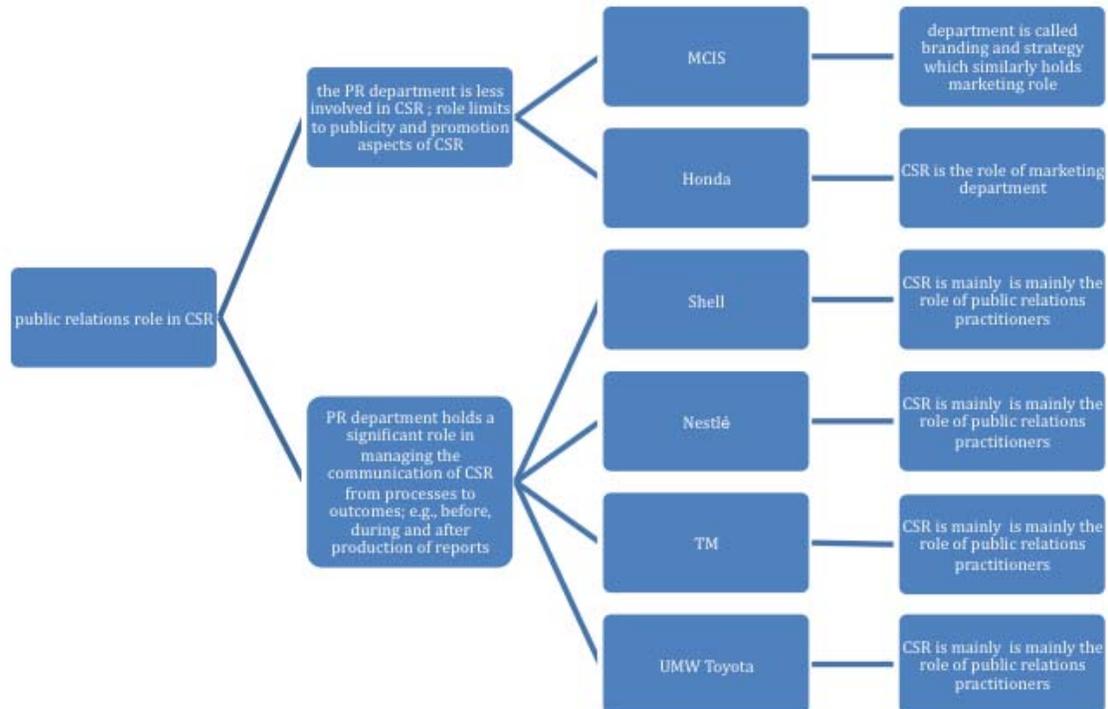


Figure 13. Public relations' role in CSR based on the case-study MNCs

#### 4.14.2 Relationships with the dominant coalition affect how they perceive their public relations value

Issues about the value of public relations can be seen in the context of the interviews in terms of the practitioners' relationships with the

dominant coalition (top management). Some practitioners (mostly managerial participants) expressed that the public relations department has a relatively informal relationship with the dominant coalition in which communication flows both ways, from bottom up and sometimes top to bottom. For example, comments given by the managers: Cairil Irwan from MCIS Zurich,

“It goes both ways, there are times where we get instructions from the top management what to do [and]... what to contribute towards, and at better times, we get proposals sent directly to us from outside... I’d say that in this company, at least we get equal airtime. One reason is, I report directly to the CEO. So there is no layering in between”; Honda Malaysia’s public relations manager, Monique Low, “we present directly... the line is through top management which is the MD office the CEO office”.

Some of the non-managerial participants similarly expressed that the flow of the communication from the department to the top management is two-way. Some sample comments from the non-managerial participants: “Sometimes ... [we will allow] the top management to decide... I would say kind of a balance. Sometimes it does come from the top as well”;

“It depends, because we receive direction from the management. We will get the direction from the president through our executive director, so it’s like, it’s easier because the order is from the top... it’s two ways, because whatever we have, and ideas that we put into, proposal for management and, if it’s within our executive director’s level, then she can approve it, if more than that and then our president would give the final approval”.

These flows of communication represent fluidity and holistic relationships between the practitioners and top management. It also

signals the top management's close relationships and a sense of importance given to the public relations roles in the organisations.

A majority of the participants (eight out of 11) felt that their roles in their companies' CSR initiatives are influential. These practitioners believed strongly that their roles impact how CSR is conducted. These participants are either directly involved in big CSR projects or they are part of the top management team in CSR. For instance, some of the comments made by managerial participants included:

“[We are] very influential in our context because it is very business focused, what I do is directly important for the project. So if it's important for the project, it is important for the business and the projects that I support are not small ones, these are big projects and my role is very specialised, it is important. I mean the fact that I'm part of the Venture Leadership Team indicates to you the importance that the company places in my role” (Saperi Rambli from Shell);

“Definitely... because we determine the content... [and the] directions and also the whole CSR” (Head of CSR in TM, Dr. Mohd Firdaus Low Abdullah).

Some comments made by the non-managerial participants: “Since we are driving it then we are very much [influential]. If we are non-existent then nobody will drive the CR initiatives, they might have CR initiatives at their own level, but it won't be as recognised”;

“Here in [company Y], you don't have many layers, so what you advise, they take it on because we are the professionals running the show, so whatever advice, or areas that we feel we would like to introduce, such as putting 80% more of company's money on environmental conservation, or 20% less on other things. We make

these decisions and we advise the management. The management then, approves and proceeds with it”.

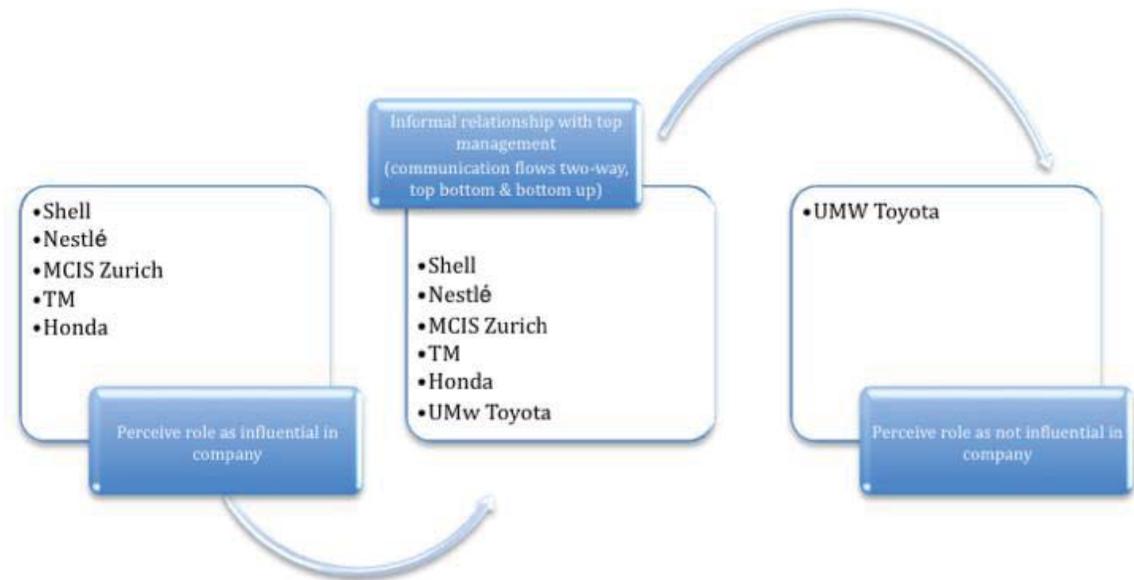


Figure 14. Public relations participants' relationships with top management perceived as potentially affecting their roles in CSR

Relationships with the top management were described above as having a possible connection with the value of public relations given by a company. Another theme from the interviews also suggests possible connections between the types of public relations roles given to CSR and the departmental size, establishment and length of time employed in an organisation. The following section describes this further.

#### 4.14.3 The role of public relations is influenced by departmental size, establishment and the length of time employed

A theme detected from the interviews suggests that the extent of importance given to the roles of public relations in CSR is based on the size and establishment of the public relations department in the company. Examples of comments from the interviews are shown

below. Table 45 displays the establishment of companies based on their ranks in Forbes Global 2000, the size of their public relations department as well as public relations practitioners' length of tenure in the department.

Table 45

*The Ranking and size of Company, Establishment of Public Relations Department and Practitioner's Tenure in the Department*

Items	Company's rank based on Forbes Global 2000 & size	Number of staff in PR department who are handling CSR	Length of tenure in the public relations department that handles CSR	
			managerial	non-managerial
<b>Shell Malaysia</b>	Listed in <i>Forbes Global 2000</i> ; large/high-risk company in reputational damage	3	> 5 years	> 5 years
<b>Nestlé Malaysia</b>	Listed in <i>Forbes Global 2000</i> ; large/high-risk company in reputational damage	1	> 5 years	N/A
<b>UMW Toyota</b>	Listed in <i>Forbes Global 2000</i> ; large/high-risk company in reputational damage	3	< 5 years	< 5 years
<b>TM</b>	Not listed in <i>Forbes Global 2000</i> ; large GLC/high-risk company in reputational damage	2	>5 years	> 5 years
<b>Honda Malaysia</b>	Listed in <i>Forbes Global 2000</i> ; small and new establishment in Malaysia/low-risk company in reputational damage	3	< 5 years	< 5 years
<b>MCIS Zurich</b>	Not listed in <i>Forbes Global 2000</i> ; small establishment/low-risk company in reputational damage	2	>5 years	< 5 years

Table 45 shows that five out of six of the case-study MNCs are listed in Forbes Global 2000. However, four of the companies, in particular, Shell, Nestlé, UMW Toyota and TM are *Forbes*-listed companies that are well established in Malaysia, which potentially put them at a higher risk for reputational damage. Honda Malaysia is listed in *Forbes Global 2000* as well, however, because its establishment in Malaysia is relatively new as compared with the four larger case-study MNCs (Shell, Nestlé, UMW Toyota and TM), its risks for reputational damage may possibly be lower than its larger and more established and well-known counterparts in

Malaysia. MCIS Zurich is not listed in *Forbes Global 2000* and its establishment is relatively new as well, which potentially places the company at a low risk range for reputational damage (descriptions of the case-study companies are presented in chapter one).

The table above illustrates that Shell, UMW Toyota and Honda employed the most staff to handle CSR-related activities. However, Shell was the only case-study company with practitioners working in the department for more than five years. All practitioners in UMW Toyota and Honda are new to the public relations division and have been working in the division for less than five years. TM has two experienced CSR practitioners working for more than five years in the department. Similarly, MCIS Zurich has two public relations practitioners working under the CSR team. However, the manager has more than five years experience in the field and the non-managerial practitioner has less than five years of experience. Whereas, Nestlé has one manager who has been employed to work under the CSR division for more than five years.

In particular, some of the participants expressed that their roles in CSR are small considering that their departments are relatively new as compared to either their overseas headquarters or other more established MNCs and public relations departments in Malaysia. For instance, Cairil Irwan, MCIS Zurich's Head of Corporate Branding and Strategy commented that

“Our CSR contributions have been relatively at a low end. Maybe that's why we haven't really looked into any formalisation of our CSR thinking processes, which probably is... [because] corporate branding has been around... since early 2001, 2002 and corporate planning was more recent, about two and half years ago. And in terms of CSR work, as far as donations go, it would follow the history of the corporate branding department, perhaps the year

2000”.

Further comments made by Monique Low, Honda Malaysia’s public relations manager: “[The] public relations department is just four years old in Honda Malaysia, for our headquarters, we have the whole building just for public relations. Honda places a lot of emphasis in public relations globally, our regional side has a block of building just for PR and handles all public relations matters for the products of the entire region. So it’s quite strong but for Malaysia, because we are just an infant as a Malaysian company, just 10 years, and for PR department, it’s just 4 years... so that is why we commit [ourselves with only] two CSR projects”.

These two practitioners from Honda Malaysia and MCIS Zurich were not given bigger roles in CSR and their public relations departments are relatively new and small. For instance, Honda Malaysia’s public relations department was set up just over five years ago and before this they did not have a public relations department. They are only three staff working in this department. Similarly, MCIS Zurich’s branding department (public relations department) was set up in 2002 and has only three staff. Apart from the size of the department, one of the factors that may influence the value of public relations in CSR is in terms of how long they have held the post as CSR practitioners in their departments.

Three of the participants (two non-managerial and one managerial) did not feel that they play an influential role in CSR and incidentally, these comments were made by participants who were in fact relatively new in their CSR roles. Akhbar Puteh, Toyota UMW’s Head of Group Public Affairs and Corporate division commented: “Not as much as I’d like [in response to the question of whether he finds his role in CSR as a public relations practitioner is influential]”. Sample comments from non-managerial participants were:

“Currently no [she perceives her role in CSR as not influential], but currently I’m an executive, I just joined in 2008, so I’m fairly new to the company, considering that people here tend to stay for very long, people here have been working for 20 years, 30 years, and I’ve only been here for two years so currently no, but I’m hoping that would change with time”;

“I would say most of work I have to write-in to get approved... we get orders from the top”.

However, some of the participants also acknowledged that despite the limited resources, money and time, no matter the size of the company, all companies are required to practise CSR initiatives and to contribute to the community in some small ways. Some participants believed that it is the responsibility of the public relations practitioners in an organisation to meet the international standards for CSR for the purpose of long-term reputational gains for the company. For instance, Saperi Rambli, senior manager of Shell Malaysia, said:

“Corporate affairs is important as a business practice, and it has got a link to the bottom line. It may not have a very clear benefit upfront, but good relationship is also a business benefit. If your product is accepted by people, you can sell more. That is based on reputation because people believe that you come up with a good product and people also believe that you are a good neighbour to have, because you are responsible. You are contributing to communities; you are addressing their concerns. This is the game today because the world today wants to be part of the debate”.

Another comment made by a non-managerial participant was: “Right now people see it as a distraction to the bottom- line profit.

Ideally if it's properly done, if it's how you do business anyway, it can actually grow the organisation and 10, 20 years ago, you didn't have anyone asking about your carbon emission but now it's a big issue... like, BP [British Petroleum] is in trouble, sooner or later you can't just give lip service, you really have to show that this is the way that you do business".

Some highlighted that education and training were needed for smaller companies in order for them to grasp the importance of CSR. Shell Malaysia's senior manager, Saperi Rambli commented: "[Other companies especially locally owned companies] do not have the same standards as we do but we are always happy to share with [the smaller or other companies]. We make it a point to tell them that this is how we look at life and here are the reasons why we look at life this way". One participant suggested that small to medium enterprises (SMEs) should learn to adopt CSR practices from established MNCs. Such comment was made by a non-managerial participant: "we're a huge multinational company here in Malaysia, and we want to sort of teach in a way, teach and guide, the smaller companies, especially the SMEs".

#### 4.15 Practising international standards: Mixed views

As mentioned earlier, all of the practitioners saw their public relations profession as important for their organisations. As the interviews progressed, they were asked about the particular standards they followed. There were some very broad and mixed answers provided. Some of the participants (mainly from the low-risk industries in terms of potential reputational damage) stated that their companies do not have particular CSR standards of practice but these standards are embedded within the home country's organisational policy. Honda Malaysia's public relations manager, Monique Low, commented:

“Our top management, they are actually expatriates from Japan, so definitely, the guideline is the company’s policy... there is no specific guideline, as long as you know it’s genuinely benefiting the subject or the party that we want to work with”.

Immy Ooi from Nestlé Malaysia said: “Some of these standards may not be generally practised in Malaysia but as a multinational company, we operate by standards and policies that are set by our headquarters in Switzerland”. MCIS Zurich’s Head of Corporate and Branding, Cairil Irwan commented: “I don’t think that we follow any [standards] in particular as far as CSR is concerned, but of course regulatory and other legal standards and guidelines are followed where relevant”.

A majority of the participants followed some form of international best-practices, however, they were either unclear about the specific items of best-practices that they follow or said that the company does not follow a specific international guideline but such is perhaps embedded in company’s policies. Cairil Irwan from MCIS Zurich commented:

“Under your corruption and bribery [a macro-category in the best-practice instrument], a company should provide employees thorough training and awareness about corruption and bribery... we have things like the Anti Money Laundering Act (AMLA) [a Malaysian law enacted in 2001 which acts as a preventive measure against money laundering and terrorist financing], and team money laundering talks which are compulsory for all employees. I don’t know the history of that I’m sure it came out of some good practice from some other country... we don’t actually follow guidelines at the moment... so far it is going by things that seem to be right, but then we haven’t been spending large amounts on CSR anyway. All of our contributions have been relatively small”.

A comment from a non-managerial participant: “Definitely the guideline is the company’s policy, so that’s it, no specific guidelines. As long as you know it’s genuinely benefiting the subject or the party”.

Those who commented that they followed specific guidelines mentioned that the companies followed the Malaysian Silver book, Bursa Malaysia, the ILO and ISO guidelines or went beyond the ISOs. Some of them made a comment along the lines of: “As a multinational company, we have set our standards to meet or surpass those of the local market, and in line with the standards set by our headquarters” (Nestlé Malaysia’s CSR manager, Immy Ooi); “We follow some part of Bursa Malaysia and the Silver book guidelines... but we are ahead of them in the CSR report” (Toyota UMW’s Head of Group Public Affairs and Corporate, Akhbar Puteh). Some of the comments made by non-managerial participants: “We don’t have any ISOs, we have our own standards and it’s beyond ISO”; “So we have supporting guidelines to further enhance the implementation of how we report, we have ISO at some portion, but for CR per se, we use the triple bottom line and the Bursa Malaysia’s framework, so it’s easier for us to map our activities according to those guidelines”; “It’s a combination of Bursa, Silver Book [and] ILO, basically we compare ourselves to the international best-practices as far as we can”.

There were some mixed answers when asked whether or not the particular best-practice instrument presented to them for this study suits the Malaysian culture. There were a few participants (two out of 11) who perceived that the international standards generally suit the Western business practices and that Malaysian companies (as companies operating in a developing nation) are not resourced or ready to take on such challenges. Typical comments given in this vein were:

“100 years ago we were not there to tell them [Western nations],

stop doing it, and they benefitted largely from whatever they've done, come our turn to develop, they're practically stepping on our throats saying that stop doing it, not good for the environment. So probably this is something that will be a contentious issue for all companies, especially those in developing countries, to adopt these so-called high moral and ethical standards that although are good, may not be something that's justifiable from a money point of view" (MCIS Zurich Head of Corporate Branding and Strategy);

"It's a very Western kind of thing [to adopt international CSR best practices in Malaysian companies], I think, from my understanding" (non-managerial participant).

On the other hand, some participants believed that the best-practice guidelines reflect Malaysian culture and are relevant for Malaysian companies. The best-practice principles and guidelines were perceived as important guidelines for Malaysian companies to abide by, as stipulated in the Malaysian laws and regulations. One of the comments was made by MCIS Zurich's managerial participant who, further into the conversation, qualified his earlier comments by stating, "Good practice generally is good practice, anywhere in the globe, of course you would have to modify some practices to fit in with local customs and culture". Some other comments were:

"The [best-practice] instrument is actually being brought up here right now, when you are asking about the global standards, one of it is that we are associated with [Global Reporting Initiative] GRI [an international framework in which companies can adopt transparent reporting of economic, environmental and social sustainability], and whether it reflects the Malaysian culture or not, the moment you look at here in terms of disclosure of management approach, in terms of the social performance, in terms

of the human rights of the people... child labour, the force of compulsory labour, the society, the environment, everything is being practised, so it actually reflects the Malaysian culture in context” (Dr. Muhammad Firdaus Low, TM’s Head of CSR);

“To certain extent yes [it reflects Malaysian culture] we don’t have much problems in [terms of] child labour or you know it’s not so bad as compared to other countries but it’s nice to put it there earlier on so everybody complies with it, so it does reflect Malaysian culture in context in some ways, but we are improving on it. We’re actually quite ahead, I would say, and with the implementation of the silver book we are actually guided and we have a path on how we do CR in Malaysia... it’s actually a Malaysian law already so it’s a Malaysian thing [for businesses] to do things as per the law” (non-managerial participant).

To sum up, it appears that Malaysian public relations practitioners acknowledged the importance of adopting international standards especially related to human rights issues, and they particularly believed that good governance of employees’ human rights is indirectly implied and understood as part of Malaysian organisational culture.

The Head of Group Public Affairs and Corporate division of Toyota UMW emphasised that organisations need to go beyond the requirements outlined by Bursa Malaysia to acknowledge a deeper sense of responsibility as a holistic approach to CSR initiatives. However he also perceived that MNCs in Malaysia report CSR standards in annual reports to meet with the minimum requirement set by Bursa Malaysia. His comment was:

“For example corporate social reporting, because it’s not a

requirement by the authorities, so Bursa only requested that we declare in our annual report. As long as you declare in the annual report, you meet the Bursa guideline for annual report [whether or not they practise it]. It's totally up to the company [and] it's the same with the GRI requirements. Because they have 136 areas which they need to cover, they do not evaluate on what you are reporting as long as you declare. For example you need to declare your employees [quota], they don't care whether Bumiputera (Malays and local indigenous ethnicity group) 90% and Chinese 10%. They are not concerned with the politics behind what you are reporting as long as you are reporting it".

This particular theme suggests that a Malaysian company's CSR reporting may possibly cover only some areas of CSR as a way to pass the requirements for reporting. Initiatives to cover all CSR areas are potentially lacking in Malaysian companies' annual reports. This may be due to the lack of in-depth monitoring on the part of the Malaysian regulators.

Some were aware of the current international CSR standard (ISO 26000) developed by ISO. The ISO 26000 was perceived as an important guideline for companies to promote good practice for CSR. However, the participants from three companies who mentioned that they were involved or attended a briefing about ISO 26000 came from larger foreign owned MNCs with established public relations and CSR departments. Akhbar Puteh from Toyota UMW commented: "We will have it [ISO 26000]; they have not launched it here. I attended one workshop by [Standards and Industrial Research Institute of Malaysia] SIRIM [which is a government affiliated institute for research and development of private sectors] listening to their presentation, I think it's still in the grey area but once they launch it, we might consider [adopting ISO 26000]. Because, like I said, we aspire to be a world class organisation". TM's Head of CSR, Dr. Muhammad Firdaus Low

commented: “We are involved in the process of ISO 26000 for our industry”. Some of the comments from the non-managerial participants were: “human rights, you know, whatever that the UN Charter has we have them... ILO and everything... corporate social reporting... ISO 26000 [needs to be recognised in the best-practice guidelines]”; “we are actually involved in the development [of ISO 26000] so I think you should put that in [to the best-practice guidelines]. We are one of the members on the industry side, they have a few stakeholders that are on the government side and we are on the industry side”. The rest of the participants, seven in total, did not mention the ISO 26000.

Some of the participants emphasised that their companies took the initiative to go one step above and beyond general ISOs. A comment made by the Head of Group Public Affairs and Corporate division of UMW Toyota is illustrative: “Before this we only declare our CSR activities in annual reports as requested by Bursa [Malaysia] so in 2008 we went above the industry standard... and we got A+ for the report meeting with all the GRI requirements”. Shell Malaysia’s senior manager of public affairs commented: “We develop our own standards [beyond ISOs]”. One of the non-managerial participant commented: “[We have] our operating procedures, our own practices”. These comments came from well-established MNCs with high recognition and reputation in Malaysia. The samples above also suggest that some MNCs in Malaysia are taking CSR initiatives above and beyond what is required by Bursa Malaysia or other regulatory bodies. However, resources, time and money may influence the degree of CSR initiatives.

What I observed from the responses given was that when asked about their perception of CSR initiatives or practices, whilst some of the participants expressed a deeper understanding of what international standards of practice in CSR entail, they were nevertheless skeptical to the idea of the companies in Malaysia practising an extensive form of CSR. Some of the practitioners (five out of 11) generally expressed that companies in Malaysia are not ready to take on full CSR initiatives and

realistically highlighted that companies operating in developing countries may put financial values first against others.

Some of the comments made by the managerial participants were: “The CSR that people talk about today, I doubt whether they understand what CSR is all about. CSR to them is just something to do with communities [philanthropy]... sometimes CSR is a monologue” (Saperi Rambli from Shell Malaysia);

“For a higher evolved society [CSR as practised according to international standards], maybe what should be done, I don’t really see that as something that is happening here now. From what I see, companies are more interested in getting their names out there rather than actually doing some socially responsible activity just for the pure benefit of the recipients of, where else could you see companies making donations and not going to the newspapers and talking about it” (Cairil Irwan from MCIS Zurich Malaysia);

“For some companies... meeting these standards would mean having to spend their already limited resources on activities which may or may not contribute to the company’s bottom line at the end of the financial year” (Immy Ooi from Nestlé Malaysia). Comments made by non- managerial participants included: “Because we’re a developing country, I think we haven’t reconciled the issue of sustainability with bottom-line profits yet. I think a lot of the businesses are more concerned at the end of the day with how much money you can make”; “Smaller enterprises [especially], they are just learning, and they just want to make sure that they have profits”.

By way of summary, while there are mixed views of the types of best-practice guidelines used by companies for this study, a key finding suggests that some Malaysian companies adopt and understand the importance of best-practice standards, however, those standards

practised are often realistically based on what a company deems to be suitable or relevant for its bottom line.

#### 4.16 Involvement in annual reports and stand-alone sustainability reports

It seems that the role of practitioners in annual reports depends on the size of the public relations department as well as the level of importance given to the role of public relations in CSR. As shown in Table 46 below, it is possible to suggest that large and more established companies for this study, particularly Shell, Nestlé, UMW Toyota and TM, give their public relations practitioners involvement in annual report and stand-alone sustainability report production. Whereas, small and newly established companies for this study, particularly, Honda and MCIS Zurich, appear to not give their practitioners a role in production of annual and stand-alone sustainability reports.

Table 46

*Public Relations Roles in Company's Public Documents: Annual Reports and Stand-Alone Sustainability Reports*

Items	Public relations practitioners' annual report involvement	Public relations practitioners' stand-alone report involvement	Roles given to public relations practitioners in CSR reporting
<b>Shell Malaysia</b>	Contributes information to CSR section of the annual report & compiles contents for CSR from other departments	Involved with the processes and outcomes of the document	Involved planning and advising of public document (strategic role)
<b>Nestlé Malaysia</b>	Contributes information to CSR section of the annual report & compiles contents for CSR from other departments	Involved with the processes and outcomes of the document	Involved planning and advising of public document (strategic role)
<b>UMW Toyota</b>	Contributes information to CSR section of the annual report & compiles contents for CSR from other departments	Involved with the processes and outcomes of the document	Involved planning and advising of public document (strategic role)
<b>TM</b>	Contributes information to CSR section of the annual report & compiles contents for CSR from other departments	Involved with the processes and outcomes of the document	Involved planning and advising of public document (strategic role)
<b>Honda Malaysia</b>	Not involved in production of this report	No current production of this report	No involvement of public document, to date
<b>MCIS Zurich</b>	Not involved in production of this report	No current production of this report	No involvement of public document, to date

There is an inconsistency among the participants about their involvement in annual reports. For bigger MNCs with an established CSR role given to the public relations practitioners, their roles in annual reports involve planning and advising (strategic role) for which they work together with other departments. Immy Ooi, CSR manager from Nestlé Malaysia, commented that: “Apart from the financial section and the corporate governance sections of the annual report, Group Corporate Affairs is responsible for creating the company’s public documents with input from various sections such as the Corporate Legal team, engineering teams as well as the various Brand teams under the company”.

The degree of involvement in annual reports differs among the 11 practitioners. They recognised that annual reports play an important role in communicating with stakeholders but the majority perceived that this is not the role that public relations should hold. Some participants implied that the degree of involvement in annual reports is confined to providing only the ‘CSR’ (community and philanthropic activity) section of the annual reports. Some comments given by non-managerial participants were: “I write them... annual report of course I feed the CSR section of the annual report”; “my role [in annual reports] is just to liaise with the vendors and to get all the information from our investment portfolio and from various departments and collate it”.

Participants who are not involved in the production of the annual reports came from newly established public relations departments and are new in their involvement in CSR. For instance, Monique Low, public relations manager from Honda Malaysia said: “actually we produced our annual reports until last year, but it was handled by administration department, we do contribute the content but not entirely, like the content of the particular news of corporate side, [in terms of] what we do, what we’ve done... we contribute just the content”. Cairil Irwan, Head of Corporate Branding and Strategy division of MCIS Zurich

commented: “annual reports, so far I don’t think we’ve included much of CSR in there. You see our department actually doesn’t control the production of the annual report, it actually falls for the time being, under the company secretary, [and in response to a question about contents of the annual reports] I’m not sure about the annual report side”.

The participants were more engaged in discussing the stand-alone sustainability reports than annual reports. Some of the participants emphasised that they are more involved with stand-alone sustainability reports. Akhbar Puteh, Senior Manager of Group Corporate Affairs of Toyota UMW Malaysia said, “Actually this [the CSR report] was our first report. [We] produce our CSR report [but] before this we only declared our CSR activities in annual reports as a requirement by Bursa”. Dr. Firdaus Low from TM commented that “[I’m] fully engaged with [sustainability report] publication... we give the information we also helped vet through the production and the sustainability report of course it’s ours, so we are very much involved”. Some of the non-managerial participants’ comments were: “I was chasing my colleague asking her where is [the sustainability report]... it is going to be ready real soon and then it will be published and [can be downloaded from the website]”. “CSR report was done by consultants before because it was our first one, so we needed some guidance, but this year we’re planning to write it on our own”. Further to this, Nestlé Malaysia’s CSR manager, during our email conversations prior to agreeing to participate in the interview, highlighted that all CSR information I needed can be found in Nestlé’s sustainability report, for which she is responsible for the processes and outcomes of production.

As highlighted earlier in the previous textual analysis section, the stand-alone sustainability reports produced by 10 out of the 45 companies were more thorough in reporting best-practice initiatives as compared with the annual reports. It seems that the stand-alone

sustainability reports are the responsibility of the public relations practitioners. As for annual reports, practitioners are either only involved with the compiling of contents from other departments or involved in providing the CSR activity section of the annual reports.

As shown in Table 46 above, MCIS Zurich and Honda Malaysia do not produce stand-alone sustainability reports. The public relations manager for Honda Malaysia commented: “Last year, because of the economic crisis, we actually stopped producing it, but we still compile it in [an internal portal accessible to only employees], so it’s soft copy [but not made public]. I don’t think that we have it, it’s just everybody shares their information but we don’t produce it”. MCIS Zurich, Head of Corporate Branding and Strategy division commented: “CSR won’t be featured as part of our communication outwards... it won’t stand out as an item... our company has not been engaging much in CSR”.

To summarise, key results from textual analysis showed that a majority of the selected MNCs were more likely to report financial necessity and social reporting in annual reports while likely to focus on environmental stewardship and human rights reporting in stand-alone sustainability reports. Compliance with the certified international standards category was least reported in both public documents. Meanwhile, key themes found in the interviews showed the possibility that public relations practitioners may be given a somewhat more strategic and managerial role in public documents if the company as well as the public relations department are well-established and resourced, although it should be noted that this was largely limited to management of the communication about CSR, rather than up-front management of the CSR policy and activity, with an exception of one case-study organisation, Shell’s managerial participant, whose role in CSR was to assist with the direction of the CSR policy. As shown above, well-established case-study companies in Malaysia gave their public relations practitioners a role in producing annual reports and stand-alone sustainability reports. The next chapter will further demonstrate a

triangulated discussion between these findings and relevant argument in the literature, to provide answers to the three research questions.

# CHAPTER 5

## Discussion

This chapter guides the reader through a discussion based on the findings from the textual analysis of annual reports and stand-alone sustainability reports (either sustainability or CSR) of selected Malaysian MNCs as well as interviews with 11 public relations practitioners, as presented in chapter four. The textual analysis of annual reports was based on a range of industries from 45 Malaysian foreign-owned and locally owned MNCs. Out of the 45 MNCs, 10 were found to have produced stand-alone sustainability reports. Therefore, these 10 stand-alone sustainability reports were also analysed using the same best-practice instrument employed to measure the annual reports for this study. Following the textual analysis, interviews with 11 public relations practitioners from six MNCs were conducted. These selected practitioners were involved in CSR work for their organisations. Therefore, they were familiar with the communication activities surrounding CSR. A detailed description of the methods employed for this study can be found in chapter three of this thesis.

One of the research aims of this thesis is to explore how MNCs in a range of sectors and ownership in Malaysia are currently performing when measured against international and Malaysian CSR standards. In order to achieve this aim, a set of best-practice guidelines was formulated based on past literature of global best-practice guidelines.

As mentioned in the findings chapter, the term macro-category refers to the eight macro-categories of the best-practice instrument. These macro-categories are: (a) human rights, (b) labour rights, (c) environmental stewardship, (d) fighting corruption and bribery, (e)

social reporting, (f) financial necessity, (g) compliance with certified international standards, and (h) community driven. The term micro-category refers to the items that are listed under each of the eight macro-categories, as shown in the table below.

Table 47

*Best-Practice Instrument Employed to Measure Annual Reports and Stand-Alone Sustainability Reports*

<p><b>Macro-category: Human Rights</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Respecting the right to practise religion  Employees' awareness of human rights violations in the company's policy  Adhere to local values, customs, norms and government policies</p>
<p><b>Macro-category: Labour rights</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Conform to local labour standards (meritocracy)  Work hours adhering to the ILO standards  Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender)  Equal rights and opportunities for employees  Educational opportunities for employees and/or family  Provide training for employees  The right for collective bargaining (ILO 1949)  Initiatives to protect the rights of employees against acts of anti-union  Initiatives to practise no forced or compulsory labour  Industrial relations  Health and safety issues of the employees</p>
<p><b>Macro-category: Environmental stewardship</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Global standards compliance  Communicates greenhouse emission in tonnes of CO<sup>2</sup> or equivalent  Compliance with the local environmental regulations  Communicates company's efforts for environmentally efficient technology</p>
<p><b>Macro-category: Fighting corruption and bribery</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Efforts are communicated to the employees about corruption and bribery in the forms of education and information  Companies communicated and presented efforts to fight corruption and bribery</p>
<p><b>Macro-category: Social reporting</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Companies communicated awareness towards accountability issues and actions  Companies practised transparency in reporting  Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media)  Companies practised open dialogue with publics (stockholders and shareholders are not included)</p>
<p><b>Macro-category: Financial necessity</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Socially responsible investment (SRI) initiatives  Reputation or image enhancement  Adopt risk management  Direct and active two-way communication with shareholders (shareholder value-focused)</p>
<p><b>Macro-category: Compliance with certified international standards</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  ISO 9000/9001 (quality management system)  ISO 14001/14004 (environment)  SA 8000 (workplace and employee relations)  AA 1000 (stakeholders)  CERES environment  IIP learning and training  OHSAS 18001 (health and safety)</p>
<p><b>Macro-category: Community driven</b></p> <p><b>The micro-categories for this macro-category are listed below:</b>  Charity or philanthropy and monetary contribution to community  Governmental sponsorships  Affected publics and community sponsorships</p>

Six case-study MNCs were then selected in order to gain some perspectives from Malaysian practitioners of what the roles of public relations are in CSR. This study employs a triangulated approach in order to explore possible explanation of why particular CSR standards reported in the public documents are practised. Triangulation was achieved by employing interviews with selected case-study MNCs to understand the roles these MNCs give to their public relations practitioners in their CSR.

The two methods used for this thesis, textual analysis and interviews, were discussed in detail in the methodology chapter. It is important to stress that caution must be taken with a small selection of case studies, as the results would not represent the whole population of Malaysian MNCs. However, the findings from these six case-study MNCs provide rich detail of particular cases, and create a starting point for other researchers to explore and expand further in the future.

The chapter begins by assessing the findings derived from the textual analysis of annual reports and stand-alone sustainability CSR reports, followed by a discussion of themes found from the interviews with public relations practitioners of six case-study MNCs. Results found from the textual analysis and interview methods are triangulated and discussed throughout this chapter in the context of the literature presented in chapter two. The aim of employing a triangulated method is to illuminate the three research questions for this thesis.

In this chapter, themes detected from the six case-study MNCs are explored to answer research questions. As already introduced in chapter one of this thesis, the first research question (RQ1) is: How do MNCs in a range of sectors and ownership in Malaysia currently report their performance, when measured against international and Malaysian CSR standards? The second research question (RQ2) is: What types of roles do the case-study MNCs give to public relations in their CSR, in comparison with the normative public relations theory of ideal roles? The third section discusses themes to explain reasons for the role

public relations plays in contributing to CSR in Malaysia. This illuminates the last research question (RQ3): How do public relations practitioners in MNCs explain reasons for the role public relations plays in contributing to CSR in Malaysia? Other themes have also emerged from these results and are discussed in the last section of this chapter. These unexpected findings demonstrate the usefulness of an open qualitative approach.

5.1 Current performance reported by MNCs in a range of sectors and ownership in Malaysia measured against global best-practice standards

5.1.1 A discussion to compare findings found in annual reports and stand-alone sustainability CSR reports

This section provides a summarised discussion of the results in an attempt to potentially uncover Malaysian MNCs' CSR reporting performance when companies' public documents are measured against international and local CSR standards. An elaborate discussion of the results to answer the first research question proceeds in the following section. The findings from the annual reports and the stand-alone sustainability reports obtained for this study suggested that when CSR is measured against the current best-practice instrument for the study, the communication of CSR in corporate public documents lacks thoroughness. Previous scholars have claimed that corporate social reporting in annual reports is relatively weak in Malaysia (Abdul Rashid & Ibrahim, 2002; Chapple & Moon, 2005; Tee, 2008). The low reporting found from the results of the textual analysis corroborated Chapple and Moon's (2005) study of CSR reporting across Southeast Asian MNCs which found Malaysia to be one of the lowest in reporting within the

Southeast Asian region (with only 25% of companies extensively reporting CSR).

While Haw (2010) claimed that there is an increase in the levels of CSR disclosure in the annual reports of publicly listed MNCs in Malaysia, the findings from the present study demonstrated that what Malaysian MNCs were likely to cover in CSR reporting was corporate risk management, accountability actions, corporate philanthropy and charitable contributions - the term corporate philanthropy was further discussed in the introduction chapter under the terminology section of this thesis, aimed at clarifying the use of the term within the context of this thesis. What I found from these results is, currently, when Malaysian companies' CSR performance was measured against international best practices, companies may be underperforming in their CSR reporting.

Figure 15 below, presents a comparative summary of CSR initiatives reported in annual reports and stand-alone sustainability reports. The aim of presenting this figure is to illuminate discussion of the current CSR standards of MNCs based on two public corporate documents (annual reports and stand-alone sustainability reports, which are either sustainability reports or CSR reports) when measured against a set of best-practice macro-categories. The y-axis for the figure below represents the percentages of the companies selected for the study and the x-axis are the macro-categories employed to analyse their CSR best-practice initiatives in annual reports as well as stand-alone sustainability CSR reports.

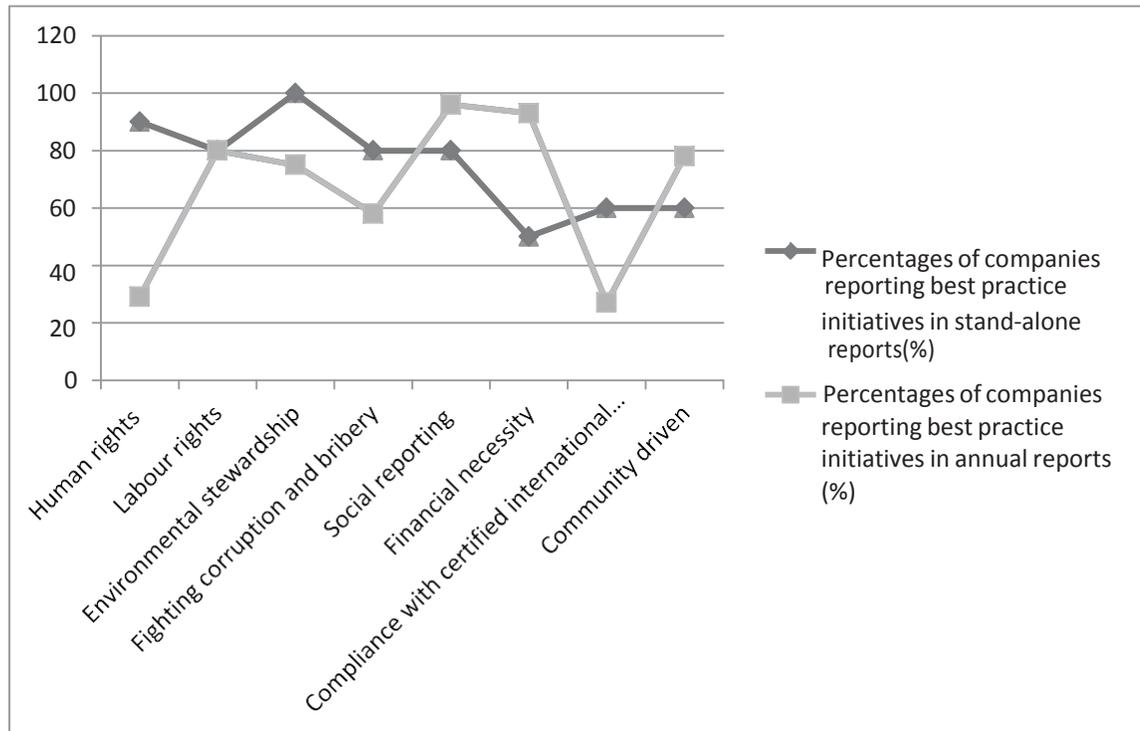


Figure 15. A summary of the trends of CSR reporting measured against the best-practice CSR macro-categories in annual reports and stand-alone reports

As shown in Figure 15, the human rights macro-category was one of the least reported in annual reports (29% of the 45 MNCs selected for the study). However, when the same set of best-practice guidelines was measured against 10 stand-alone sustainability reports, the results found that 90% of the companies reported human rights. By contrast, the financial necessity macro-category was one of the most reported by companies in annual reports (42 out of 45; 93%). However in the stand-alone sustainability CSR reports, the financial necessity macro-category was the least reported with five out of 10 (50%) of the companies reporting this category. A comparison between the most reported and the least reported macro-categories was described and presented in the findings chapter.

The figure above also shows that the community driven macro-category was one of the most reported macro-categories in annual reports (78%). However, when the community driven macro-category was measured in stand-alone sustainability reports, the same macro-

category was found to be one of the lowest reported (60%). In particular, MNCs tend to focus on corporate philanthropy or charity in their annual reports (78%) more than in stand-alone sustainability reports, with 50% of the MNCs reporting the charity or philanthropy and monetary contribution to community micro-categories. As explained in chapter one, corporate philanthropy and social contribution to the local community are a way for the companies to support the government's efforts for nation building (see ACCA & The Edge, 2006). This is in line with the 10<sup>th</sup> Malaysia Economic plan 2011-2015 (Economic Planning Unit, 2010).

Overall, reporting is more comprehensive in stand-alone reports, which lead or equal in five out of eight categories. One of the issues emerging from these results is Malaysian MNCs' tendency to report CSR categories that can gain favourable outcomes (outcomes that project companies' positive image and reputation to publics). Often times the less favourable CSR categories are left out of annual reports. This is evident in the annual report findings in that one of the areas of CSR that companies are more likely to report on is the area of charity work and corporate philanthropy where companies would be more likely to gain support from publics. CSR areas that have a higher chance of invoking controversy, such as, human rights and environmental stewardship, are more likely to be found in a stand-alone sustainability report.

Therefore, the above findings suggest that a separate publicly accessible document such as a stand-alone sustainability report compels companies to focus on specific CSR issues, which may potentially increase the performance level of CSR reporting of Malaysian MNCs. This stand-alone sustainability report is uniquely focused on CSR activities and initiatives. Hess and Dunfee (2007) stressed that a stand-alone sustainability report is an increasing practice among *Fortune 250 global* companies because it describes social and ethical policies as well as social initiatives in a more detailed manner. A separate document focusing on CSR may improve CSR reporting by

allowing MNCs to channel attention towards the company's social and ethical contributions to the community.

Nevertheless, the low number of MNCs producing stand-alone sustainability reports among the 45 MNCs in the current findings suggests that producing a separate CSR report is not a common practice for Malaysian MNCs at this current time. Only 10 out of the selected 45 MNCs (22%) made a stand-alone sustainability report publicly accessible on the company's website. Therefore, an annual report is still a major avenue for companies to report their CSR.

As mentioned in chapter one, Bursa Malaysia has set a standard in Malaysian reporting, in that publicly listed companies in Malaysia are to report financial as well as CSR practices in annual reports. While policy makers and regulators encourage companies to report their CSR initiatives extensively, reporting is still poor in Malaysia (The Star, 2009), and producing an independent CSR document remains a voluntary act.

Figure 15 showed another emerging issue. The labour rights macro-category is reported similarly in annual reports and stand-alone sustainability reports. It is interesting to note that as already described in the findings chapter, micro-categories pertaining to ILO standards were the least reported micro-categories under the labour rights macro-category.

As mentioned already mentioned in chapter one, labour rights practice in Malaysian companies is often not in accordance with international standards (Raman, 2008), and companies generally follow local labour standards. It is difficult to explain these results; however the government's quest to lower the labour law standards in Malaysia for competitive growth in FDI may have influenced Malaysian MNCs, particularly foreign-owned MNCs' tendencies to accommodate to local laws and requirements set forth by the government as an excuse for their low international CSR standard practices. Discussion on labour findings is elaborated further in section 5.1.2.2 below.

For instance, companies in Malaysia are more likely to adopt standards according to local regulations. While a company may practise best intentions when adopting or re-adjusting to particular CSR standards, this may not work best for companies operating in a developing nation such as Malaysia. As previously discussed in the introduction of this thesis, Malaysia is one of the few developing countries which employs tax incentives across wider sectors, primarily in the form of corporate tax rate reductions in order to attract FDI (United Nations, 2000), and currently, Malaysia is practising no minimum wage policy. The minimum requirement policy and practice puts companies at risk of having accusations from social advocates about window-dressing a company's reputation. This is particularly a challenging issue for multinational companies, when some of the local best practices and requirements are below the internationally recognised standards. Samples of the comments provided by the practitioners from the interviews were displayed and described under section 4.14 in the findings chapter entitled; practising international standards: mixed views. The participant comments suggest that Malaysian companies are aware of the need to practise international standard reporting, however, standards practised are often realistically based on how a particular standard fits with a company's policy and bottom-line profit.

Lastly, Figure 15 above showed that the lowest macro-category reported in annual reports was the certified international standards macro-category. The results showed that MNCs were more likely to report the following certified international standards: ISO 9000/9001: Organisational and governance standards; OHSAS 18001: Health and safety standards; ISO 14001/14004: Environmental standards in stand-alone sustainability CSR reports than in annual reports. This was described in section 4.8 and illustrated in Table 35 of the findings. It is important to note that these low percentages of certified international standards reporting would not necessarily mean that companies are less likely to comply with the ISO standards. These findings may simply

mean that companies may not feel compelled to make these standards of practice publicly available in corporate documents.

The lack of information about specific certified international standards practised by companies suggests two things. The first indication is that companies may well practise standards but do not find the need to report them to their publics. Without documented evidence of internal standards practices, companies which are in actual fact practising good standards in CSR would put themselves at risk of reputational damage. The second possible indication is that these companies are simply not guided by any particular standards (neither international nor local standards). The participant comments suggest this seems to be a common practice in Malaysian business.

Malaysia has been practising an implicit concept of CSR embedded in the laws and policies of the nation similar to that practised in most European nations (Salleh, 2009; Tee, 2008). Therefore, this may explain why some companies are not aggressive in reporting CSR. The concept of embedded CSR initiatives exists in government regulations, codes and standards. Embedded CSR initiatives within the context of this study include initiatives that may not stand out as a CSR activity but are intertwined and grounded within particular standard regulations or international codes, such as the International Organisation for Standardisation (ISOs) which are standards that organisations subscribe to, to meet CSR international standards.

Matten and Moon (2008) assumed that companies operating in countries with a laissez-faire economy such as in America will need to be more explicit in CSR reporting. Matten and Moon (2008) stated that companies that are operating in the European economic systems would practise “implicit CSR” (p.405), which is deeply embedded in existing government regulations, codes and standards. Matten and Moon (2008) explained further that there is a common tendency for companies operating in a collective type of economy to be less engaged in corporate philanthropic activities due to high taxation, in tandem with the

common perception that it is the government's responsibility to give charitable donations to the community. In line with Matten and Moon's (2008) hypothesis, such "coordinated economies" reduce the need for explicit communication of a company's CSR initiatives (Gjolberg, 2009, p. 11). Indications of this nature may help explain previous studies that have suggested Malaysian companies have been consistently low in reporting CSR over the past 20 years (Atan et al., 2010; Tee, 2008).

As previously described in chapter one, companies in Malaysia are basically complying with the minimum requirement set out by Bursa Malaysia and the securities commission of Malaysia. Malaysian companies need to go beyond the requirement set forth by Bursa Malaysia to practise CSR extensively (ACCA & The Edge, 2006). Moreover, based on a comment made by one of the managerial participants in this study, companies are (at the very least) complying with the minimum requirement (A. Puteh, personal communication, August 31, 2010). This managerial participant perceived the current passive CSR reporting by Malaysian MNCs as due to the lack of monitoring done by Bursa Malaysia because the companies' common practice is to declare with Bursa Malaysia what is needed without having much proof of whether or not the companies are practising what is reported in these corporate documents.

The acknowledgement of companies' use of CSR reporting as a way to meet with the minimum requirements set by regulators echoes Levitt's (1958) and Friedman's (1970) views about the degree of financial relevance and worth of CSR when companies engage in such social activities. Levitt (1958) and Friedman (1970) believed that companies will put financial value before conducting any social activities. The results of the two public documents suggest that companies would be more likely to engage in CSR reporting when they are a large MNC because they can afford to do so. Furthermore, these companies are likely to be at a higher risk for reputational damage. Perhaps being an organisation that has large resources explains why foreign-owned companies in Malaysia are likely to report CSR best practices more

thoroughly in their annual reports as well as stand-alone sustainability reports than their locally owned counterparts. The following section discusses the CSR performance of MNCs based on ownership (foreign vs. locally owned) and sectors.

### 5.1.2 MNCs' CSR performance when measured against international and Malaysian best practices by ownership

In attempting to answer the first research question, this section discusses MNCs' reporting performance when measured against international and local CSR standards based on ownership type. As described in chapter four, foreign owned companies are likely to report international best-practice CSR areas more than locally owned. Further, according to Table 7 in chapter four, the results appear to suggest that foreign owned MNCs are likely to produce stand-alone sustainability reports, with seven out of 10 (70%) of the overall companies that produced stand-alone sustainability reports are foreign owned.

The priorities and focus on CSR reporting differ slightly across foreign-owned and locally owned MNCs (see full description in chapter four). Both foreign-owned and locally owned MNCs are financially oriented in reporting their annual reports. Foreign-owned MNCs' CSR reports were more thorough than locally owned MNCs. In contrast, locally owned MNCs prioritise reporting direct and short-term CSR activities such as the actual acts of community donation, educational sponsorships and other CSR related events. What the locally owned MNCs lack is reporting of corporate long-term planning of CSR practices according to the international standards. While this is consistent with previous literature that claimed that foreign companies made more efforts in disclosing CSR thoroughly and comprehensively than locally owned companies (Atan et al., 2010; Teoh & Thong, 1984), an international documentation of Malaysian CSR reported that "a majority of the companies whose annual reports discuss their CSR activities are... home-grown corporations" (Haw, 2010, p. 253).

As a whole, the locally owned MNCs practise reporting that is practical and factual. Gathered from the textual analysis of the annual reports, the locally owned MNCs appear to treat annual reports as a document to communicate the company's facts and figures to the board of directors, investors (as well as potential investors) and shareholders. The locally owned MNCs' annual reports appear to be less targeted to a wider audience. Out of the few companies that produced stand-alone sustainability reports (10 out of 45); three were from locally owned MNCs. In particular, only three of 31 (9.7%) locally owned companies produced stand-alone sustainability reports compared with seven of 14 (50%) foreign owned. This suggests a lack of commitment from the locally owned companies in reporting best practices beyond what is required. In fact, the majority of the locally owned MNCs' best practices were under-reported in annual reports based on the textual analysis presented in the findings chapter.

However, the findings from the textual analysis show that if the locally owned MNCs have larger resources and renowned reputational standing, they were likely to report CSR best-practice initiatives more thoroughly. As described and presented previously in Table 9 of the findings chapter, five out of 45 companies reported across all eight macro-categories in their annual reports. Of these five companies, three are locally owned MNCs. These findings support Haw's (2010) conclusion that a majority of the companies which report thoroughly about CSR activities come from larger publicly listed MNCs that are locally owned in Malaysia. Haw's (2010) conclusion is also consistent with other studies claiming that CSR reporting will depend on a few factors including company size and country of operation (van der Laan Smith, Adhikari, & Tondkar, 2005).

Another thesis that looks at the political influence and disclosure of corporate governance in Malaysia suggested corporate disclosure is more transparent when companies are publicly listed (Salleh, 2009). Salleh (2009) suggested that corporate documents (in particular the locally owned companies) still lack transparency even when companies are publicly listed in the KLSE. Clearly, many other factors play an important role in explaining why corporate reporting and disclosures in various ways are weak in Malaysia.

The indication that foreign-owned MNCs tend to produce a stand-alone sustainability report more than locally owned MNCs (seven companies out of 14 foreign-owned MNCs and three out of 31 locally owned MNCs) is consistent with previous literature which reported that foreign-owned companies made more efforts in disclosing CSR thoroughly and comprehensively than locally owned companies (Atan et al., 2010; Teoh & Thong, 1984). The differences in presenting the annual reports as well as stand-alone sustainability reports can be seen between the foreign MNCs and locally owned MNCs. Foreign-owned MNCs operating in Malaysia reported CSR initiatives more thoroughly as compared to the locally owned MNCs operating in Malaysia as their home country. The following section will discuss ownership types further.

#### *5.1.2.1 Discussion of human rights to measure CSR standards under ownership types*

Based on ownership types as previously described in chapter four, five out of 14 (36%) of the foreign-owned MNCs mentioned adherence to local values, customs, norms and government policies micro-category under the human rights macro-category. In comparison, 26% from the locally owned MNCs in annual reports reported this micro-category. Although the percentages for human rights in annual reports are still very low for both ownership types, as explained in the findings chapter, it seems that foreign-owned MNCs made more initiatives to report human rights

as a whole.

Compared with locally owned MNCs, foreign-owned MNCs have relatively larger resources and diverse stakeholders and these factors may influence greater transparency in reporting. In fact, Tee (2008) argued that larger companies have a bigger societal role to play and that company size adds pressure to larger companies. This is because larger organisations are expected to perform better in CSR than smaller organisations. Therefore, larger MNCs experience increased political and social pressure.

Contrary to the notion above, the results from the public documents showed that both types of MNC would be less likely to communicate some less favourable or controversial areas in CSR. For instance, under the human rights macro-category, both ownership types would focus on adherence to local values, customs, norms and government policies micro-category, but none of the foreign-owned companies touched on respecting the right to practise religion micro-category and only one locally owned reported this. Whereas, none of the locally owned companies reported on employees' awareness of human rights violations in company's policy micro-category and only one foreign-owned company reported this. These results appear to highlight some of the potential controversial CSR areas that most Malaysian companies may tend to avoid reporting, suggesting that when MNCs are measured against human rights (one of the key international standards) reporting, both ownership types tend to shy away from reporting some aspects of human rights.

It is interesting to note here that what foreign-owned MNCs are less likely to report is the employee's rights to practise religion micro-category. For this micro-category (which is under the human rights macro-category), the locally owned MNCs were more likely to report this than foreign-owned MNCs. This is interesting because the finding suggests that foreign-owned companies appear not to find reporting of religious sensitivities or tolerances to be an important issue to address

in corporate public documents. Another possible conclusion is that the company may opt to play a passive role in some CSR areas particularly in areas that may evoke sensitive issues such as religion. In support of the contingency theory, Cameron (1997) suggested that organisations will communicate according to the saliency of a particular issue that affects both the organisation and its publics, and whether or not an organisation chooses to accommodate or advocate depends on the particular issue and the credibility of the public and how much it will affect the organisation.

When discussing MNCs operating in multi-cultural settings, the contingency theory of accommodation allows plausible explanation and support for the complexities companies face in developing nations. For instance, Choi and Cameron (2005) were some of the earlier scholars attempting to bring the contingency theory of accommodation to an international setting. They conducted in-depth interviews with CEOs and client leaders of Korean MNCs to explore how these MNCs resolve conflicts with Korean publics. The central theme which emerged from Choi and Cameron's (2005) study is that the MNCs in Korea accommodate to the needs of the publics due to factors such as the general ethnocentric culture of the Korean public and the power the media have to influence the public in Korea. The understanding of an "indigenous culture of a given nation" (Choi & Cameron, 2005, p. 187) as influential on reporting and disclosure helps us to understand the position and challenges MNCs face to sustain reputation as well as the role public relations staff are given in Malaysian organisations.

In explaining and making sense of some of these realities of CSR standards in Malaysian MNCs, the contingency theory of accommodation helps this research to explain the issues grounded within the context of sensitivities involving culture. Culture may influence how CSR is being practised in Malaysian MNCs. In particular, within the context of the contingency theory in public relations, identifying how far these companies are willing to accommodate such CSR initiatives is visible through their communication efforts in public

documents.

As stated earlier in this section, when it comes to reporting of local values, customs, norms and government policies, the locally owned MNCs were more likely to communicate this micro-category than foreign-owned MNCs. It suggests that as far as the locally owned companies are concerned, their focus on human rights reporting in annual reports as well as stand-alone sustainability reports, would involve communicating the local values, customs, norms and government policies to accommodate the affected publics. The following section discusses MNCs' performance when measured against labour rights international and local standards based on ownership type and triangulation of data from both textual analysis and interview in an attempt to answer the research questions.

#### *5.1.2.2 Discussion of labour rights standards to measure CSR standards under ownership types*

The results showed that foreign-owned MNCs in Malaysia did not report extensively about employees' rights, particularly regarding work hours. We might surmise this is because this would not fit well in the Malaysian context due to an absence of law specifying minimum wage and work hour standards such as stipulated by the ILO standards. A possible conclusion interpreted from the findings of this study is that companies accommodate to the laws and cultures of a particular nation where they operate.

The findings from the annual reports and interviews highlighted MNCs' tendency to avoid topics or issues that are perceived as either controversial or where issues do not affect the companies' reputation or operation in Malaysia. Lorenzo-Molo (2009) argued that companies typically practise a defensive mechanism technique by highlighting good CSR initiatives in their reports and hiding the less favourable in order to

secure their reputation with publics. This minimal representation suggests that little effort is being put into conveying to the publics what the companies are doing in terms of labour law practices and standards in Malaysian businesses. The lack of initiative in communicating efforts given to labour law standards in Malaysian businesses may be influenced by the requirement set by the local authorities. The voluntary act to go beyond a local CSR standard shows MNCs' extended efforts to meet the CSR standards beyond what is required by the local authorities of a given nation. This is particularly important when the local laws on labour do not meet with international labour standards.

From the interviews illustrated in the findings chapter, there is an indication that practitioners understood the prevailing issues with regards to labour rights practices in Malaysia. One of the non-managerial practitioners acknowledged this by stating that "labour rights standards are tricky, but the company tries to give fair wages to employees". This appears to illuminate the contingency theory of public relations as well as answer the third research question, in that a public relations practitioner's advocacy role towards a particular social cause is selective in Malaysian companies due to local laws and policies. Moreover, a company accommodates itself according to situations such as political stance and policies of a given nation. It acts as a contingency plan to accommodate to public pressures specifically targeting those who are affected by a company's policy and actions particularly identifiable in a host nation where companies are operating, as argued by scholars in the contingency theory of accommodation (Cancel et al., 1997; Cancel et al., 1999; Choi & Cameron, 2005; Reber & Cameron, 2003).

It is important to note here that a comment made by a non-managerial participant interviewed for this study also highlighted some of the challenging issues Malaysian MNCs are currently facing in terms of human and labour rights practices and violations. The participant commented that "human rights is a tricky business" which involves local laws and policy to comply with. S/he gave an example of MNCs in

a country such as Myanmar that does not recognise labour unions. S/he believed that this lack of recognition works against or interferes with the core values of the company. S/he believed that the company is not able to freely practise human rights as they have been practised in the MNCs' home countries and other developed nations. The practitioner stressed one of the challenges faced by Malaysian MNCs where they may have the desire to practise CSR according to international standards, however may not be able to do so due to local requirements and laws. However, the foreign-owned companies do have a choice whether or not to operate in such a country, potentially more of a choice than locally owned companies with fewer resources. Therefore, foreign-owned companies have a wider responsibility to not only adhere to local laws and requirements, but work harder to ensure international standards are being met in order to sustain reputation with global publics and be on par with best practices that their home-country headquarters are currently practising.

Therefore, a trend in reporting CSR among Malaysian MNCs may be influenced by whether or not a public finds a particular area in CSR favourable or controversial. At least, it helps explain why some CSR macro-categories from the present study were under-reported.

#### *5.1.2.3 Discussion of environmental standards to measure CSR standards under ownership types*

Kolk (2003) stated that social reports by *Fortune Global 250* are best described as solely reporting activities affecting the environment (see also Hess & Dunfee, 2007). The results of the present study appear to have similar outcomes. Thirty-four out of 45 MNCs (75%) reported on the environmental stewardship macro-category. What the findings suggest is that companies pay more attention to reporting of the environment in Malaysia. Government intervention plays a factor here. The Malaysian government's decision to collaborate with the UNDP and

the Global Environmental Facility (GEF), which is an international organisation that collaborates with non-profit and private sectors to develop and sustain the global environment (GEF, 2012), on 30 July 1999 (Jaafar, Ismail, & Wahab, 1999), influenced companies to focus on accountability issues related to societal and environmental needs affecting Malaysia (Atan et al., 2010).

Based on these assumptions discussed above, Malaysian MNCs will be more transparent with CSR initiatives when there is a greater threat to their reputation and sustainable growth. Some companies put themselves at greater risk for environmental hazards and pollution. For instance, companies in the manufacturing sector were responsible for up to 29% of Malaysia's toxic wastes in 1987 (Abdullah, 1995) and the Malaysian government continues to focus on one key concern with pollution, that is discharge of domestic sewage into the river and water resources of Malaysia (Mokhtar & Murad, 2010).

Haw (2010) conceded that most Malaysian companies are in the practice of educating the general public about green living and issues pertaining to the environment. Haw's (2010) conclusion of Malaysian companies' current environmental practices may explain why similar outcomes are seen from the results of annual reports for this present study. As described in the findings chapter, environmental stewardship is the fifth most reported among eight of the macro-categories in annual reports and the most reported in stand-alone sustainability reports (presented on Tables 5 and 6 in the findings chapter).

### 5.1.3 MNCs' CSR performance when measured against international and Malaysian CSR standards by sectors

Laudal (2010) suggested that CSR potential be looked at by sector level rather than company level, in order to understand how much a company is committing itself to CSR programmes. He added that companies which "operate in environments where many requirements of

international standards are not fulfilled” (p. 63) will tend to take a bigger step in communicating CSR. In support of Laudal’s (2010) claim, some researchers have stated that industries responsible for wider consumer sales and expectations suffer greater reputational damage and are more vulnerable to public scrutiny (Maloni & Brown, 2006; Palazzo & Richter, 2005). In supporting the triangulation of data with past research, this is a possible explanation for higher involvement in CSR reporting by consumer products and service sector companies. This section attempts to answer the first research question, on how MNCs in a range of sectors in Malaysia currently report their performance according to international and local standards.

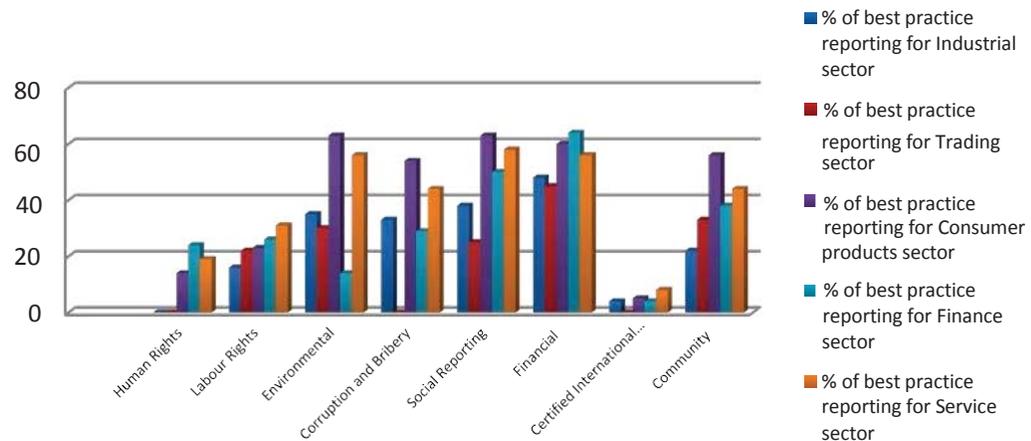


Figure 16. CSR initiatives in annual reports by sectors. The percentages indicate the number of companies reporting each macro-category based on sectors.

Figure 16 displays CSR best-practice initiatives of 45 selected MNCs in the annual reports categorised by five sectors: Industrial; Trading; Finance; Consumer products; Service. These sectors were based on Ahmad, Sulaiman and Siswantoro’s (2003) selection of large Malaysian companies for their content analysis research in which they identified five sectors that are most common in Malaysia. The y-axis represents how many companies reported each macro-category based on sectors and is presented in percentage. The x-axis represents the eight macro-categories used to measure the textual analysis of the 45

annual reports: Human rights; labour rights; environmental stewardship; fighting corruption and bribery; social reporting; financial necessity; certified international standards; community driven.

In general, three (service, consumer products and financial sectors) out of five sectors reported human rights. All sectors lack detailed CSR reporting of human rights in their corporate public documents. These sectors are companies with greater involvement and reputational recognition with outside publics as compared with the trading and industrial sectors. Cancel et al. (1999) argued that MNCs from sectors that are service and consumer oriented are especially vulnerable to criticism from social advocates. No human rights initiatives were reported in the annual reports of MNCs from trading and industrial sectors. The findings from the annual reports showed that companies with higher tendencies to report human rights initiatives in their corporate documents are companies with higher risks and exposure to external publics. Kinley and Joseph (2002) also claimed that human rights duties of MNCs should vary across industry groups, for instance, sectors with frequent and direct exposure with the media may require greater responsibilities with regards to demonstrating human rights duties in a particular nation. When looking at the human rights macro-category by sector, out of the 13 companies that reported on this, the majority came from service, consumer and finance sectors which deal directly with consumers, with none from industrial and trading sectors, whose most important relationships may be with client businesses, not the public.

The results from the study showed that the trading and industrial sectors were less likely to report comprehensively on best practices and compliance to global standards. It may be argued that this is due to the fact that their affected stakeholders are relatively limited to suppliers, employees and investors. Therefore they may not have the compelling desire to compete with companies that deal directly with consumers and services. For instance, Cancel et al. (1999) argued that businesses in the areas of consumer products and services are more

accommodating to the publics than industrial or commercial businesses. This notion is reflected in the results from the annual reports, in that MNCs under the trading and industrial sectors may lack the motivation for comprehensive reporting to meet with international CSR standards as compared with MNCs under consumer products and service sectors.

Only one company (EON) mentioned the company's effort to create employee awareness about violations of human rights in the workplace and beyond. This particular effort by EON shows a voluntary initiative that goes beyond the required initiatives in CSR best-practice reporting. As described earlier in the introduction chapter, the government highlighted in 2006 that all publicly listed companies must disclose CSR initiatives in their annual reports and within the CSR framework set by Bursa Malaysia. This consists of four areas in CSR: Environment, workplace, community and marketplace (Bursa Malaysia, 2008). Atan et al. (2010) argued that it is particularly important for Malaysian MNCs to show willingness to disclose comprehensive CSR standards and practices in line with the government's efforts to adopt "a socially responsible culture" (p. 108). Comprehensive and transparent reporting shows a company's commitment to communicating with stakeholders beyond internal stakeholders who would traditionally and ideally be the ones to be more interested to read a company's annual reports.

Although, as shown in the graph above (Figure 16), the trading sector performs the lowest in five macro-categories, particularly, human rights, corruption and bribery, social reporting, financial necessity and compliance with international standards in their annual reports, this sector reported labour rights, environmental stewardship and community driven macro-categories, with focus given to their initiatives in training employees about health and safety issues (as shown in Table 17 in chapter four). In other words, these companies focused on a CSR area that was specifically affecting their business. This selective practice of CSR reporting in annual reports suggests that the trading sector

reported their CSR initiatives to accommodate what their shareholders and investors wanted or needed to know rather than accommodating diverse public interests.

In exploring a company's CSR performance as reported in public documents by sectors, the financial sector reported less extensively as compared with the other sectors. The relatively low reporting of internationally recognised standards in the finance and banking industry may be due to a higher extent of confidential matters resulting in less detailed communication about CSR reporting in public documents. For instance, Ahmed and Dey (2009) claimed that as CSR reporting is not made mandatory in a majority of developing nations, most banks do not disclose CSR particularly in monetary terms such as how much financial budget was allocated for CSR activities. Moreover, Ahmed and Dey (2009) argued for better transparency in CSR reporting in banking sectors by making CSR reporting mandatory in companies operating in developing nations. It is important to explain here that the financial sector was also the hardest sector to gain access to for an interview with their public relations practitioners. If this implies reluctance to expose themselves to external publics, it was far more apparent than for the consumer product and service sectors.

## 5.2 Types of roles given to public relations in CSR

The following sections below attempt to uncover the second research question, which is to explore the types of roles case-study MNCs give to public relations in their CSR. In an attempt to answer this research question, discussions surrounding the themes found in the interviews are aimed at comparing the practitioners' experiences of public relations as related in the context of the interviews with normative public relations theory on ideal roles. It should also be noted, however, that a discrepancy between normative theory and actual practice has been found repeatedly in many countries (Duffy, 2000). The discussion below can best be seen as illuminating the specificities of the Malaysian

situation rather than describing a unique problem.

### 5.2.1 The role of the communication technician in CSR

In previous literature, Western scholars have debated the worth of the public relations profession in an organisation when the practitioners were confined to technical and journalistic responsibilities in CSR (Grunig, 1979; Heath & Ryan, 1989; Judd, 1989; Wright, 1979). Typically, public relations functions such as media relations, communication with affected publics, promotions and advertising, crisis and issues management are practised in almost any corporation in the world (Wakefield, 2001). In general, (as discussed in the literature review chapter of this thesis) while public relations staff in some Asian developing nations hold some of the strategic managerial roles, their predominant roles are still linear (journalistically oriented) rather than two-way (Chay-Németh, 2009; Idid, 2004; Sriramesh, 2004). In particular, most public relations practitioners begin their careers in public relations as technicians. As Daugherty (2003) stressed, often times, public relations practitioners are “highly skilled technicians” before becoming managers (p. 24). While these responsibilities are still important in an organisation, these functions limit the roles of a communication practitioner (Benn et al., 2010).

More to the point, some organisations only allow public relations to operate at a technical level. A large literature among classic management schools of thought has in the past debated about public relations’ relevance to a company’s financial returns (see for instance DeSanto & Moss, 2005; Downs, 1967; Fayol, 1949). However, literature of roles in public relations suggests a growing importance for public relations practitioners to be at the boardroom, in that public relations and communication experts would assist with creating a corporate conscience (see Broom, 1982; Cameron et al., 1996; Dozier, 1984; Grunig, 1990; Grunig 2006; Strenski, 1981). More relevant to the

context of this study, Abdullah (2007) claimed that there is a growing interest to understand the public relations function as a strategic managerial role in Malaysia.

Past literature also suggested that while there is a growing normative perception that public relations is ideally put at the same level with the top management (Abdullah, 2007; Grunig, 1990), Broom (1982) claimed that public relations often tends to permanently hold a communication technician role with a small contribution to either or all of the roles of expert prescriber, communication facilitator and problem-solving process facilitator. In this present study, 11 public relations practitioners from the selected six case-study MNCs perceived that there may be a tendency for practitioners in Malaysia to largely hold a communication technician role in CSR. Some of the practitioners from the interviews (as already mentioned in the findings chapter) acknowledged that they communicate about CSR plans and strategies directly with the top management. However, when they were asked to lay out their specific daily tasks in CSR, all of them described that their tasks were heavily involved in writing and preparing press kits, compiling annual reports, running scholarship and sponsorship activities, some internal communication and production as well as news and media monitoring. This was described in Figure 12 of the findings chapter.

Practitioners from four of the case-study MNCs (Shell, Nestlé and UMW Toyota and TM) were given a technical role (in terms of compiling information obtained from management and other departments) in the publication of the annual reports while practitioners in the other two MNCs (Honda Malaysia and MCIS Zurich) did not contribute to the production of the companies' annual reports at all. In fact, as shown in a previous chapter, some public relations practitioners being interviewed did not even know much about the production of the annual reports or were unable to provide information about what is involved in the production processes of the annual reports. It is often the role of a company secretary or human resources.

The findings from the interviews suggested that large and well-established MNCs in Malaysia perceive public relations practitioners to hold a role that assists with specific communication activities. For practitioners who are involved in the production of annual reports, the production will consist of gathering information from every department or writing up a pre-existing document provided by top management.

When it comes to reporting of stand-alone sustainability reports, MNCs with larger resources and established reputation in Malaysia, in particular, Nestlé, TM, Shell and UMW Toyota, were more likely to give their public relations practitioners bigger roles in CSR involving the planning of the processes and outcomes of publication than smaller and low-risk MNCs in Malaysia, such as, Honda Malaysia and MCIS Zurich.

The case-study MNCs for the research mainly value public relations in the most traditional sense. Coombs and Holladay (2007) believed that a technician's role is generally the typical way large MNCs value the roles of public relations. Traditionally, the function of public relations in Malaysia involves maintaining relationships with the press and government officials (Idid, 2004). Over 80% of the practitioners, as reported in 1992, answered public queries and attended to guests as their main functions (Idid, 2004), with little indication of CSR involvement by public relations staff. However, with the recent involvement by the government to promote greater transparency through CSR practices in organisations, public relations has become much more involved with planning CSR activities. Jones and Bartlett (2009) argued that the traditional public relations function in CSR was mainly focused on the act of communicating CSR. Jones and Bartlett's (2009) notion of this traditional form of communicating CSR by public relations, is apparent in the current trend, in Malaysia, as evident in the present study.

According to themes detected from the interviews presented in the findings chapter, the involvement of CSR in public relations, for

Malaysian MNCs, lack managerial roles. This is evident from the interview results. What was apparent from the interviews is that practitioners would hold a managerial post, such as CSR managers, or head of CSR, however, specific functions of these managers in CSR did not involve advising or involving in decision making for the implementation of CSR policies or initiatives.

The interviews presented in the findings chapter also suggested that there is a tendency for public relations practitioners in Malaysian MNCs to hold a role of media relations. Common functions would involve preparing and writing press kits to communicate the company's CSR to publics. What these interpretations then imply is that MNCs in Malaysia viewed the role of public relations as appropriate for the company if the role involves journalistic and media relations in CSR. One possible reason for this is the tendency for Asian countries to emphasise the roles of the media, governments and activists, as a way to build credibility and reputation in times of crisis (Grunig et al., 1995).

Jones and Bartlett (2009) also claimed that the public relations function should assist the organisation in building relationships with the publics in order to add value to CSR as a practice. For instance, if public relations practitioners hold an advisory role in CSR, practitioners would be in a position to advise the top management on suitable CSR avenues to highlight in CSR reports that would specifically target the company's important publics more effectively. This is important for Malaysian MNCs because in order for MNCs in Malaysia to meet the international CSR standards, it is necessary for companies to know their publics better. Public relations practitioners are (or should be) equipped with the knowledge and ability to understand and engage with key publics.

Other scholars such as Dozier and Broom (1995) argued that the traditional technical function of public relations, "creating and disseminating communication" (p. 5), is a core function for practitioners which they have built their career upon and this function of public

relations can also provide job satisfaction to practitioners. However, Dozier and Broom (1995) added when a practitioner holds the role as a mediator between the organisation and the key publics, the function becomes a legitimate management function, especially when a practitioner participates in decision-making. Therefore, normative roles for public relations in CSR are roles that involve aspects of both technical and managerial public relations roles.

Moreover, it is important to note here that the practitioners in the service and consumer products sectors are not directly involved with the processes and outcomes of the annual reports (as presented in Figure 12 of the findings chapter). However, these practitioners are involved in the production of stand-alone sustainability reports. Out of the six case-study MNCs, five of these MNCs are from the consumer products and service sectors. Four of the case-study MNCs produced a separate CSR report whereas the other two case-study MNCs did not (see Table 46 in chapter four). As described above in this chapter, the results from the two corporate public documents also showed that the consumer products and service sectors are far more comprehensive in CSR reporting in their corporate public documents than the trading, industrial and finance sectors. Past scholars have argued that industries with higher consumer expectations and involvement are more vulnerable to reputational damage and therefore are more aggressive in reporting CSR (Maloni & Brown, 2006).

This supports the notion that MNCs with big and established public relations teams perform better in CSR reporting than MNCs with less established public relations departments and fewer and less experienced staff (as described in the findings chapter under the interviews section).

### 5.2.2 The role of relationship management in CSR

Some managerial roles were found from the interview results as well. Based on the themes found from the interviews, all six of the case-study MNCs valued their public relations practitioners in a relationship management role. The findings suggested that Malaysian MNCs are likely to give the public relations practitioners a management role which involves ensuring the company is sustaining relationships with its key publics. The findings seem to be consistent with Kim and Reber's (2008) study attempting to identify the public relations role in CSR, in which the study found that 32.9% responded that public relations played a large CSR-related role in management. Idid (2004) also argues that the current status of Malaysian public relations has improved and more and more practitioners are holding a managerial role in their organisation, especially in large private organisations.

The results of this study seem to suggest that if public relations practitioners in Malaysian MNCs were to hold a management role in CSR, the most common role would be a relationship management role. For instance, one of the managerial practitioners, Saperi Rambli from Shell Malaysia, commented that one of his functions in maintaining relationships with the company's publics is to propose a plan that will assist with the sustainability of the local community affected by the company's activities. A cultural translation model suggests that corporate executives dealing with indigenous populations or with different cultural issues within a country would require local practitioners to assist in interpreting to the foreign top management in order to facilitate communication with the locals (Grunig et al., 1995).

In terms of specific functions within the relationship management role, the function that all six case-study MNCs' public relations practitioners are involved with is managing relationships with all key publics, as illustrated by comments in the interviews. However, this is where the function stops for a majority of the case-study MNCs. The

practitioners seem to have limited responsibilities in the relationship management role. Normative public relations and in particular, relationship management theorists, have stated that relationships of organisations are sustained through mutual interests of all parties considered via all channels and media (Coombs & Holladay, 2007; Cutlip, Center, & Broom, 1994; L'Etang, 2004; Ledingham & Bruning, 1998; Sriramesh, 2004). As explained from the themes found in the interviews, public relations practitioners appear to be lacking in other aspects of management tasks according to this normative model. Realistically, though, what is possible seems closer to Cameron's contingency model.

More specifically, two case-study MNCs (Shell and TM) give their public relations practitioners a function to maintain relationships with bloggers who are active in responding to corporate websites. Another important finding was that Shell Malaysia was the only case-study MNC that gives its public relations practitioners a role of maintaining networking with industrial players, for instance competitors from other leading oil industries, such as Petronas Malaysia.

It is important to note that while other practitioners did not specify their networking function with other industrial players, they may indirectly practise such networking functions. The fact that they did not specify this particular function indicates that they did not see this role as prominent in the department. Ledingham and Bruning (1998) argued for public relations practitioners to hold a relationship management role that acts as a bridge to connect organisations with key publics. Bruning and Ledingham (1999) also suggest that the public's perception becomes positive when the publics know that the organisations have made the effort to connect with them. This was supported in a later study by Grunig and Hung (2002) which saw that maintaining relationships with publics prior to a crisis will sustain the reputation of an organisation.

Prior studies have noted the importance of the relationship

management role in an organisation. For instance, Bruning, Dials and Shirka (2008) proposed that in an ideal role of relationship management, public relations creates a bridge that links the organisation with its key publics to allow for mutual understanding of the cultural, political and social aspects surrounding these publics. Ideally, what creates an effective link between a company and its key publics is a dialogue, which is, what Bruning et al. (2008) described as a platform for both parties to exchange concerns and issues. Bartlett (2011) further claimed that normative public relations sees dialogue as an ethical approach to engaging with publics. In the context of this study, CSR reporting is an indirect communication platform for companies to acknowledge relevant issues relating to its publics. More importantly, relationship management based on dialogue with publics allows public relations practitioners to practise a social advocator role. Therefore, CSR reporting is an important role in promoting transparency through dialogue between organisations and their publics. For many of the organisations studied, however, this platform was partial. The following section discusses another type of role in CSR found in the interviews, which is the role of crisis and issues management.

### 5.2.3 The role of crisis and issues management in CSR

This section looks at crisis and issues management role in public relations that was found from the interview themes, to further answer the second research question, which explores the types of roles case-study MNCs gave to public relations participants for the interviews.

The results from the interviews further showed that the Malaysian MNCs showed inconsistency in giving CSR roles to public relations practitioners. It appears that some of the case-study MNCs are likely to give their public relations practitioners issues or crisis management roles in CSR if the companies have resources to do so or if

the company's reputation has more exposure to diverse publics. The results of the interviews (see Figure 12 in chapter four) suggested that ownership may not play a prominent factor when explaining the roles given to Malaysian public relations practitioners in MNCs.

For instance, the public relations practitioners of Shell Malaysia, Nestlé Malaysia, Honda Malaysia (all three of these MNCs are foreign-owned) and one locally owned MNC (TM) are given a role to manage crises or particular issues related to their CSR initiatives. The public relations officers in Honda Malaysia are involved in managing crises for the company but did not mention that they are involved in issues management, whereas, Nestlé's CSR manager, Immy Ooi, specified that their roles were to manage issues in CSR without any mention of crisis management role. Specifically, these findings potentially illuminate that practitioners in Malaysian MNCs may value the public relations role in managing a company's crisis or issues but were not particularly consistent in terms of giving the practitioners a well-rounded role in managing both corporate issues and crises.

The idea that public relations' ideal role in CSR is to manage issues in order to sustain the legitimacy of CSR practices as well as of the public relations profession, has been debated among Western scholars in the communication field. For instance, Manheim and Pratt (1986) argued that in order for CSR programmes to have meaning to an organisation and its publics, an organisation would be required to understand the core cultural values and political principles of a particular public. In other words, organisations need to do research into their publics prior to any CSR initiative.

In connecting with the contingency theory of accommodation which suggests an advocacy role for public relations, if MNCs give public relations practitioners an issues management function in CSR, it allows for public relations practitioners to take on an advisory role to the top management in researching publics, as well as planning and

selecting appropriate channels and tools for communication, before embarking on a CSR programme.

As mentioned in the literature review chapter, in normative models, issues management is part of a two-way symmetrical programme handled by the public relations department (Fearn-Banks, 2001). Previous scholars have noted the importance of creating a consistent flow of dialogue (two-way communication) between the organisation and its publics (Bae & Cameron, 2006; Bartlett et al., 2007; Cameron, 1997; Cameron et al., 2001; Cancel et al., 1999; Cutlip, 1997; Fearn-Banks, 2001; Grunig, 1979; Grunig, 1993, 2001; Ihlen, 2009; Kim & Reber, 2009; L'Etang, 2004; Ledingham & Bruning, 1998; Manheim & Pratt, 1986; Podnar, Lah, & Golob, 2009; Reber & Cameron, 2003; Shin et al., 2006; Sriramesh, 2004; Toth & Trujillo, 1987). The normative concept of two-way communication ideally suggests that companies work closely with their public relations practitioners to create a sustainable dialogue, such as an open collaboration, with the publics affected by the company's policy and business practices. The public relations practitioners act as advisors to the top management. Bruning et al. (2008) argued that using dialogue to connect organisations with affected communities enhances the chance for public relations to legitimate its roles and functions in the organisation. Ideally, in a normative view, if the top management seeks advice from public relations about sustaining close relationships with its publics (through dialogue), the legitimacy of the company's CSR reporting may potentially improve.

In connection with reputation-building through dialogue, Roper (2005) presented a case study of Shell which showed that promoting dialogue in its sustainability report (after two crises and trenchant criticism from environmental groups) had improved Shell's performance in the areas of environmental impact and social sustainability. However Roper suggested that overall the changes were only "small concessions" (p. 81), and raised questions about "the ethics of a process that is often one of compromise to deflect criticism and maintain power relations

rather than one of open, collaborative negotiation” (p. 69). To link with Roper’s (2005) report, evidence from an interview with a managerial participant of Shell Malaysia, Saperi Rambli, suggested that Shell Malaysia began to improve its reputation and recover from its past boycott in East Malaysia (which was particularly due to its past practice of excessive dumping of toxic wastes in the local river), when the company began to respond and listen to the needs of its affected publics (see chapter four for the participant’s comment and description of this finding). However, while Shell has acknowledged that more transparent reporting of sustainability may improve its reputation, Roper (2005) argued that such an act often does not benefit all publics, and that what Shell has done was not to create open dialogue but negotiating for a compromise, which suggested that not all parties would agree with the company’s decisions.

It is important to note that, as Theunissen and Noordin (2012) argued, engaging in dialogue involves risks due to its unpredictable outcomes and may even hinder rather than serve a company’s purpose in achieving legitimacy. Further, Cissna and Anderson (1998) claimed that in practising dialogue, relationships hardly meet equal grounds when one party tends to overpower another. While the discussion on the importance or possibility of dialogue in achieving legitimate CSR may be debatable, discussion in the context of this study is normative, addressing ideal theory on roles while acknowledging the realistic context of the debate. The debate also helps illuminate answers for the research questions explored for this study: the academic literature shows that the nature of the public relations role is contested in theory, and practitioners’ testimony reports that it is also contested in practice.

Participants in the interviews perceived that organisational-public relationship management may not be a role that companies in Malaysia are practising at this current stage. According to a study of MNCs in Korea, a cultural translation model was suggested to explain the phenomenon of the roles of public relations in MNCs in Korea, in that, when dealing with the natives or different cultural issues, the corporate

executives would require local public relations practitioners' assistance in interpreting to the foreign top management the understanding and communication of issues affecting the locals (Grunig et al., 1995). This appears to be relevant for MNCs operating in a country with diverse cultural identities. Effective two-way communication is especially important for foreign-owned companies in Malaysia employing foreign and non-native speakers as directors of the board. Public relations practitioners with expertise and knowledge of various local cultures in the country are needed to explain, counsel and interpret issues of the local communities and cultures within Malaysia. This particular role in issues management is needed in order to improve and sustain CSR standards of Malaysian MNCs. Past researchers have shown that understanding local needs may improve sustainability standards of an organisation in times of crisis (Choi & Cameron, 2005; Roper, 2005). Furthermore, critical perspectives argued for public relations to hold a social activist role to advocate local issues and to act as a voice for the people (Cameron et al., 1996; Cancel et al., 1997; Cancel et al., 1999; Gower, 2006; Holtzhausen, 2002).

Therefore, managing crises and issues effectively in organisations is sustained through fluidity of communication which flows between public relations and the top management. Effective communication is one of the key factors in getting messages across efficiently. Fearn-Banks (2001) argued that one of the problems of sustaining the effectiveness of crisis communication is when there are many layers of communication between the head of public relations and CEO or top management. Fearn-Banks (2001) argued that the lack of direct communication with the top management indicates that the position of the public relations department in managing the organisation's crisis communication is less important. She also claimed that the roles given to public relations become legitimate when practitioners are given direct channels of communication to the CEO or committee members of the board because decision making processes are not filtered. As previously described in the findings chapter, there is an indication that

practitioners are given direct communication channels. Based on the findings from the interviews (in section 4.13.2 of the findings chapter), the practitioners (most of them managers) viewed their public relations department as having a relatively informal relationship with top management in which communication flows both ways, from bottom to up and sometimes top to bottom.

Previous normative literature on ideal roles also suggests that the more recent ideal professional roles of public relations in organisations consist of account or client management, strategic planning, problem planning, project management, media relations, social media relations, stakeholder relations, issues management, crisis management, internal and employee relations, event planning and community relations (Sha, 2011).

The case-study MNCs for this thesis appeared more likely to view the roles of public relations in CSR as a bridge to engage and connect companies with their affected publics. Further, the understanding that practitioners are more likely to hold a crisis management role than an issues management role suggests that MNCs in Malaysia rely on the expertise of the public relations practitioners in times of crisis. The common practice would be to assign the tasks of issues management to other departments in the organisation or external agents. Based on these assumptions, the top management may have less confidence or fewer resources to allow practitioners to be a part of the issues management team. Giving a greater issue-management role to practitioners would mean that they are required to be involved in planning and research, which also involves counseling to the top management. These are connections that need more research, especially in the particular context of a multicultural developing nation such as Malaysia.

#### 5.2.4 The role of sustainability management in CSR: A leadership role that is lacking in public relations in Malaysian MNCs

The findings from the interviews showed that if there is a strategic role for public relations in CSR in the context of Malaysian MNCs, it generally involves relationship management and some crisis (or less commonly, issues management). What the participants from the interviews seemed to have missed mentioning is any role in managing the sustainability of CSR.

What this means is, the public relations practitioners still lack involvement in implementation and research of CSR prior to launching. This role in CSR signifies authority in a form of decision-making and sustainability development of CSR in an organisation. These results support Coombs and Holladay's (2007) notion that public relations practitioners lack the ability to perform managerial tasks that exude "power" in decision-making and processes.

Benn et al. (2010) claimed that the need for public relations practitioners to play a leadership role is a practical concept to assist in breaking the perception of CSR as publicity spin and shift it to a concept that has a positive impact within the organisation and with its publics. The only way an organisation will be able to break free from a public's negative portrayal of an organisation's CSR initiatives is to allow public relations experts to guide an organisation to develop a consistent sustainability of CSR policy (Evangelista & Ruão, 2011), and to employ public relations professionals in the organisation as managers, counselors in the boardroom (Cameron, 1997; Cameron et al., 2001; Cancel et al., 1997; Cancel et al., 1999; Fearn-Banks, 2001; Reber & Cameron, 2003).

In the context of the present study, however, the interviews suggested that practitioners are not currently taking up a leadership role in developing sustainable CSR. The interviews suggest that there is a tendency for MNCs to outsource public relations roles and functions

in CSR to a public relations agency. This implied that Malaysian MNCs lack confidence in the abilities of their own in-house practitioners in handling CSR. For instance, the CSR manager Immy Ooi of Nestlé Malaysia works very closely and seeks advice on a regular basis with a public relations agent. Although only one practitioner highlighted this particular insight, the fact that this is occurring in one large foreign-owned MNC in Malaysia creates an assumption that there is a possibility that other Malaysian MNCs lack confidence in giving in-house practitioners authoritative voices in CSR initiatives. I suggest that this is a particular area that requires attention in the Malaysian scholarly arena.

The corporate culture in Malaysia may still value public relations as a role that assists with corporate identity and reputation by performing tasks that are often handed down by top management. In support of Coombs and Holladay's (2007) views of the reality of public relations roles, while practitioners "aspire" to become a legitimate professional in management, public relations roles are typically confined to "tasks related to message designs and dissemination" (p. 43). The results from the study supported the notion that a majority of the participants perceived their roles to be important for the organisation. However, their roles in CSR are limited to dissemination of CSR activities and information on existing programmes initially agreed upon by top management.

The idea of networking and building sustainable relationships with the affected publics is one of the key factors of a sustainable management role in CSR. This concept similarly has a close link to the concept of stakeholder management or engagement theory. The stakeholder approach has often been linked to normative characteristics of CSR. Mitchell et al. (1997) argued that much literature on stakeholder identification has been defined in the broadest sense which failed to capture the meaning efficiently. Mitchell et al. (1997) proposed stakeholder salience as making an important contribution to stakeholder theory and argued that stakeholder importance (salience) is

based on three perceived attributes; power, legitimacy and urgency. Scholars within the theoretical framework of the contingency theory of accommodation in public relations viewed that in accommodating a public, an organisation considers several factors, one of which looks at the characteristics of the publics in terms of credibility and the influence they have with the organisation and the general public at large (Cancel et al., 1997; Cancel et al., 1999; Choi & Cameron, 2005; Reber & Cameron, 2003).

Normative theory assumes the complexities involving multiple publics and identities should be valued by strategically forming affiliations with publics, which are affected by the company's policy and activities in order for communication to be sustained effectively (Jones, 2002). In support of a call for leadership qualities in public relations' roles and functions (Benn et al., 2010) and a need for successful strategic alliances (networking abilities) (Jones, 2002), the public relations roles may have a greater impact in CSR when Malaysian MNCs give public relations the role of sustainability management. Drawing from the findings illustrated in Figure 12 in chapter four, practitioners from Shell, Nestlé, UMW Toyota and TM were four of the six case-study MNCs who highlighted that they practise a sustainability role in CSR. However, Shell Malaysia appears to practise a wide range of areas in sustainability management. In particular, Shell was the only company that gives its public relations practitioners a role in managing governance standards and global compliance.

Idid (2004) claimed that there are a growing number of studies discussing the need for public relations practitioners to hold a role in strategic management in Malaysia. As shown from Figure 12 in chapter four, only one practitioner from the interviews (senior manager of Shell Malaysia) highlighted that his function is to manage and monitor compliance with CSR global standards as well as governance standards.

While employing a public relations practitioner to monitor compliance

is in line with initiatives for good governance practice, a lack of external monitoring by a third party may potentially pose a threat to the credibility of the public relations profession. Palazzo and Richter (2005) claimed that there is a misconception of public relations “as a key CSR instrument for corporations that already operated on a low level of public trust” (p. 393). A multinational corporation, especially a foreign-owned MNC, with a long-standing reputation of being less in favour among wider publics, illuminates the assumption that this type of organisation has financial resources to employ public relations practitioners to work side by side with an external third party to monitor closely the compliance and governance standards in the organisation.

Furthermore, MCIS Zurich and Honda Malaysia public relations staff members do not produce stand-alone reports and are not completely involved with annual report production. In fact, they were unaware of what goes into the report as shown in the interviews. Their roles in CSR are merely to communicate, for instance, as Honda’s public relations manager commented, to “promote or create awareness”. In other words, they are not engaged fully in the entire processes and outcomes of the company’s CSR. As previously described in the findings chapter, the public relations department of these two case-study MNCs (Honda Malaysia and MCIS Zurich) are relatively new and employed three practitioners to run the department.

Quite the opposite is seen in case-study organisations that are more involved with CSR initiatives. The public relations practitioners for Shell, Toyota, Nestlé and TM produce stand-alone sustainability reports and the public relations managers are involved with the entire production of the document including decisions as to what goes into these reports. The public relations departments for these case-study companies are to a great extent bigger, with more tasks and roles of communication practitioners spread out across various departments within a bigger communication division. These companies’ communication or public relations departments are well established. The number of employees under the communication department is

greater than Honda Malaysia and MCIS Zurich, with an average of at least five employees in the overall division.

In conclusion, to explain the roles companies give to public relations in CSR in comparison with normative theories on ideal roles in public relations, the value and credibility given to public relations is reflected in the roles and functions it provides in CSR. While stand-alone sustainability reports are produced by some MNCs, unfortunately, publication of such reports is scarce in Malaysia. This is evident from the textual analysis results, which show that out of 45 MNCs that were selected for this study just 10 produced stand-alone reports. Therefore an annual report is still a source most publics would turn to.

### 5.3 Reasons for the role public relations plays in contributing to CSR in Malaysia

The following sections attempt to answer the third research question, which is to understand reasons for the role public relations plays in contributing to CSR in Malaysia. Themes found were discussed below.

#### 5.3.1 Philanthropy or nation building: An explanation of CSR performance and role of public relations in CSR.

At a transnational level, corporate philanthropy is a common practice in business (Godfrey & Hatch, 2007; Palazzo & Richter, 2005); however recent research on CSR has moved away from philanthropic aspects (Hamil & Morrow, 2011). Previous CSR research in Malaysia showed that philanthropy is defined as synonymous with the act of CSR and most Malaysians understood philanthropy as a primary function in CSR, which is to give back to the community in the forms of monetary contribution, scholarships and philanthropy (Lu & Castka, 2009).

Based on the textual analysis of the annual reports presented in

the findings chapter, the foreign-owned MNCs reported philanthropic initiatives but were more spread out in their CSR areas than the locally owned MNCs. The active reporting of a philanthropic initiative supports past literature which saw that CSR initiatives are driven by community activities (Sheldon & Park, 2011). In the Malaysian context, the community-driven focus plays a more important role because it is in line with the government's intentions to get companies involved with nation building through philanthropic work (ACCA & The Edge, 2006). A discussion of the Malaysian policies for nation building is found in the literature review chapter of this thesis.

The textual analysis of annual reports, illustrated in the findings chapter, showed that 35 out of 45 companies focused on philanthropic activities as the backbone of their CSR initiatives. The findings showed that the common practice of CSR for a majority of the selected MNCs is oriented towards charity giving and sponsorships (asymmetric communication concepts). The findings support past literature which claimed that the communication practice in a developing nation is mainly targeted towards nation building, hence, the tendency for public relations in these countries to be "asymmetric" (Haque, 2004, p. 356). What is more apparent from the results presented in the previous chapter is philanthropic reporting in the area of education. This is further supported by public relations practitioners from the interviews who emphasised educational sponsorships in the community. For instance, a practitioner from the interviews commented that Telekom Malaysia has put aside MYR3,000,000 for sponsorships as well as engaged in projects to educate single mothers and sponsor their children's education. Moreover, Telekom Malaysia has allocated MYR800,000,000 in higher education facilities by establishing the Multimedia University and Multimedia College (Haw, 2010).

Another emphasis that stood out from the findings is on companies' efforts to train employees. Thirty of the companies took greater initiatives to present their efforts in providing training for employees. Haniffa and Cooke (2002) argued that in an Asian business context,

education is an integral aspect and contributes a greater impact towards nation building. Allocating resources and budget for training employees becomes part of an organisation's culture, particularly in Malaysia. As described earlier in this chapter, the emphasis on training of employees acts as a way to support the government's nation-building initiatives. Further, Atan et al. (2010) conceded that the CSR commitment of companies in Malaysia depends greatly on the government's policy and commitment to meet the nation's Vision 2020.

Furthermore, the data described in the findings chapter demonstrate that only two companies (both foreign-owned MNCs) highlighted governmental sponsorship in their annual reports and none of the companies reported this in stand-alone sustainability reports. Monetary contribution to the government in any forms by companies may pose a threat to their apolitical stance. Further, the Malaysian government emphasised in the media that donations and gifts of any sort by companies are prohibited to avoid political influences occurring. This provides a possible explanation why government sponsorships were less reported in both annual reports and stand-alone sustainability CSR reports. While one of the obvious reasons for corporate philanthropy is to assist in enhancing the community and national economy, contribution in the form of money to support a particular government in power may promote the concept of "dirty money" (Palazzo & Richter, 2005, p. 390). In relation to this study, Palazzo and Richter's (2005) statement assists in explaining Malaysian MNCs' focus in reporting CSR best-practice initiatives in terms of reporting their community involvement and philanthropic activities in public documents.

While philanthropy is a way for companies to contribute back to the community where they operate, Bae and Cameron (2006) suggested that accommodating to a public in a form of corporate philanthropy is not always seen as mutually positive from the external publics' standpoint. Reports on philanthropy as a company's key CSR initiative

in public documents can pose a threat to a company's reputation. Managing and sustaining reputation require consistency in terms of the overall communication of a company's activities. The following section discusses participants' understanding of the current state of public relations in Malaysia in terms of the value it holds to an organisation, as an attempt to explain reasons for the role public relations plays in contributing to CSR in Malaysia.

### 5.3.2 Lack of company's knowledge and awareness of the worth of public relations roles in CSR

There were some preconceived ideas about the roles and functions of public relations in the Malaysian organisational system, as perceived by practitioners and interpreted from the interviews.

As previously stated in the methodology chapter of this thesis, the epistemological assumption that shapes this research is within the realm of the social construction of meanings based on shared stories among members of an occupational group (Berger & Luckmann, 1966; Charmaz, 2000, 2006, 2009). Therefore, drawing from the shared stories defined by participants from the interviews, their roles in CSR can be interpreted as generally under-utilised.

A majority of the practitioners perceive their roles as valuable to the company, however, they feel that other departments in their organisation do not value their roles as much. Although practitioners took pride in the work they do for their organisations, the perceptions held by these practitioners about how others in the organisations viewed their roles illuminated some deeper sense of insecurity or dissatisfaction with the current state of the profession. Comments found from interviews were: "[Public relations is] a 'nice to have' [for the organisation]"; "[The role of public relations is] sugar-coating company's image", with one practitioner emphasising that "Some departments don't understand what we [in the public relations department] do" (Monique Low, Honda Malaysia).

As mentioned in the literature review, the roles and functions of public relations in Malaysia have evolved, from a “karaoke lounge hostess” (Yeap, 1994, p. 376) to a profession that holds a function of “stakeholder relations, reputation management, corporate branding, corporate responsibility and community relations” (Abdullah & Threadgold, 2008, p. 286).

In the literature, it appears that public relations practitioners in Malaysia have progressed from the lack of appreciation of the job they do in the organisation. For instance, Abdullah and Threadgold (2008) found that the top management in Malaysian organisations viewed the core function of public relations as “stakeholder relations, reputation management, corporate branding, corporate responsibility and community relations (p. 286). Abdullah and Threadgold (2008) also argued that the roles of public relations in Malaysia have moved away from a less respected identity to a recognised managerial profession. On the contrary, the results from the interviews found that the practitioners still felt their roles are less appreciated by other departments in the organisation, particularly in the context of their roles in CSR.

It is difficult to explain why such a perception still exists when recent literature has shown increased respect for the public relations profession in Malaysian organisations (Abdullah, 2010; Abdullah & Threadgold, 2007; Idid, 2004). However, it may be possible to make an assumption by triangulating results from both textual analysis and interviews of the present study. As shown from the results, it is possible that if the role of public relations in CSR moves away from the technical role, practitioners’ perception of being less appreciated by others for their importance in their roles, would tremendously reduce. At the same time, CSR may become a more effective tool for the companies in building sustainable long-term relationships.

As mentioned in the literature review, when it comes to MNCs

operating in a developing nation, research about public relations staff as CSR advisors to the CEO office and board meetings is lacking in Malaysia. The current triangulated results from textual analysis and interviews suggested that if CSR standards in Malaysian companies are to ever reach international standards, there may be a need for companies to look into their public relations structure and roles in CSR. The findings may have shown evidence of a possible importance of public relations in CSR in Malaysian MNCs. More research is required in the future.

While this section explored the worth of public relations roles in CSR and explained that currently, Malaysian companies are possibly less aware of the worth of public relations in sustainable management roles in CSR as a potential long-term reputation-building strategy, the next section looks at exploring how rank, financial resources of a company and departmental size may further explain the third research question.

### 5.3.3 Ranks and financial resources of a company and the size of its public relations department may explain reasons for the current CSR roles given to public relations

Abdullah and Threadgold (2008) believed that professionalism of public relations in Malaysia requires stringent enforcement in order for the role to have any professional recognition. What can be further interpreted based on the findings gathered from the textual analysis and interviews in the present study is that MNCs in Malaysia do sometimes give public relations practitioners a bigger role in CSR, however, the degree of role given depends largely on a company's reputational rank, resources and the size of the public relations department (as previously described in the findings chapter).

Internal make-up of the department as well as the resources available in an organisation appear to play a part in further explaining

the nature of public relations roles in contributing to MNCs' CSR initiatives. In the context of the contingency theory of accommodation, Cancel et al. (1997) stated that the internal factors to consider when deciding the degree of accommodation were the corporation's own unique characteristics, the position of the public relations department and the characteristics of the top management that dominate most of the decision making of the organisation. According to the findings from the textual analysis of annual reports (see chapter four) the extent of CSR reporting is often related to a company's size and ownership (both locally owned and foreign-owned).

As discussed earlier in this chapter, the larger the company the more likely the company is to engage in more comprehensive CSR reporting. While practitioners in larger and more established MNCs are involved with CSR processes and outcomes, practitioners in the smaller and less established MNCs tend to work closely with a marketing department. For instance, Honda Malaysia started less than 10 years ago. Therefore, it is relatively small in Malaysia as compared with other MNCs under study. The number of employees working under the public relations department is three. The establishment of the department is relatively new as well, in that the department is barely five years old. Kim and Reber (2009) contended that the more public relations practitioners employed in one department, the more likely for professionalism to increase. Similarly the comments from the participants in the interviews lead to the assumption that establishment of the organisation and the amount of exposure it has to the local community would give companies more incentives to engage in CSR and give advisory and leadership roles in CSR to those who also manage their reputation and local relationships. Moreover, MNCs with less established public relations departments were more likely to play a supporting role in CSR under the leadership of a marketing department. This leads to a discussion of a boundary crossover between marketing and public relations roles in CSR.

A typical perception among public relations practitioners in MNCs

is that CSR is a costly exercise and that larger companies have greater resources and money to conduct comprehensive CSR initiatives, as observed by some of the practitioners in the interviews described in the findings chapter. Sheldon and Park (2011) argued that some of the things inhibiting companies from practising CSR extensively are a lack of resources and limited understanding. The interviews described in the findings chapter, showed that CSR initiatives according to the global and international best-practice standards were expressed clearly as something that large organisations would be most likely to invest in. Companies seem to also perceive global CSR standards as challenging for companies operating in a developing country, as resources, money and time contribute to the way companies value CSR. Some of the examples expressed by the participants were, “For some companies, especially SMEs [small to medium enterprises], meeting these standards would mean having to spend their already limited resources on activities which may or may not contribute to the company’s bottom line at the end of the financial year” (Immy Ooi, Nestlé); “this is something that will be a contentious issue for all companies especially those in developing countries to adopt these so called high moral and ethical standards that, although good may not be something that’s justifiable from a money point of view... money runs business” (Cairil Irwan, MCIS Zurich); “Malaysians are only learning, and, it’s going to take us time... we’ve only been independent for the past 53 years. Where else, they’ve been independent all their lives... UK has been adopting environmental standards from 100 years ago, they’re already well developed, and you can’t expect us, Malaysians, to follow such standards”; “Only multinational companies that are big, huge, that can afford to adopt global standards”.

In other words, the companies feel constrained in following all standards, and would be more inclined to report areas in CSR that would assist with the company’s financial standing and reputation. For instance, companies are more inclined to report macro-categories such as adoption of risk management and accountability issues and actions

(42 out of 45 companies reported these two micro-categories). These particular assumptions support Cancel et al.'s (1997) view that a corporation cannot afford to stray from traditional economic beliefs and, in fact, could be seen as almost unethical to do so.

To summarise, this section aimed to explain that large and established companies are often more exposed to their surrounding environment as compared with smaller companies and therefore, these companies may be more likely to give public relations a leadership role in CSR. The triangulation of data from textual analyses and interviews helped explain reasons for differences in the roles public relations contributes to an organisation's CSR. The following section discusses other themes found beyond the scope of the research questions to illuminate potential future research.

#### 5.4 Other themes detected outside the scope of the research questions

##### 5.4.1 Lack of governance of CSR reporting may increase the chances of an organisation's CSR efforts being seen as merely window-dressing the organisation's image.

Practising minimal requirements for transparency and governance in CSR reporting does not pose a high risk of reputational damage for companies operating in developed countries (Palazzo & Richter, 2005). However, weak corporate governance is especially detrimental to transnational corporations operating in developing host countries. Palazzo and Richter (2005) argued that without external monitoring as a "third party control", CSR initiatives that are made public may just be a mere cover-up for the actual truth (Palazzo & Richter, 2005, p. 392). Foreign-owned MNCs are a target for public scrutiny from wider range of publics such as NGOs and social advocates.

Some scholars agree that sustainability reporting should remain a

voluntary act (Evangelista & Ruão, 2011). However, the idea that CSR initiatives are voluntary and “some initiatives are more voluntary than others” (OECD, 2001, p. 3), gives companies some justification to perform other priorities in their business. In fact in contingency theory it would be seen as illogical for any company to not put their best interests first against the rest. The issue lies in the extent of legitimacy given to CSR practices in Malaysia. In theory, the degree of legitimacy of CSR practices in Malaysia typically justifies a company’s practice of meeting with requirements set by the local regulator and in accordance with the government’s policy and initiatives.

The findings for this study also suggest that the role and commitment of regulators is still crucial in ensuring that companies are actually practising their CSR according to international standards. Given that CSR initiatives are voluntary, publicly listed companies are required to report about CSR performance in accordance with Bursa Malaysia’s policy and regulation (as discussed in the introduction chapter). CSR efforts become less meaningful if the regulators in Bursa Malaysia are not assertive in monitoring progress by companies. The fact that one of the managerial practitioners, in their interview, highlighted the lack of monitoring and follow-up from Bursa Malaysia signals the need for regulators to ensure that companies’ CSR reporting is aligned with the actual practice. In fact, such need for regulatory involvement has been highlighted by Malaysian experts in a CSR study which even described that CSR initiatives should be legislated rather than kept on a voluntary basis (Lu & Castka, 2009).

The above suggestion to explain a possible lack of specific CSR standards being practised in companies in Malaysia is consistent with Fombrun’s (2005) notion that acceptance of certain CSR standards in most countries will remain voluntary and at the current stage, in which governments are encouraging such practices by awarding government contracts and incentives. Further to the legitimacy issue, Fombrun (2005) concurred that current labels, standards or awards on CSR were

the result of pressures by social advocates and NGOs that have long been pushing for regulations on CSR actions by companies. A majority of the companies that are practising CSR initiatives according to the international standards are foreign-owned MNCs, as evident in the annual report findings of the present study. The clear differences in the way annual reports were projected and presented may signal vulnerability of a company to its publics. Companies with higher risks for reputational damage are more likely to report CSR initiatives comprehensively and in accordance with the international standards than companies with lower risks for reputational damage. Foreign companies with global exposure to media, are at the most risk.

#### 5.4.2 Boundary crossover: Public relations roles vs. marketing roles in CSR

Public relations has often been mistaken or confused with marketing and vice versa. In the past, Malaysian public relations practitioners worked closely together with the marketing department (Taylor & Kent, 1999). Moreover, some of the roles of public relations practitioners have merged with marketing roles and some have also renamed their department to incorporate both roles into one department.

It can be assumed that a multinational corporation, as a system, would adopt a horizontal structure by geographic region, in that it adopts an organisational structure that is consistent with the culture of the host country. At the departmental level, public relations would be operating in various ways that range from issues management, or combinations of advertising, marketing and public relations as one department or public relations functions may be spread across various departments, such as governmental relations, media relations, or employee relations as a separate department (Grunig, 1989). The term branding is often linked with marketing, but recent years have seen more public relations practitioners in organisations using the term as part of a communication function (Brønn, 2010; Fournier & Avery,

2011).

Based on the discussion above, it is then not surprising to hear some practitioners from the interviews describe public relations' roles in CSR as either being linked or working closely together with marketing. According to the interviews presented in the findings chapter, two out of 11 practitioners from the six case-study MNCs selected practise a minor role in CSR or do not engage fully in CSR reporting or activities. Their roles are less dominant in CSR as compared with the marketing practitioners of these two case-study organisations. The two case-study companies are Honda and MCIS Zurich. For instance, MCIS Zurich's public relations department is given the name 'corporate strategy and brand department' and employees under this department fulfill the roles of public relations in terms of media relations and press releases as well as a marketing role in terms of branding the corporate image.

From the external constituencies' point of view, there is a higher chance for affected publics to view CSR initiatives of organisations as merely to publicise and to window-dress a company to the public. Wakefield (2001) claimed that in some host-country MNCs, companies are blinded by the bottom-line profit in which "strong central policies tend to destroy local flexibility and can be so market driven that public relations is reduced to mere promotional support" (p. 643). For instance, Honda Malaysia's public relations manager works closely with marketing in CSR projects and for the most part, the public relations department's role in CSR is a promotional function that supports the marketing department's CSR initiatives. A theme discussed in this section assumes that smaller and less-exposed companies in Malaysia may prioritise market share to increase financial standing and therefore, the communication to publics appears to be more controlled (one-way communication), which may imply that marketing is best suited for the purpose of publicising a company's CSR. The next section concludes the chapter's discussion of findings.

## 5.5 Chapter conclusion

The discussion of the findings from both the textual and interview analyses appears to support the notion that business corporations will not be able to survive without thinking about the financial core values of business (see Cannon, 1992; Dinmore, 2009; Friedman, 1970; Levitt, 1958). The data have provided some insights about companies' efforts toward transparency of CSR reporting and the factors that complicate those efforts. The annual report findings seem to suggest that CSR reporting of Malaysian MNCs meets with the minimum requirements set by the local regulators but does not go beyond the requirements, as mentioned by some practitioners from the interviews.

For instance, some of the practitioners (two managerial participants) for the study proposed that it is the government's responsibility and not the corporations' to monitor the transparency of CSR standards. As discussed earlier in this chapter, Akhbar Puteh from UMW Toyota stated that companies may put good CSR standards in print but may not actually practise these standards. Furthermore, Cairil Irwan from MCIS Zurich did not see transparency in corporations' reporting of CSR (in particular, good governance for corruption and bribery) as able to be "driven from private perspectives". The fact that out of the 45 MNCs, only 10 were found to have produced stand-alone sustainability reports also shows sluggish voluntary initiatives for comprehensive CSR reporting from Malaysian MNCs.

The tendency for MNCs in Malaysia to focus on the area of financial necessity in CSR reporting of documents demonstrated that Malaysian CSR practices are, to some degree, traditionally inclined to a Keynesian concept of thinking. It is interesting to note that the Keynesian concept which was developed in 1939 has crept up more rapidly in the academic writings in the recent times of economic hardship (Freeman et al., 2010). Freeman et al. (2010) claimed that the Keynesian concept is an idea which postulates that capitalism could and should be managed through government intervention rather than

managed by corporations. This particular frame of mind, which was seen in most of these practitioners, signalled that Malaysian companies and the minds of the employees in CSR are driven by a capitalist approach.

Further to this, as discussed earlier in the chapter, an inclination towards the bottom-line profit echoes traditional notions by Levitt (1958) and later Friedman (1970) who viewed companies' tendency to focus on the value of shareholders and financial obligations as a company's means to survive. It is not surprising to detect such tendencies of companies taking the efforts to connect CSR initiatives with financial obligations because companies have to put into consideration the shareholders' and investors' interests. Evidence demonstrating the high number of companies reporting more financial items in the context of corporate responsibility initiatives supports Dahlsrud's (2006) research on CSR based on companies' frequencies in CSR reporting, in which he described 88% as emphasising the economic dimension. Research on CSR often links back to issues of profitability and stakeholder management (Abdul Rashid & Ibrahim, 2002; McGuire et al., 1988; McWilliams & Siegel, 2000; Orlitzky et al., 2003; Ullman, 1985; Waddock & Graves, 1997) yet the end results still remain uncertain and inconsistent.

While the above point has its merits, a critical viewpoint assumes that a corporation needs to step out of traditional capitalist interests, in that long-term reputation building is potentially sustained based on listening to voices from multiple levels (see Dhanesh, 2012; Pal & Dutta, 2008; Tyma, 2008). In relation to this, the contingency theory of accommodation conceptualises that when public relations is given flexibility in an organisation to move from an advocacy role to an accommodative role, an organisation is more able to position itself in an unpredictable environment (Cameron, 1997; Cameron et al., 2001; Cameron et al., 1996; Cancel et al., 1999). In particular, this assumption illuminates the ability for public relations to practise a leadership role in CSR in order to reach an understanding or

compromise between an organisation and publics. The theory helps explain how the organisation benefits when leadership and management are key roles for public relations staff in CSR. But as Kim and Reber (2008) suggested, in order for public relations to hold key roles in CSR, companies need to include public relations practitioners as members of the board of directors (dominant coalition), which none of the case-study organisations in this study did.

In the interviews, some of the participants also believed that while CSR is a noble act for companies, it is also a way for companies to gain publicity from the media (Cairil Irwan, from MCIS Zurich; Monique Low from Honda Malaysia). Another comment made by a non-managerial participant saw that public relations engagement in companies' educational contribution involves providing media coverage. Fitzpatrick (2000) and Donaldson (1999) claimed similar stakeholder motivations in which the idea of companies engaging in CSR is to gain media exposure and maximise profit. In fact, many management scholars have generated ideas that link CSR initiatives with long-term profits, as a way to make sense of a company's engagement with CSR and the diverse publics (Eilbirt & Parket, 1973; Gariga & Melé, 2004; Higgins & Debroux, 2009; Hillman & Keim, 2001; Margolis & Walsh, 2003; McGuire et al., 1988; McWilliams & Siegel, 2000; Moir & Kennerley, 2006; Orlitzky et al., 2003; Sen & Bhattacharya, 2001).

From the discussion above, findings from the textual analysis help explain the first research question, which is, how Malaysian MNCs are performing in CSR as reported in public documents. Key findings suggested that when measured against international and local best-practice guidelines, companies under the service, consumer products and finance sectors performed better in CSR across all eight macro-categories compared with the trading and industrial sectors, which implied that trading and industrial companies in Malaysia may not prioritise transparent reporting of their CSR performance. Overall, in annual reports reporting, foreign-owned companies are far likely to cover more across all eight macro-categories. While in stand-alone

sustainability reports reporting, fewer locally owned produced stand-alone sustainability reports than foreign owned, but those that do are more likely to cover a wide range of macro-categories. This suggests that although foreign-owned MNCs practise sustainability reporting, they do not necessarily report CSR comprehensively.

In connecting with the second research question, themes found in the interviews suggested that large companies that are well-established with larger public relations unit tend to give bigger roles to public relations in CSR. As discussed, an overall assumption can be made that Malaysian companies tend to report thorough CSR when companies have a higher exposure to their publics. When companies are highly exposed to public scrutiny due to rank and establishment, a company would then be likely to seek communication expertise to handle CSR initiatives. This research also finds the contingency theory of accommodation applicable to explain the third research question, which is to explore reasons for the role public relations plays in contributing to CSR in Malaysia. In addition, this theory illuminates recommendations for future research in the area of public relations and its roles in CSR, such as whether companies are better able to adapt their CSR to both international and local expectations when public relations staff with expertise in consultation and relationship building with diverse publics are in charge of CSR direction and policy.

Overall, the findings from textual analysis uncover some important factors relevant to the current understanding of CSR performance in Malaysian MNCs when measured against international and local CSR standards. The findings from the interviews supported the understanding of the roles and functions given to Malaysian public relations practitioners in six case-study MNCs as well as explained reasons behind the current realities of public relations in CSR as perceived by experts in the field of public relations. The last chapter concludes the overall study for this thesis and provides recommendations for future research.

# CHAPTER 6

## Conclusion

Studies often conclude that CSR is a long-term investment that assists with building and communicating a company's reputation to publics (ACCA & The Edge, 2006; Carroll, 2008; Herremans et al., 1993; McGuire et al., 1988; McWilliams & Siegel, 2000; Orlitzky et al., 2003; Orlitzky et al., 2011). A considerable amount of literature has shown that the central focus of CSR reporting is often around management concepts and theories (see chapter two for elaborate discussion of CSR reporting). However, very few studies have linked public relations perspectives with CSR, especially in Malaysia. As Tee (2008) suggested, public relations has not been the central concept of discussion in CSR literature. This is interesting, given that much research on CSR pointed towards the need for companies to strengthen their reputation and relationships with their publics, and to work with publics in ways that are sustainable. It is from this knowledge that the central idea for this thesis emerged.

In Malaysia, there are, to date, no studies using global standards to specifically explore MNCs' CSR as performed and reported in public documents. Nor are there any studies of the types of roles MNCs give to their public relations staff in CSR. Exploring these two areas provides a fresh perspective on CSR. It is also vital given that the Malaysian government greatly focuses on FDI. As described in the introduction chapter, Malaysian MNCs are one of the contributing groups to the economic growth of the nation (UNDP, n.d.). Measuring standards in CSR against the global best practices is a way for a democratic nation to practise good governance. It is a way for Malaysian companies to be aware of best practices involving the core principles of humanitarian

rights and environmental stewardship. These standards are not necessarily unequivocally seen as compatible with local priorities and expectations, however, by the participants in this study.

The focus of this chapter is to summarise previous chapters of the thesis. It draws conclusions about the current state of Malaysian CSR reporting standards from an angle that is under researched in the Malaysian CSR body of knowledge. In particular, the CSR reporting of annual reports and stand-alone sustainability reports has not previously been measured against international and local CSR standards, nor such measures triangulated with case-study MNCs' public relations roles in CSR.

The data attained have assisted in answering these research questions:

1. How do MNCs in a range of sectors and ownership in Malaysia currently report their performance, when measured against international and Malaysian CSR standards?
2. What types of roles do these companies give to public relations in their CSR in comparison with the normative public relations in ideal roles?
3. How do public relations practitioners in MNCs explain reasons for the role public relations plays in contributing to CSR in Malaysia?

This chapter aims to review the performance of Malaysian MNCs' CSR as reported in public documents (annual and stand-alone sustainability reports) and the types of roles MNCs give to their public relations practitioners. A considerable amount of literature has been published showing that CSR reporting in Malaysia is growing in importance yet still under-reported (Ahmad & Sulaiman, 2004; Amran & Haniffa, 2011; Tee, 2008; Thompson & Zakaria, 2004; Zulkifli & Amran, 2006). Prior research has also shown that a traditional role for

public relations in Malaysia is a technician role (Idid, 2004; Nordin, 1986; Yeap, 1994). However, some studies have suggested that the public relations role is moving away from a technician role to a strategic management role (Abdullah & Threadgold, 2008; Idid, 2004). Therefore this chapter reviews the current state of CSR performed in Malaysian MNCs as reported in MNCs' public documents and the types of public relations roles given to practitioners.

The chapter begins by reviewing the effectiveness of the methods used to conduct the study, followed by summaries of the findings as well as explaining the implications and contributions of the study to the field of CSR and public relations. Another section then talks about the limitations of the study and future research.

## 6.1 Summary of the approaches and processes used for the study

This study employed a qualitative approach in order to interpret contextualised perspectives on the roles and functions of public relations in CSR in Malaysian MNCs. The method implemented to guide the study was grounded within an interpretive approach which assumes that each company has its own story. In particular, an interpretivist framework gives room for flexibility of approach to research by combining various methods to interpret the multiple meanings of social constructs (Charmaz, 2009). Furthermore, the interpretive approach allows the researcher to seek and share meanings that are interpreted from the data.

To investigate the first research question, a qualitative textual analysis technique was employed to analyse 45 annual reports and 10 stand-alone sustainability reports. The technique of analysing the texts used an etic approach to textual analysis. The analysis was based on

eight macro-categories that were drawn from the existing literature of CSR and best-practice guidelines.

These eight macro-categories were: a) human rights, b) labour rights, c) environmental stewardship, d) fighting corruption and bribery, e) financial necessities, f) social reporting, g) compliance with certified international standards, and h) community-driven. These provided a list of CSR best-practice guidelines to measure standards of CSR in Malaysian MNCs (internationally and locally). There did not appear to be any such comprehensive list (collating all the major existing guidelines) available in the literature.

Performance of MNCs selected for this study was then measured by coding the macro-categories found in annual reports and stand-alone sustainability reports. The macro-categories that were found in the annual reports were coded as either present or absent. The results were analysed by sector and ownership in order to show comparison of dynamics in a range of Malaysian MNCs.

I found that the method of categorising CSR best practices into macro-categories and micro-categories was valuable for the aim of this study because these categories performed as a snapshot of specific areas of CSR that were commonly reported and by comparison, areas that were under-reported. Based on the textual analysis, currently, Malaysian companies may prefer to 'play safe' by reporting CSR areas that are most appealing to the general public. This seems to be a trend in CSR reporting, especially in developing nations. For instance, studies have shown that companies in a developing nation tend to report more comprehensively in some areas of CSR than others (Lorenzo-Molo, 2009; Thompson & Zakaria, 2004). In particular, Lorenzo-Molo (2009) explained that companies in developing nations tend to practise a defensive mechanism technique by showcasing only good CSR in their reports to secure favourable outcomes. However, very few studies have illustrated a range of CSR areas across the global best practices that

were under and over reported. This thesis separates important categories that were highlighted in the global best practices as found in the existing literature.

More importantly, analysing every area of CSR based on global and local standards placed Malaysian MNCs under a microscopic lens, revealing their priorities in reporting CSR activities. For instance, among these 45 MNCs, the findings showed that what most companies are likely to report in their annual reports are financial necessity and social reporting, and what they are less likely to report are human rights and compliance with certified international standards.

To answer the second and third research questions, semi-structured interviews were conducted to further explore the multiple realities of the roles and functions in public relations through shared stories of key informants who were experts in CSR from public relations perspectives. The participants were guided by some similar pre-determined questions but were also probed for more clarification or detail, and allowed to raise novel information by the use of open questions. The participants were asked about the organisational structure, the structure of the public relations department or unit in the organisation, their perceptions of their roles in CSR in their organisations as well as their understanding of the ideal structure of public relations in CSR. The participants were probed further with more questions during the interviews to clarify or extend their answers.

The probing method led to some participants expressing their perceptions of the current image of public relations as portrayed by their colleagues in their organisations. For instance, a managerial participant from Honda Malaysia commented that most of her colleagues from other departments do not see the relevance of public relations in an organisation (M. Low, personal communication, August 18, 2010). This information suggests that one reason Malaysian companies do not give public relations a managerial role in CSR may be

because top management lack knowledge of the types of roles public relations are capable of as an important contributor to a company's CSR. This information has opened up a research possibility to explore the perception of Malaysian companies' top management on public relations roles in CSR at a wider scale.

Eliciting participants with additional explanations also led to a managerial participant from Shell expressing one of their deepest regrets in the past. The dumping of toxic waste along a sacred river of a remote area of East Malaysia has led local tribal communities around affected areas to lose trust in Shell and demand Shell stop its operation in these areas. As a result, Shell became "better listeners" to local communities (S. Rambli, personal communication, August 4, 2010). This insight has led me to further strengthen my previous knowledge, that the understanding of an "indigenous culture of a given nation" is a crucial factor to consider when sustaining reputation in a community where an organisation operates (Choi & Cameron, 2005, p. 187). Probing participants for further answers has resulted in meaningful but spontaneous comments from participants.

Probing participants to elaborate a point in the interview has also led participants to express their concern over the current state of public relations practice in Malaysia. Based on a non-managerial participant's own observation in her field of work, she felt that some large organisations have showcased admirable CSR practices in the mainstream media such as the newspaper and television, but did not deliver the same best practices in reality. Although the stories gathered from these participants are personal views, these stories nevertheless gave me an insider's perspectives of the realities of public relations and CSR practices in Malaysia. Such information may not have been achieved without probing.

The multi-method approach used for this study has helped me achieve a rich understanding of CSR standards in Malaysia from

multiple angles grounded within a public relations construct. In particular, a constructivist-interpretive approach allowed me to situate myself as a researcher interpreting stories based on knowledge in the literature, as well as my past experience as a public relations practitioner. Based on a social constructivist standpoint, meanings are shaped and constructed together through past stories (Berger & Luckmann, 1966). A constructivist-interpretive approach has guided me to think that each company has its own approach in CSR and therefore gave me the chance to understand each company under study better through its public documents. This approach has also helped me create depth in interpreting meanings projected in their annual reports and stand-alone sustainability reports. I was able to interpret words that were written in their public documents and turn them into valuable meanings that would help illuminate the current state of Malaysian CSR standards.

This approach has also allowed me to enter into a case-study organisation with my own knowledge and expertise which, at times, became especially useful during the interviews to make sense of jargon and expressions that the participants used. Therefore, these interviews have assisted me in gaining insights into the existing realities of the roles and functions Malaysian case-study companies give to public relations in their CSR. In addition, comparing these roles and functions against the normative ideal roles in public relations has helped answer the third research question. A constructivist-interpretive approach is a method that I will adopt in my future research. It is an approach that is recommended to qualitative researchers who are interested to accumulate rich and detailed data from companies. A summary of the findings are elaborated in the next section of this chapter.

## 6.2 Summary of the findings

### 6.2.1 Current standards of CSR in a range of sectors and ownership in Malaysia

#### 6.2.1.1 *MNCs CSR reporting by ownership types*

The textual analysis of annual reports shows that foreign-owned MNCs are more likely to report more CSR macro-categories, compared with locally owned MNCs. However, when the same set of CSR global guidelines was used to measure MNCs' stand-alone sustainability reports, the locally owned MNCs are more likely to report a wider range of best-practice macro-categories than foreign-owned MNCs.

Based on the 10 stand-alone sustainability reports, foreign-owned MNCs tend to focus on reporting in the environmental stewardship macro-category more than locally owned MNCs. However, as noted, the locally owned MNCs reported in a wider range of CSR macro-categories in their sustainability or CSR reports. In particular, the locally owned MNCs were more likely to report on human rights, labour rights, fighting corruption and bribery, social reporting, financial necessity, certified international standards macro-categories in their sustainability or CSR reports than companies with foreign ownership. It appears that although foreign-owned MNCs are more likely to produce a sustainability report or CSR report, they may be less likely to cover all of the CSR macro-categories. While fewer locally owned MNCs produce a stand-alone sustainability report or CSR report than foreign-owned MNCs, those that do are more likely to report a wide range of macro-categories.

At a macro-category level, social reporting was most commonly reported in annual reports across both ownership types (96%), whereas environmental stewardship was most reported in sustainability or CSR

reports across both ownership types (100%). The lowest macro-category reported in annual reports across ownership types was compliance with certified international standards (27%), while financial necessity was reported least in the sustainability or CSR reports (50%). In other words, few companies of any type prioritise reporting about the international standards they use in their organisations whereas most companies regardless of ownership tend to acknowledge financial necessity and social reporting in their annual reports.

In particular, at a micro-category level, 93% of the MNCs (for both foreign-owned and locally owned MNCs) in their annual reports reported risk management (in the financial necessity macro-category) and companies communicated awareness towards accountability issues and actions (in the social reporting macro-category). On the other hand, when the sustainability or CSR reports were analysed, the most commonly reported micro-categories were global standards compliance with greenhouse emission reporting in tonnes of CO<sup>2</sup> or equivalent (under the environmental stewardship macro-category) with 100% reporting this.

It seems that, based on ownership type, foreign-owned MNCs are more active in making CSR initiatives transparent compared with locally owned MNCs. The evidence also suggests that foreign-owned MNCs seem more likely to provide a stand-alone sustainability report which projects a company's effort in CSR initiatives beyond annual reports. However, the depth of CSR reporting in their stand-alone sustainability report, or CSR report, does not necessarily showcase a comprehensive initiative to be transparent. A majority of these MNCs tend to limit CSR reporting to areas of environmental stewardship. It also seems to show that regardless of types of ownership, all companies would have the tendency to report their financial and corporate accountability aspects against other aspects of CSR.

Overall, this suggests Malaysian MNCs' CSR reporting has a tendency to 'play it safe', although there is certainly some diversity within that tendency. It also suggests that, if they are seen as a template for comprehensive reporting across all categories of CSR activity, stand-alone reports can provide important opportunities to increase transparency. The following section summarises findings and discussion of companies' CSR reporting by sectors.

#### 6.2.1.2 *MNCs' CSR reporting by sectors*

The findings showed that levels of CSR reporting for Malaysian MNCs are also influenced by sectors. When CSR best practices were measured across sectors, the annual report findings showed that the service, consumer products and finance sectors are more likely to report more CSR macro-categories compared with the trading and industrial sectors. The stand-alone sustainability reports indicate a similar trend. The trading and industrial sectors are least likely to report on a full spectrum of best-practice macro-categories, indicating that these sectors are lagging behind in their approaches to CSR reporting.

#### 6.2.2 Interpretations of the results found from analysis of the public documents

As a summary, the findings obtained from the textual analysis of annual reports and sustainability or CSR reports suggest the following:

1. Overall results of the study are consistent with prior literature in developing nations, which suggested that thoroughness in corporate reporting is influenced by the size of a company (Meek, Roberts, & Gray, 1995; Naser et al., 2006; Tang & Li, 2009). In particular, Meek et al. (1995) argued that MNCs would increase the

comprehensiveness of voluntary reporting when the companies can afford to do so. Evidence from the findings of this thesis showed that comprehensiveness in CSR reporting in annual reports was much more apparent in larger companies particularly among foreign-owned MNCs.

2. The practice of CSR reporting in MNCs is selective, in that thoroughness in reporting CSR best practices is influenced by the type of ownership and sectors. These findings appear to support Canel et al.'s (1999) contingency theory of accommodation which supported the notion that a company with higher exposure to consumers and service related businesses would be more accommodative to its publics. Canel et al. (1999) argued that businesses in the area of consumer products and services were more susceptible to criticism from social advocators than industrial or commercial businesses. In relation to textual analysis data for this thesis, MNCs in the consumer and service sectors demonstrate a tendency to report CSR more effectively and comprehensively than MNCs that do not deal directly with consumer related products and services.
3. Another interpretation attained from these findings is that the resources and reputational establishment of a company may influence the reporting of CSR performance by MNCs in Malaysia. This is because, while a majority of the MNCs are less likely to report all of the macro-categories, five of the MNCs covered all of the macro-categories in their annual reports (see Table 9). These five companies were Shell Malaysia, TM, Public Bank, Edaran Otomobil Malaysia and British American Tobacco. All five of these companies have a large investment on physical capital, are high-wage companies, invest in research and development, and they are financially sound. Kumar, Rajan and Zingales (1999) claimed, large companies with high capital investment in high wage industries,

invest largely in research and development and do not depend on external financing. The evidence in this thesis suggests that companies that have a large capital base, are financially strong and rank among some of the top global players are likely to report CSR comprehensively. Three of the five companies with full reporting coverage are ranked in the top *Forbes Global 2000* companies (see Table 7 for a display of companies listed in *Forbes Global 2000*).

4. MNCs are more likely to report a wider range of CSR initiatives according to global best-practice guidelines in a stand-alone sustainability report than in an annual report. However, a requirement for a stand-alone sustainability report (either a sustainability or CSR report) is currently lacking in Malaysia. Producing one is voluntary. This is evident in the findings, in that out of the 45 MNCs selected for the study only 10 produced sustainability or CSR reports.
5. As evidence from this study has shown, 93% of the MNCs reported in the financial necessity macro-category, indicating that MNCs primarily treat annual reports as an avenue for financial reporting. Again, this finding suggests that Malaysian MNCs may be 'playing safe' by focusing on an area that is less controversial in order to sustain a positive image of the company. Homyoun et al. (2011) argued that companies tend to focus on disclosing positive information in annual reports and neglect to disclose negative performance. In support of Homyoun et al.'s (2011) argument, the higher percentage of Malaysian MNCs reporting in the financial necessities macro-category may act as a window-dresser against other under-performing CSR macro-categories.

### 6.2.3 Interviews

The interviews conducted with public relations practitioners aimed to answer the following research questions:

1. What types of roles do these companies give to public relations in their CSR in comparison with normative public relations' ideal roles?
2. How do public relations practitioners in MNCs explain the reasons for the role public relations plays in contributing to CSR in Malaysia?

The summaries of the themes found from the interviews are presented and interpreted below.

#### 6.2.3.1 *Types of roles given to public relations in Malaysian MNCs in CSR in relation to ideal roles in public relations*

As a summary, themes found from the interviews suggest that all six case-study companies selected for this study gave their public relations practitioners a communication technician role in CSR. In particular, all 11 of the participants performed some internal communication functions involving writing and compiling the company's internal brochures and communication documents.

When it comes to sustainability or CSR reporting, larger MNCs tended to give their public relations practitioners bigger tasks in CSR. Shell, UMW Toyota and Nestlé (large foreign-owned MNCs) and TM (a large locally owned MNC), gave their public relations practitioners a role in coordinating and putting together the communication of the stand-alone sustainability report, both before and after the production. The task under this role mainly involves decisions about the report itself prior, during and after the production of these stand-alone sustainability reports. However, when it comes to annual reports, all of

the participants held a communication technician role involving feeding CSR information into a section in the annual report and compiling CSR-related content from other departments in the company.

Only one of the participants described some CSR roles beyond just coordinating the communication of a company's CSR initiatives. The Shell public relations manager advised that he managed and monitored global standards compliance and governance standards in CSR. This showcases the practitioner's participation in strategic decision-making, which Grunig (2009) viewed as a behavioural, strategic management paradigm that actually gives practitioners a direct role that assists with the direction of the policy and behaviour of the organisation. Meanwhile, smaller MNCs, in particular, Honda Malaysia and MCIS Zurich, appeared to situate their public relations staff in supporting roles in CSR under the direction of a marketing or branding team. This is understandable given that companies would require sufficient budget to invest in recruiting new staff and training to improve the standards of public relations staff. However, this evidence is an indication that many Malaysian companies do not consider public relations roles as CSR managers a necessity for an organisation.

#### *6.2.3.2 Understanding the reasons for the role public relations plays in contributing to CSR in Malaysia*

The public relations practitioners' own perceptions of whether or not they felt their current roles were ideal, assisted me in understanding the existing reasons for the roles of public relations in CSR. Based on the interviews, some of the participants had mixed worldviews in explaining the nature of and reasons for the existing role of public relations in CSR in Malaysia. For instance, while several participants felt that their roles in CSR were influential in the company, they didn't

feel that other departments felt the same way. These themes were presented in the findings chapter. An implication of the development of CSR standards in Malaysia is the possibility that transparency in CSR reporting remains less effective when conducted without the knowledge and expertise about publics, relationships and effective communication that, ideally, would come from public relations. In normative models, public relations practitioners have a role to ensure that a company's policy and activities respond to a wide range of publics' needs and issues. The internet has created a platform for publics to gain information and express concerns. This puts companies at a greater risk of public outcry or boycott due to a company's business and social actions in a community, meaning potential shifts in the accommodation-advocacy balance, and in increased role for public relations specialists who understand that balance and its importance to the company's long-term survival.

The broad understanding of the normative role of public relations in CSR, based on the interviews, confirmed previous research by Yeo and Sriramesh (2009) who argued that public relations practitioners have mixed worldviews of public relations, in particular, in the Southeast Asian region. Yeo and Sriramesh (2009) further argued that culture influences mixed worldviews of the public relations role in Asian countries. The participants' mixed perceptions of their roles in CSR in Malaysian MNCs may have stemmed from the companies' realities that are torn between financial sustainability and social responsiveness towards the many cultural diversities and issues of the environment surrounding the company.

The contingency theory in public relations holds to the premise that there is not a definite way to manage organisations and their public relations, especially when organisations are in an international setting (Choi & Cameron, 2005). The results from the interviews support the contingency theory by suggesting that these mixed worldviews of business influence the loosely defined nature of public

relations roles and practices in Malaysia. No two cultures are the same and therefore, no two roles in public relations in an organisation are the same, particularly in an environment with multi-cultural complexities.

Diverse cultures of publics in Malaysia create an ambiguous environment. Previous scholars attested to the importance of organisation-public relationships in an international setting (Choi & Cameron, 2005; Grunig & Hung, 2002; Kim et al., 2009; Kim & Reber, 2008) by suggesting that the relationship between public relations and top management becomes more crucial especially when an environment has a higher level of uncertainty. Accommodating or advocating to a public for a particular cause becomes a challenge for Malaysian companies. Accommodating one public is often at the expense of another. Therefore, Malaysian MNCs require efficient, well-researched, communication strategies and high awareness of the nature and strength of their relationships with publics, to help them decide when to accommodate and when not to.

### 6.3 Implication and contribution

#### 6.3.1 Size matters when it comes to CSR reporting standards

In this study, foreign-owned MNCs were found to be more likely to report CSR comprehensively. A possible reason is that foreign-owned companies would have the resources and compelling motivation to sustain their reputation in a host country. Larger companies and in particular, foreign-owned MNCs are at a greater stake for reputational damage and therefore may make their CSR more publicly visible.

Laudal (2010) argued that CSR has a potential to be influential when companies are doing business in an environment that has a bigger issue with global standards violation because they are “exposed to many

risk factors” (p. 69). Laudal (2010) explained that one of these risk factors is the reputational standing of a company.

These foreign owned MNCs are then more likely to give public relations managerial roles in CSR which may explain why CSR reporting standards in large and high-profile foreign-owned MNCs are far more thorough in annual reports than smaller and low-profile locally owned Malaysian MNCs. Public relations departments are only be able to take on roles in CSR if the company has the resources to invest in a bigger department. Previous literature has unveiled evidence of size and ownership as contributing factors for how much or how little companies are reporting (Arshad et al., 2010; Meek et al., 1995; Naser et al., 2006; Tang & Li, 2009; van der Laan Smith et al., 2005), but size of public relations department may be a related factor needing further investigation.

One of the implications behind these data is that while the Malaysian government championed CSR reporting and better transparency in Malaysia (Abdullah, 2008; Haw, 2010; House, 2011), only companies with larger resources and strong reputational standing (companies that are visible in the public arena), are taking CSR reporting beyond the minimum requirements. This implies that global CSR standards are more likely to be followed if companies have additional budget to allocate for CSR or when there is a need to sustain reputation. Governmental initiatives to encourage CSR may need to consider specific incentives (such as awards for different size and sector categories) aimed at smaller and lower-risk businesses as well as those who are most publicly visible.

### 6.3.2 CSR reporting standards in Malaysia may be influenced by the responsibilities given to public relations in CSR

This thesis contributes to the body of literature surrounding the areas of CSR and public relations by creating a starting point of linkage

between comprehensiveness of Malaysian CSR reporting (measuring the current CSR reporting against existing international and local CSR standards) and companies' public relations roles and functions in CSR. The approach of this study expands the literature on legitimacy in CSR reporting, by grounding it within the conceptual discourses of public relations roles and functions. Measuring CSR reporting against the existing international and local standards illuminates current standards in Malaysian CSR reporting. An understanding of the types of roles given to public relations gives an insight to the current status of the profession and how far the profession influences the existing standards in CSR reporting.

In the contingency theory of accommodation, Canel et al. (1999) argued that accommodating a public is always at the expense of another. This thesis supports this notion, in that MNCs operating in a country like Malaysia, where the government is still struggling to get industry to meet with global best-practice standards, will be likely to find accommodating to the needs of publics to be a constant tug of war. For instance, Raman (2008) argued that a minimum wage requirement in Malaysia was non-existent. The idea behind a no minimum wage policy is to help promote foreign investment from companies abroad in order to create more job opportunities for local communities and improve the Malaysian economy. However, the consequence of this is that it is difficult for companies to meet international CSR criteria.

Therefore, choosing whether to accommodate or advocate becomes a challenge for Malaysian MNCs. This is particularly the case for foreign-owned MNCs, because, on one hand, there is a need to meet with the international CSR requirements, and on the other hand, there is a need to accommodate the local government's policies and political stance for nation building.

Therefore, the legitimacy of CSR initiatives in Malaysia becomes crucial. Visibility is the key in order for CSR to take precedence in

Malaysia. The data from the interviews imply that public relations practitioners had to lower their standards of practice in public relations in order to accommodate top management's requirements to meet with the minimum requirements of CSR in Malaysia. While the public relations practitioners are aware of their importance in the organisations, they realised that their voices do not have much power in the decision-making processes.

As a result, practitioners are trapped into the practice of window-dressing CSR in the form of writing publicity documents. This has implications for both the professionalism of public relations and the legitimacy of CSR initiatives in Malaysia. As discussed earlier in this chapter, the triangulation of data for this thesis signalled a possibility that if the public relations department runs the processes and outcomes in CSR (that is, it coordinates the overall communication aspects of CSR from the beginning to the end of the production), the visibility of CSR performances of MNCs may be reflected more comprehensively in annual reports and stand alone reports and in accordance with a greater breadth and depth of international CSR standards.

More importantly, a theme found in the interviews highlighted that there is a potential for an organisation to improve its reputation if it gives its public relations a more relationship-oriented role. For instance, as discussed earlier in chapter four and five, Shell Malaysia's public relations manager, Saperi Rambli, commented that the company began to improve its reputation and regained an affected public's trust when Shell began to listen to the public's outcry. This showed that, albeit after an earlier mistake, Shell Malaysia's public relations manager with a CSR management role brought an accommodation component to CSR policy. Moreover, Shell was the only case-study company that gave its public relations manager a role to monitor and manage the compliance of the company's sustainability initiatives and governance standards, which also appears to attribute importance to public

relations as a role that assists with contributing to the policy and direction influencing CSR actions in a company.

If the public relations department holds a managerial role in CSR, the data suggest this encourages dialogue between the top management and public relations practitioners. These findings support the contingency theory of accommodation's assumption that public relations staff's access to the dominant coalition is vital in order for the organisation to efficiently accommodate and advocate to the external publics. In relation to this thesis, CSR reporting is the communication tool used to reach out to external publics. Thoroughly reporting a company's CSR initiatives and outcomes is likely to enhance CSR standards and practice in Malaysia. It is an assurance to publics that a company is willing to practise transparency in reporting its business and social actions to publics. Using a standards-based approach to reporting (such as provided by the instrument developed for this study) would allow for more comparability between different companies' actual CSR performance and help to set consistent targets across different sectors and company sizes.

This thesis has provided a framework for the understanding of CSR reporting standards within the scope of public relations roles and functions of organisations in Malaysia. It has helped in advancing the body of literature on CSR reporting in Malaysian, and it has assisted with previous scholars' quests for understanding the motivation that drives Malaysian companies towards increased CSR reporting.

Scholars in the contingency theory of accommodation in public relations (Cameron, 1997; Cancel et al., 1997; Cancel et al., 1999), attested that public relations would have access to the top management if the public relations department is not working under a marketing department. For instance, Cancel et al. (1999) argued that in order for corporations to situate themselves more efficiently to communicate with publics, the relationships between the top management and public

relations need to be up close and away from the marketing functions in CSR. This is especially important when organisations are at an international level faced with an environment with uncertainties caused by different culturally diverse ideologies (Choi & Cameron, 2005).

Within the context of MNCs operating in Malaysia, this implies that Malaysian MNCs should give public relations CSR roles and functions that are separate from marketing roles and functions in CSR. Ideally, all roles and functions of CSR would be given to public relations rather than marketing because the idea of a marketing department holding CSR roles encourages the impression that organisations are selling CSR as a product rather than implementing CSR as part of the organisational culture and policy. Yet, only one of the case-study organisations gave its public relations manager a role to assist with monitoring and managing the company's compliance to global and governance standards (see Table 44), and two of the case-study companies' CSR was dominated by a marketing department.

### 6.3.3 CSR reporting in Malaysia is focused towards corporate philanthropy

Education, health and the environment are some of the main aspects the practitioners from the case-study MNCs are responsible for in CSR. These aspects are in line with the government's quest for nation building. The results from the interviews also show that the case-study companies' CSR initiatives are often driven by the need to focus on corporate philanthropy. This was also evident in the wider analysis of the annual and stand-alone sustainability reports.

The term 'corporate philanthropy' has been described in the introduction chapter. Some scholars define corporate philanthropy as initiatives by managers of a corporation to perform a social duty in a form of cash donation, in-kind gifts or other charitable acts (Amran et

al., 2007; Prathaban & Abdul Rahim, 2005). Practitioners who participated in the study indicate that their roles in CSR were mainly to assist with driving the companies' philanthropic initiatives in line with the country's nation-building policy. Likewise, the annual report data showed 78% of the MNCs reported in the community-driven macro-category.

While corporate philanthropy for nation building is commonly practised in developing nations (Lorenzo-Molo, 2009; Mitra, 2012; Molleda & Suarez, 2005), using corporate philanthropy as a backbone for CSR initiatives of companies may have a reverse affect towards a reputation management strategy. For instance, Campbell (2006) argued that corporations that focus on a great deal of charity work, may at the same time "systematically pollute the environment" and go against the labour law practices (p. 926). In other words, accommodating to a government policy for nation building by focusing heavily on corporate philanthropy may come with a big price in other areas.

Highlighting corporate philanthropy may increase rather than reduce reputational risk. MNCs put themselves at risk of scrutiny from social advocates who are displeased with the mismanagement of other areas in CSR such as the way companies handle environmental stewardship, corruption and bribery, human and labour rights. Lorenzo-Molo (2009) suggested that understanding what goes on behind a company's CSR image is just "as important as the 'front stage'" (p. 154). Companies should not create a short cut in reporting CSR initiatives just for the sake of reporting CSR. This is particularly crucial in Malaysia because of the many layers of complexities and aspects of CSR. Focusing on just one aspect creates a platform for whistle-blowers to point out inconsistencies in other areas.

The findings in this thesis showed that Malaysian companies have largely left publics uninformed about their human rights initiatives, which is an important and often contentious aspect in

Malaysia. In particular, human rights initiatives are complex in Malaysia because, while the people of Malaysia benefit from a democratic society by having the right to vote for their choice of government, freedom of expression in mainstream media is limited. However, the multimedia super corridor (MSC) launched in 1996 (it is a hub that allows Malaysia access to the World Wide Web) provides publics with the ability to gain access to the internet. Today, publics are able to access information that does not go through a censorship board committee. Moreover, information about company activities is now publicly available, whether from corporate websites or bloggers.

Malaysian MNCs need to ensure transparency in CSR reporting and cover all their CSR requirements according to international and local standards. Focusing on corporate philanthropy as a company's CSR effort implies to the outsiders that companies may be hiding the actual truth of their broader CSR compliance. Without much information about other areas of CSR activities, MNCs are setting themselves up for potential criticisms and scrutiny by displeased publics.

Bae and Cameron (2006) supported the assumption based on the contingency theory of accommodation, that accommodating a public with a form of corporate philanthropy is not always seen as mutually positive from the external publics' standpoints. In other words, before a Malaysian company embarks on a CSR initiative, its corporate reputation should be sustainably managed as a long term investment in order to avoid CSR documentation being perceived as merely window-dressing or hiding a company's actual practices in CSR. This interpretation of the findings is elaborated further under the implication and contribution section of this chapter below.

## 6.4 Limitations of study

As with any other study, this thesis is subjected to limitations. The number of MNCs by sector might have resulted in skewed results, in that there are more MNCs which fell under the consumer product and service sectors than finance, trading and industrial sectors. This is because there are more consumer product and service sector MNCs on the KLSE main board. Therefore, this has resulted in an imbalance in the number of foreign-owned and locally owned MNCs as well.

The imbalance in number of MNCs in ownership and sectors is due to the way the companies were selected at the initial stage of the research process. The selection of companies for this study was based on a few criteria. Companies selected had to hold MNC status in Malaysia. Not all of the MNCs selected for the companies hold a high reputational standing. Some of the MNCs were low-key in their businesses in Malaysia. I wanted to create a balance between foreign-owned and locally owned MNCs, as well as to select not only companies that are well known in Malaysia but also smaller, low-profile MNCs in order to get diverse characteristics of the selected companies. However, not all of the locally owned companies listed on the KLSE main board hold MNC status, which resulted in skewed number of companies, between the foreign-owned and locally owned MNCs (see methodology chapter for a full description of the methods employed).

The number of stand-alone sustainability reports is fewer than annual reports among the selected MNCs for this study. This is because out of the 45 selected MNCs, only 10 of these MNCs produced sustainability or CSR reports during the time of the analysis. The comparisons between the annual reports and stand-alone sustainability reports were mainly to show dynamics of CSR reporting between two different types of corporate documents. It is also to provide evidence that CSR initiatives are reported differently in annual reports as

compared with stand-alone sustainability reports.

The total of six case-study MNCs is also small. The small number of companies participating is often expected when the aim is to present results of named case-study MNCs and identifiable managerial participants. Pollach, Johansen, Nielsen and Thomsen (2012) argued that companies in general are reluctant to participate in research due to corporate policies. Therefore, the selection of case-study MNCs was based on convenience sampling and willingness for companies to participate in the interviews. Essentially, the aim of this study is to present qualitative results of companies that will set the stage for future in-depth studies on CSR performance of MNCs based on the in-depth knowledge of named case-study MNCs' results.

The case-study MNCs were selected based on availability and willingness to participate in the interviews. In order for the study to reach depth in the evidence presented, companies were informed that the names of their companies and their managerial participants would be stated in the thesis. This may have influenced the low number of companies interested to participate in this study. This study was approved by the Massey human ethics committee.

The interviews with the non-managerial participants were conducted in the organisation he or she is attached to. I felt that some of the participants were uncomfortable with the questions asked. Some of the participants would either answer no comment or answered the questions with great reluctance, even when they were repeatedly told that their names would remain anonymous at all times. This may have resulted in some questions being answered according to what the company would want them to answer rather than their actual perceptions.

The study looked into the CSR reporting of MNCs in order to understand the current CSR standards of these MNCs and conceptualise the data from a public relations standpoint. However, the

study did not go beyond the internal aspects of CSR reporting, such as the external factors influencing the reporting of CSR of the MNCs based on the views from NGOs or social advocators. A clear understanding of the internal structure and role of public relations in a few case-study MNCs is useful as a starting point. At this stage, I believed that it was necessary to create a conceptualised approach to CSR standards by looking at the CSR reporting from a public relations lens. To do so, understanding the internal roles and functions given to public relations is required before going beyond that scope. Clearly, various angles can come out of this research in the future, including understanding external perspectives and providing a broader (albeit less detailed) map of a large number of companies, their corporate structure and position of public relations, and their reported CSR performance. Future research directions are elaborated further in the next section, below.

Lastly, as stated earlier in the methodology chapter of this thesis, due to the constructivist nature of this study, the interpretation of results may appear biased to some researchers. Grounded in the knowledge that a constructivist research approach will allow flexibility in using methods to achieve results, I therefore hold to the notion that one is not free from bias in any research. As Charmaz (2006) explained, “we are part of the world we study and the data we collect” (p. 10).

The constructivist approach was found to be valuable for this study because it allowed me to explore this study with greater depth and meaning, as a researcher with practical experience of the public relations profession. In particular, my experience working in the public relations profession has allowed me to bring forth interpretation from an insider’s perspective, one that is much needed for a richer understanding of the current state of public relations. Furthermore, being Malaysian gave me added advantage, because I was able to explain the study from a native perspective. This cannot be replicated by a researcher whose personal experiences and views are grounded within a different cultural and political environment. My own native

experience gave me cultural competence to conduct a reflective research of the CSR standards and the roles of public relations in the CSR of Malaysian companies.

## 6.5 Contributions and suggestions for future research

There are a few key contributions that this thesis provides to assist with the development of research in both the public relations and CSR fields. This thesis acts as a starting point for Malaysian scholars in the communication arena by uncovering the current CSR reporting standards of Malaysian companies conceptualised within the realities of public relations and its roles in CSR.

This is an area that has a potential to develop further. Essentially, the research has implications for the future profession of public relations in Malaysia. For instance, the thesis has provided a framework for the understanding of CSR reporting in Malaysian MNCs by showing a possible connection between CSR reporting standards and the roles and functions companies give to public relations based on evidence from case-study MNCs. Future researchers can take this knowledge further by conducting a quantitative evaluation of performance standards among Malaysian MNCs' CSR best practices on a larger scale.

One of the most valuable contributions of this study for future research is the development of the first collated instrument across multiple global best-practice guidelines. This best-practice CSR instrument provides the first comprehensive testing of such measures in a developing nation, identifying both appropriate and irrelevant aspects of the global standards from local conditions. The instrument provides a useful evaluative CSR tool for researchers as well as managers in Malaysian organisations.

Moreover, the best-practice instrument has provided a valuable introductory template for prospective foreign MNCs that are new to the Malaysian system. This instrument can guide a CSR research team through preliminary and finishing processes of any CSR initiative in organisations. Furthermore, this instrument aids CSR and public relations managers to ensure their companies' CSR initiatives are considering the full range of standards accepted globally and locally. More importantly, this instrument helps ensure companies report their CSR actions comprehensively in public documents by providing a list of comprehensive CSR requirements that Malaysian companies are able to follow.

What this thesis also provides is a stepping stone for Malaysian scholars by providing a qualitative measurement of CSR standards based on existing global and local CSR standards to allow for future research to further contribute towards developing a connection between CSR and public relations in Malaysia. A qualitative CSR instrument covering relevant global and local best-practice guidelines brings forth a fresh perspective on CSR for management and accounting scholars.

Jones (2002) suggested that a modernist perspective in public relations limits the ability for an organisation to understand the uniqueness and diversity of issues surrounding each public, because this perspective in public relations often looks from an organisational level of how publics affect an organisation. However, in a developing nation, research in public relations needs to explore internal complexities governing organisations in order to understand the roles of public relations in CSR. These complexities facing an organisation involve social, cultural and political conflicts, which then influence the position of public relations and its roles in CSR in an organisation. In the context of this thesis, understanding the ways Malaysian organisations practise CSR and the roles given to public relations was a fresh way to add richness to the body of knowledge on these issues.

This study has provided a platform that brings both scholastic and applied ideas in CSR and public relations together, by suggesting that public relations can function as an engine to guide Malaysian companies for better transparency in CSR activities. Furthermore, it has provided snapshot case studies of known organisations as models of the struggles and achievements of current CSR approaches.

However, future studies are needed, to look at the other end of the spectrum, the external publics' perceptions of whether or not CSR reporting in Malaysian MNCs has met with the international standards. This promotes dynamics in the area of CSR reporting and public relations. For instance, to date, I have not found a study that looks at the perceptions of NGOs towards the effectiveness of CSR reporting of corporate public documents within the conceptual framework of public relations roles and functions in Malaysia. Such a study is timely and recommended in the future.

Arceo (2005) argued that a high level of CSR in terms of all aspects of best practices (economic, legal, ethical and philanthropic responsibilities) is reflected in a higher sophistication and effectiveness in public relations (p. 5). This knowledge may well be useful in a nation with a developed concept and practice of CSR. However, developing nations, such as Malaysia, often do not have clear cut answers in CSR standards and practices due to the multiple layers of cultural complexities within a country's system. Therefore, there is a need to further explore the possibilities for the two historically disparate concepts of CSR and public relations to come together in theory and in practice within the realities of Malaysia.

## 6.6 Concluding summary

The textual analysis revealed that when Malaysian MNCs' public documents were measured against this study's best-practice instrument, MNCs were not reporting relevant and crucial areas of CSR. A key implication of this is that unless Malaysian companies adopt comprehensive and transparent CSR initiatives covering every aspect of CSR, CSR in Malaysia will not achieve global standards.

As described in the introductory chapter, Malaysian government and regulators strongly encourage companies in Malaysia to report CSR activities through incentives and CSR awards for best CSR reporting (see Bursa Malaysia, 2008; World Federation of Exchanges, 2009). Bursa Malaysia requires publicly listed companies in the Malaysian KLSE to include a description of CSR activities in their annual reports (World Federation of Exchanges, 2009). However, according to World Federation of Exchanges (2009), if no CSR description was made; all a company needs to do is to produce a statement to state reasons for choosing not to report CSR activities. Therefore, unless CSR reporting becomes a strong legislative act with sanctions, other means to improve CSR standards are needed. CSR will not reach credible standards and external publics will remain skeptical of a corporation's motives for communicating CSR initiatives if companies in Malaysia do not show a strong commitment to ensure every aspect of CSR (global and local best-practice standards) is publicly and systematically reported.

The findings from the interviews show that public relations practitioners in Malaysian MNCs are likely to hold roles more pertaining to communication technician than relationship management. These findings imply that public relations practitioners who are employed in Malaysian organisations handle a majority of the technical aspects in communicating CSR involving writing and compiling, but are not necessarily at the strategic advisory or decision making level. This lack of involvement in organisational decision-making processes has

implications for the profession of public relations, in that it impedes the development of public relations as an accredited and respected profession in Malaysia. In one of the most classic claims of roles theory which remains relevant for public relations professionalism in Malaysia, Broom and Dozier (1986) suggested “such involvement [in organisational decision-making] is fundamental to the very definition of public relations within organizations” (p. 42).

The findings from the interviews also suggest that one reason for the current lack of a managerial role for public relations in CSR is that top management and other employees in an organisation do not understand the worth of public relations for an organisation. This influences the lack of a leadership role in public relations in CSR. There are a number of important changes which would need to be made in order for public relations to be recognised as worthy of a senior role in CSR. Firstly, top management would need to be educated about the importance of comprehensiveness in CSR reporting which includes coverage of all aspects of global and local CSR areas. There is, therefore, a definite need for a CSR instrument such as provided in this study that collates global best-practice guidelines for a company to follow and sets out a full range of possible performance indicators.

Secondly, public relations practitioners would need to be equipped with relevant knowledge of publics affected by an organisation’s actions and activities. This is crucial if public relations practitioners are to hold a leadership role in CSR. For instance, apart from a communication technician role, public relations could be given a relationship management role, crisis management role and sustainability management role in CSR. If this occurred, normative theory suggests public relations personnel could act as a link between affected publics and an organisation. A strong managerial role in CSR for public relations may allow practitioners to perform a social advocacy role which situates them much closer to the advocacy end of the

contingency continuum. According to scholars in the contingency theory paradigm whose research has branched out to study transnational corporations in an international and inconsistent environment (see Choi & Cameron, 2005; Kim, Kim, & Cameron, 2009; Kim, Cho, Kim, & Lee, 2011; Kim & Park, 2011; Kim & Reber, 2008, 2009), practising social advocacy benefits external publics, especially the voices of publics that are often marginalised. Public relations practitioners are able to contribute their roles in societal issues by listening and understanding issues of the communities and offer expert advice to an organisation prior to initiating CSR activities.

Finally, unless MNCs recognise the potential importance of the role of public relations in CSR, public relations practitioners in Malaysia will be more likely to continue to hold a supporting role in CSR. If practitioners do not hold a leadership role in CSR, reporting of CSR initiatives may not generate comprehensive outcomes relevant to diverse groups of publics. This may create a perception that a company is not abiding by global and local best-practice guidelines. Ideally, collaboration between public relations and management could enhance the processes and outcomes of Malaysian companies' CSR initiatives. This in turn could support the improvement of diverse publics' rights as citizens and consumers in a developing nation's democratic society.

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## Appendix A

### Descriptors of Micro-Categories Employed in the Best-Practice Instrument

Best-Practice Micro-Categories	Description
<b>Human rights micro-categories</b>	
Respecting the right to practise religion.	A statement that connotes a company's initiative to show respect towards religion of all staff members. (E.g., allowing employees of various faiths to perform their daily prayers, or acknowledging employees' religious taboos).
Employees' awareness of human rights violations in the company's policy.	A statement that connotes a company's seriousness to include employees in a company's human rights initiatives (e.g., stating on a report specific measures to educate employees of human rights violations in the workplace).
Adhere to local values, customs, norms and government policies.	A statement that connotes or reflects a company's initiatives to express its sensitivity towards local values, customs, norms and policies of the local government. (E.g. by stating in a report that the company abides by local cultures and government policies)
<b>Labour rights micro-categories</b>	
Conform to local labour standards (meritocracy).	A statement that touches or reflects a company's practice of meritocracy in the workplace, (e.g., employment and promotion in a company are on a basis of one's achievement and hard work).
Work hours adhering to the ILO standards.	A company reflects its international labour rights recommendations set by the ILO, (e.g., by stating or providing instances of a company's own initiative to fulfil international work-hour standards for employees).
Sensitive to local practices and norms in dealing with discrimination (race, ethnicity and gender).	Instances or statements made in a report that reflects a company's efforts to support intolerance towards any forms of discrimination in the workplace (e.g., racial, ethnicity and gender biases and discrimination).
Equal rights and opportunities for employees.	Instances or statements made in a report that reflects a company's initiatives to support equal opportunities in the workplace (e.g., opportunities for self-improvement are equally made available to all employees).
Educational opportunities for employees and/or family.	A statement that shows specific measures to improve employees' and/or, their family's education as part of a company's CSR efforts beyond minimum CSR requirements. (E.g., providing partial or full scholarships for employees and/or a family member).
Provide training for employees.	Instances in which a company states initiative for employment growth by providing training.
The right for collective bargaining (ILO 1949).	A company specifically states its practice of collective bargaining in accordance with the ILO 1949.
Initiatives to protect the rights of employees against acts of anti-union.	A company provides a statement or instances in a report about its support or lack of support to protect employees against anti-union practices. (E.g., through awareness programme conducted among the board of directors and investors about acts of anti-union).
Initiatives to practise no forced or compulsory labour.	A company provides a clear statement that indicates employees are not forced in any way to work and their willingness to work is voluntary, (e.g., includes child labour and work hours below minimum local labour standards).
Industrial relations.	A company provides instances of any industrial relations information in its report, (e.g., includes employment relationship in offices and factories).
Health and safety issues of employees.	A clear statement indicating a company's measures or practices of health and safety in the workplace.
<b>Environmental stewardship micro-categories</b>	
Global standards compliance.	A company provides statements or instances of its environmental compliance within the standards set by international organisations, (e.g., particularly, within the framework of UN Global Compact and OECD).
Communicates greenhouse emission in tonnes of CO <sup>2</sup> or equivalent.	A company provides a clear statement in a report, its level of carbon dioxide emission, (e.g., includes the phrase "tonnes of CO <sup>2</sup> " and evidences of improvement of CO <sup>2</sup> discharge of this year as compared to the year before).
Compliance with local environmental regulations.	A company provides a clear statement that indicates its support for local environmental regulation (e.g., within the framework of Bursa Malaysia and the securities of commission of Malaysia).
Communicates company's efforts for environmentally efficient technology.	A statement or instance that appears to show respect for the environment where a company operates (e.g., with evidence of improved technology that has less damage to the environment).
<b>Fighting corruption and bribery micro-categories</b>	
Efforts are communicated to the employees about corruption and bribery in the forms of education and information.	A statement or instance that appears to connote a company's initiatives to fight corruption and bribery (e.g., through a clear-cut information and education for employees about what constitutes corruption and bribery in a workplace).
Companies communicated and presented efforts to fight corruption and bribery.	Any instance in a report that connotes a company's initiatives to communicate steps that are taken to fight corruption and bribery (e.g., includes reports of company's corporate governance).

(continued)

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**Appendix A (continued)**

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**Best-Practice Micro-Categories**      **Description**

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**Social reporting micro-categories**

Companies communicated awareness towards accountability issues and actions.	A statement or instance in a report that connotes a company's effort to instil consciousness among employees about the importance of being accountable for their tasks and actions at work. (E.g., a statement that presents steps that a company takes to create awareness to employees, such as providing training and reminding employees through posters and pamphlets on accountability issues and actions).
Companies practised transparency in reporting.	A company gives a clear statement in a report which indicates, it is practising transparency in reporting of all documents that are accessible to employees, investors, policy makers, customers and the general public.
Companies communicated initiatives in disseminating information about CSR work to various channels (corporate websites and the media).	Instances, which determine a company's initiatives for better transparency in reporting and accountability through dissemination of information about CSR to all communication channels (e.g., corporate websites, blogs, social network).
Companies practised open dialogue with the publics (stockholders and shareholders are not included).	Instances, which connote a company's genuine interest for better social reporting by creating a platform for open dialogue with the general public (e.g., creating various online hyperlinks for customers, social advocates, government and non-profit bodies to communicate relevant issues and concerns).

**Financial necessity micro-categories**

Socially responsible investment (SRI) initiatives.	A company's CSR sustainability initiatives in terms of long-term investment, (e.g., a statement that clearly expresses in a report that a company practises SRI).
Reputation or image enhancement.	The practice of long-term investment through the use of phrases, (e.g., "reputation management" or "image enhancement").
Adopt risk management.	Foreseeable likelihood of unwanted consequences, which may situate a company at a financial loss. Quantifiable measures are therefore managed to keep a company financially sound, (e.g., a specific statement or instance includes, "company adopts risk management" and dedicate a section in a public report on financial risk management).
Direct and active two-way communication with shareholders (shareholder value-focused).	A company expresses commitment with maintaining relationships with its shareholders, (e.g., through active interaction that involves providing shareholders with various channels of communication).

**Compliance with certified international standards micro-categories**

ISO 9000/9001 (quality management system).	An international organisation for standardisation (ISO) standard that focuses on the quality and practice of governance and management worldwide. Consists of a company's organisational governance and quality management practice. A clear statement to indicate a company is practising ISO 9000/9001 or alike is required in a report.
ISO 14001/14004 (environment).	An ISO standard that focuses on promoting good environmental governance in a company. Covers a company's environmental management and a statement to that effect is required in a report.
SA 8000 (workplace and employee relations).	An international standard accredited by the ISO, covering a company's employee relation management and standards, and developed by Social Accountability International (SAI), a non-governmental organisation aimed at promoting human rights of workers worldwide. Coverage in a report includes, (e.g., a particular phrase such as, "company practises SA 8000" or alike is indicated in a report).
AA 1000 (stakeholders).	A stakeholder-management standard developed by AccountAbility (AA) - a global organisation helping multinational corporations, nonprofits and governments in developed and developing countries instil ethical practices and accountability in their businesses. This particular standard covers stakeholder governance practised in a company. (E.g., a phrase includes "company practises AA 1000" in a report).
CERES environment.	Coalition for Environmentally Responsible Economies (CERES), a US-based non-profit organisation that has developed voluntary standards for sustainability worldwide. 'CERES environment' covers a company's environmental management. A clear statement indicating a company practises such standard is required in a report.
IIP learning and training.	Investors in People (IIP), a collaborative effort of key UK businesses to create an internationally standardised framework that is workable for multinationals and nonprofits worldwide. 'IIP learning and training' covers a company's initiative towards educating employees of their roles and tasks in a company. A clear statement indicating a company practises such standard is required in a report.
OHSAS 18001 (health and safety).	An American-based Occupational Health and Safety Administration, which enforces globally recognised standards for the safety and health of working men and women in a workforce published occupational Health and Safety Assessment Series (OHSAS) 18001, covering a company's initiatives to protect employees' security in a workplace worldwide. A clear statement indicating a company practises such standard is required in a report.

(continued)

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**Appendix A (continued)**

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**Best-practice micro-categories****Description**

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**Community driven micro-categories**

Charity or philanthropy and monetary contribution to community.	Any instance that indicates a company's efforts towards social wellbeing of a community, (e.g., activities to improvement the infrastructure of a particular community and any form of social donations).
Governmental sponsorships.	Any instance indicating a company had previously worked or is working closely with a governmental on a corporate project, (e.g., monetary donations given to government agencies).
Affected publics and community sponsorships.	Any instance that shows a company's effort to assist with a wide range of publics.

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## Appendix B

### Interview Guide



#### **Interview Guide**

(Interviewees please note: this is an indication of the general scope of the interview only, and other questions may arise in response to your answers. If you wish to offer other insights relating to CSR best practices in Malaysia you are encouraged to do so.)

#### **Organisational structure:**

Is CSR under the PR department or some other structure?

What roles do you, as a practitioner, play in CSR?

How would you perceive the informal relationships between PR and CSR functions? Do they have a close relationship?

In your opinion, is this particular structure ideal?

Does it create an impact on how CSR is practised?

#### **Public relations role:**

How do you define the role of a public relations practitioner?

How would you usually describe your daily routine/task?

Do you consider your post influential to how CSR is practised in your company?

What are your roles in your company's public documents, such as annual reports and corporate websites?

#### **Global standards:**

After having a look at the global standards provided to you earlier, how relevant are the listed items of the global standards in Malaysian businesses?

Would you think that these global standards reflect the Malaysian culture and context?

Would you think some of these standards are not applicable in Malaysia? If so, could you identify some of the items that are not relevant?

Why do you think these items are not relevant?

Do you think there are some items in these standards that are not generally being practised in Malaysia but are necessary and important to best-practice CSR?

What would be those relevant items in these global standards that need to be practised in Malaysia but are currently lacking?

Why do you think these particular standards are lacking in Malaysia?

#### **Thank you for your time!**

This project has been reviewed and approved by the Massey University Human Ethics Committee: Southern B, Application 10/21. If you have any concerns about the conduct of this research, please contact Dr Karl Pajo, Chair, Massey University Human Ethics Committee: Southern B, telephone 04 801 5799 x 6929, email [humanethicsouthb@massey.ac.nz](mailto:humanethicsouthb@massey.ac.nz).

#### **School of Communication, Journalism & Marketing**

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Appendix C Sample Consent form



***Public Relations' Role and Influence in Effective CSR Processes and Outcomes in Malaysia***

**PARTICIPANT CONSENT FORM - INDIVIDUAL**

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree/do not agree to the interview being sound recorded.

I confirm that I am authorized to participate in this research during work time and to speak as a representative of my organization for the purposes of contributing data to a research case study of my organization's CSR practices.

I agree to participate in this study under the conditions set out in the Information Sheet.

**Signature:**

**Date:**

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**Full Name – printed**

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This project has been reviewed and approved by the Massey University Human Ethics Committee: Southern B, Application 10/21. If you have any concerns about the conduct of this research, please contact Dr Karl Pajo, Chair, Massey University Human Ethics Committee: Southern B, telephone 04 801 5799 x 6929, email [humanethicsouthb@massey.ac.nz](mailto:humanethicsouthb@massey.ac.nz).

## Appendix D

### Sample Managerial Participant Information Sheet



#### **Public Relations' Role and Influence in Effective CSR Processes and Outcomes in Malaysia**

#### **INFORMATION SHEET FOR HEAD OF DEPARTMENT/SENIOR MANAGERIAL PARTICIPANT**

Hello, my name is Aien Mohd Hasan, from the School of Communication, Journalism and Marketing, Massey University, Wellington, New Zealand. I am undertaking a research project leading to a PhD thesis.

#### **Project Description and Invitation**

This project is designed to discover and understand the current trends in corporate social responsibility (CSR) practices of Malaysian multi-national corporations (MNCs), in particular, how the role of public relations is used in CSR. MNCs are chosen for this research, because MNCs have greater responsibilities and contribution toward the development of the nation and its economy. Therefore better understanding of the role of public relations in the processes and outcomes of CSR in Malaysian MNCs is most valuable.

I would like to extend an invitation to the Head of CSR and (where these are not the same person) the Head of Public Relations/Corporate Communication/Corporate Affairs to participate in this research as expert informants. This is an opportunity for you to contribute and share your organisation's experiences and resultant insights into challenges and best practices, so as to help shape and improve the overall CSR practice in Malaysia. Should you agree to participate, your organisation's published documents (annual report, corporate website and/ or CSR report which is separate from the annual reports) will be studied to provide a case study on CSR development and implementation.

#### **Participant Identification and Recruitment**

Six MNCs are selected based on a few criteria:

- companies are in the Kuala Lumpur Stock Exchange main board
- companies are MNCs
- companies are conducting CSR

Interview participants are selected based on these criteria:

- you are the senior staff member responsible for CSR activities in the respective organisation because the nature of this research is to understand the current CSR practices in Malaysian MNCs or;
- you are the senior staff member responsible for public relations activities in the respective organisation, or;
- CSR, public relations or corporate communication activities are in your job description

The number of participants involved will usually be two employees per organisation. As a managerial staff member, you will be interviewed first followed by a non-managerial staff member to get a wider range of perspectives from the department. Where public relations practitioners are not directly responsible for CSR strategy, both public relations and CSR staff are invited to participate, meaning in these instances four interviews may be conducted per organisation. Please be aware that, as an expert informant, your name and the case-study organization will be published on this thesis and research papers but only for this particular research and not outside of the scope of this research. This is because you are an expert informant for your organization, which means that you are acting as a representative for your organisation.

I seek your approval to obtain the list of the non-managerial staff and to randomly select the staff based on his or her availability and willingness to participate in this research. This is to ensure that the non-managerial staff member has a fair chance of being selected and a chance for each participant to accept or turn down the offer at his or her own discretion. I will personally contact the non-managerial staff (by either phone or email) and a separate information sheet will be provided. As for the non-managerial staff member of the department, his or her identity will be kept confidential.

It is my responsibility to inform you that there is no absolute guarantee (and this may be applied to any research being conducted), that there will not be any reputational damage to either your organisation or CSR practices in Malaysia. I will leave this to your own credible judgment to value whether or not the questions I ask are damaging. However, I can assure you that the information gathered from the interviews is solely for the purpose of uncovering the current Malaysian CSR practices in MNCs from the public relations practitioners' points of view. Should you feel that the question I ask you might cause reputational harm to your organisation or the practice, you have the right to refuse to answer the question. My main intention is to uncover dimensions of the CSR practices in Malaysian MNCs that may possibly stand out against the global CSR guidelines and to understand the utilisation of the role of public relations practitioners in CSR practices. I strongly believe that your information may assist in improving the CSR practices in Malaysia by formulating a revised CSR guideline that may assist the Malaysian MNCs as well as enrich the knowledge and professionalism of the public relations practitioners.

### **Project Procedures**

You will be given a consent form to sign provided together with this information sheet. You will then be provided with an interview guideline, and a summary of existing global CSR standards, in advance. These will be distributed at least 5 working days before the interview sessions to provide you with enough time to prepare any information needed. Interviews will depend on the time allocated by you, or a minimum of 30 minutes. The interview will be conducted during office hours and on work premises, hence if you agree to be interviewed you will act as a representative of your organisation for the purposes of contributing data to a research case study. This is the preferred arrangement however I am happy to conduct the interview outside of the organization, (only during weekdays and during office hours), should you feel that is the best option. I may request a follow-up interview via phone, email or face to face; however, the follow-up interviews may only happen when there is the need for further clarification.

## Data Management

Extracts may be used in reports, articles, and other publications, which will be publicly available. The interviews will be recorded for transcription and reference purposes and will only be seen by an appointed transcriber, my supervisors and me. The appointed transcriber has signed a confidentiality agreement, which covers agreement to not disclose, retain or copy information. Information recorded will be burned into a CD-ROM. The CD-ROM will be stored in a locked cabinet to which only I have the key. All information will be disposed of five years from the date the information is collected.

## Participant's Rights

Participation is voluntary and you are under no obligation to accept this invitation. If you decide to participate, you have the right to:

- decline to answer any particular question;
- withdraw from the study at any time (analysis and interviews are estimated to commence from June to January, 2011);
- ask any questions about the study at any time during participation;
- provide information on the understanding that your name will be used solely for the purpose of this particular research and not outside of the scope of this research;
- receive a summary of the project findings when it is concluded;
- ask for the recorder to be turned off at any time
- view and edit your transcript before it is included in the data pool for this research.
- request a follow-up interview if you feel you need to clarify or add to your previous comments

## Project Contacts

Researcher: Aien Mohd Hasan

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If you have any questions or would like to receive further information about the project, please feel free to contact either the researcher or the supervisors.

This project has been reviewed and approved by the Massey University Human Ethics Committee: Southern B, Application 10/21. If you have any concerns about the conduct of this research, please contact Dr Karl Pajo, Chair, Massey University Human Ethics Committee: Southern B, telephone 04 801 5799 x 6929, email [humanethicsouthb@massey.ac.nz](mailto:humanethicsouthb@massey.ac.nz).

## Appendix E

### Sample Non-Managerial Participant Information Sheet



#### **Public Relations' Role and Influence in Effective CSR Processes and Outcomes in Malaysia**

##### **INFORMATION SHEET FOR NON-MANAGERIAL PARTICIPANT**

Hello, my name is Aien Mohd Hasan, from the School of Communication, Journalism and Marketing, Massey University, Wellington, New Zealand. I am undertaking a research project leading to a PhD thesis.

#### **Project Description and Invitation**

This project is designed to discover and understand the current trends in corporate social responsibility (CSR) practices of Malaysian multi-national corporations (MNCs), in particular, how the role of public relations is used in CSR. MNCs are chosen for this research, because MNCs have greater responsibilities and contribution toward the development of the nation and its economy. Therefore better understanding of the role of public relations in the processes and outcomes of CSR in Malaysian MNCs is most valuable.

I would like to extend an invitation to the Public Relations/Corporate Communication officer of your organisation, to participate in this research. This is an opportunity for you to contribute and share your organisation's experiences and insights into challenges and best practices, so as to help shape and improve the overall CSR practice in Malaysia. As a non-managerial participant, the information you provide will be discussed based on key themes emerging from interviews gathered from all of the selected non-managerial participants. Your identity will be kept confidential.

#### **Participant Identification and Recruitment**

Six MNCs are selected based on a few criteria:

- companies are in the Kuala Lumpur Stock Exchange main board
- companies are MNCs
- companies are conducting CSR

Interview participants are selected based on these criteria:

- you are a staff member responsible for CSR activities in the respective organization, or;
- you are a staff member responsible for public relations activities in the respective organisation, or;
- CSR, public relations or corporate communication activities are in your job description

The number of participants involved will usually be two employees per organisation. The head of the department responsible for CSR will be interviewed first followed by a non-managerial staff member to get a wider range of perspectives from the department. Where public relations practitioners are not directly responsible for CSR strategy, both public relations and CSR staff are invited to participate, meaning in these instances four interviews may be conducted per organisation.

It is my responsibility to inform you that there is no absolute guarantee (and this may be applied to any research being conducted), that there will not be any reputational damage to either your organisation or CSR practices in Malaysia. I will leave this to your own credible judgment to value whether or not the questions I ask are damaging. However, I can promise you that the information gathered from the

Interviews are solely for the purpose of uncovering the current Malaysian CSR practices in MNCs from the public relations practitioners' points of view. Should you feel that the question I ask you might cause reputational harm to your organisation or the practice, you have the right to refuse to answer the question. My main intention is to uncover dimensions of the CSR practices in Malaysian MNCs that may possibly stand out against the global CSR guidelines and to understand the utilisation of the role of public relations practitioners in CSR practices. I strongly believe that your information may assist in improving the CSR practices in Malaysia.

### **Project Procedures**

You will be given a consent form to sign provided together with this information sheet. You will then be provided with an interview guideline, and a summary of existing global CSR standards, in advance. These will be distributed at least 5 working days before the interview sessions to provide you with enough time to prepare any information needed. Interviews will depend on the time you have allocated, or a minimum of 30 minutes. The interview will be conducted during office hours and on work premises. This is the preferred arrangement but I am happy to conduct the interview outside of the organization, (only during weekdays and during office hours), should you feel that is the best option. I may request a follow-up interview via phone, email or face to face; however, the follow-up interviews may only happen when there is the need for further clarification.

### **Data Management**

Extracts may be used in reports, articles, and other publications, which will be publicly available. The interviews will be recorded for transcription and reference purposes and will only be seen by an appointed transcriber, my supervisors and me. The appointed transcriber has signed a confidentiality agreement, which covers agreement to not disclose, retain or copy information. Information recorded will be burned into a CD-ROM. The CD-ROM will be stored in a locked cabinet to which only I have the key. All information will be disposed of five years from the date the information is collected.

### **Participant's Rights**

Participation is voluntary and you are under no obligation to accept this invitation. If you decide to participate, you have the right to:

- decline to answer any particular question;
- withdraw from the study at any time (analysis and interviews are estimated to commence from July to January, 2011);
- ask any questions about the study at any time during participation
- provide information on the understanding that your name will not be used or published during or after the research;

- receive a summary of the project findings when it is concluded;
- ask for the recorder to be turned off at any time
- view and edit your transcript before it is included in the data pool for this research.
- request a follow-up interview if you feel you need to clarify or add to your previous comments

### **Project Contacts**

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If you have any questions or would like to receive further information about the project, please feel free to contact either the researcher or the supervisors.

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