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Public Relations' (PR) Role in Corporate Social Responsibility (CSR): An Examination from a Malaysian Perspective

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Abstract
This study's primary goals are to examine how public relations (PR) now contributes to corporate social responsibility (CSR) initiatives and to examine how CSR is currently implemented in Malaysia. Numerous studies have been conducted on PR and CSR, as well as their effects on business (see, for example, Cannon, 1992; Gray et al., 1995; Woodward et al., 1996; Johnson & Johnson, 2000; Volkswagen AG, 2000; Doane, 2002; Abdul Rashid and Ibrahim, 2002; Van der Laan, 2004; Orlizty et al., 2004; Kotler and Lee, 2005; and Argenti, 2007). "Social responsibility of business, which encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point of time," is the primary goal of the application of PR and CSR (Carroll, 1979). Concerns for society, communities, the environment, workers, and ethics are all included in the PR and CSR concepts. In Malaysia, the government, publicly traded firms, and private businesses all paid close attention to corporate social responsibility. The Malaysia Institute of Integrity (IIM), the Institute of Corporate Social Responsibility Malaysia (ICRM), Sahabat Alam Malaysia, the Federation of Malaysian Consumers Association, and the Consumers Association of Penang are just a few examples of the governmental and non-governmental efforts to raise awareness and offer initiatives to public listed and private companies to align their business objectives with CSR concerns.

Keywords: corporate social responsibility, Public relations

1. Introduction

Carroll (1979) provided the definition of public relations that is most often cited: "Social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time." It was a notion that emphasizes that businesses should care about society, communities, the environment, workers, and ethics in addition to producing profits. CSR is defined as "the ongoing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" by the World Business Council for Sustainable Development (2008).

According to Friedman (1973), the Nobel Prize-winning economist, "the social responsibility of business is to increase its profits" and "corporation's principal purpose is to maximize return to its shareholders, while obeying the laws of the countries within it works" (Golob and Barlett, 2007), CSR theory is very different from the traditional business mindset of profits maximization. In fact, it is the opposite of this mindset. Holmes (1976) looked into how CEOs saw corporate social responsibility (CSR) and how their views and their companies' social responsibility ideologies had evolved. According to Abdul Rashid and Ibrahim (2002), corporate social responsibility (CSR) is the ongoing commitment made by businesses to act morally, promote economic growth, and enhance the standard of living for employees and their families. According to a survey of a few businesses from many studies by Abdul Rashid and Ibrahim (2002), certain businesses dedicated to the degree of socially responsible activities involved:

Lord Sieff, the former chairman of Marks & Spencer plc said that business only contributes fully to society if it is efficient, profitable and socially responsible (Cannon, 1992).

Johnson & Johnson (2000) believes it is a company’s responsibility to be fair, honest, trustworthy, and

respectful, in dealing with all its constituents.

Volkswagen AG (2000) adopted the position that it is essential to build both shareholder value and worker value in order to deliver sustainable future growth. Volkswagen defined CSR as the ability of a company to incorporate its responsibility into society to develop solutions for economic and social problems. These positions suggest that CSR is still a major concern among companies worldwide.

PR, Stakeholders theory and CSR

The necessity of corporate organizations paying attention to their stakeholders or publics, rather than simply their shareholders and earnings, is emphasized by both PR and CSR philosophies. This is seen in a number of PR publications.

PR is a management function that sustains mutually beneficial ties between organizations and publics, according to Cutlip et al. (2006). According to Wilcox et al. (2006), PR should promote open, two-way communication so that an organization may alter its own attitudes and behaviors as well as those of its target audience.

Stakeholder theory is one significant theory that is connected to or has influenced the development of CSR. According to Freeman (1984) and Golob and Barlett (2007), businesses have reciprocal obligations to a variety of stakeholders as well as to society. According to Freeman (1984) and Golob and Barlett (2007), stakeholder theory also implies that a variety of social groups may be impacted by an organization and that these groups have rightful claims on the organization because of agency and property theories. Local communities, corporate governance, environmental effects, workers, suppliers and consumers, shareholders, and the government are some examples of these stakeholders. Maintaining great connection with its many publics is at the heart of PR practice. Although the term "public" with a "s" is not often used in literature outside of public relations, PR experts generally agree that it may be regarded as "stakeholders" (Harrison, 2007).

Thus, there are several connections between PR, stakeholder theory, and CSR:

• They are all concerned with how organizations interact with society (or different publics or stakeholders) (Freeman, 1984).

• Golob and Bartlett (2007) and Hooghiemstra (2000) provided corporate communication as a model for organizations to utilize CSR reporting as a tactic to justify their operations.

• According to Grunig and Hunt (1984, p. 48) and Golob and Barlett (2007), PR is the practice of social responsibility, and businesses now hire communicators primarily for social responsibility.

• According to Argenti (2007), CSR is a component of PR or corporate communication.

Past Research on CSR's Implications for Businesses

John Elkington, a UK consultant coined the term "Triple Bottom-Line" in 1980 which asked business to look into not just one, but three bottom line namely economy, social and environment as the business objectives (Savitz and Weber, 2006).

Porter and Kramer (2006) published "The Link between Competitive Advantage and Corporate Social Responsibility" which argued that "license-to-operate" approach is a pragmatic way in balancing business goals and their inputs on CSR. Under this approach, a business will identify issues that that matter to its stakeholder and make decisions about them.

Kotler and Lee (2005) designed an easy-to-follow model on CSR as a general guide for businesses.

Van der Laan (2004); Woodward et. al (1996); Doane (2002); and Golob and Bartlett (2007) discovered that CSR reporting comes in three main approaches: mandatory, voluntary and solicited.

Orlizty et. al (2004) found a correlation between social/ environmental performance and long-run financial returns.

Previous studies found that a number of companies' characteristics such as size, profitability, leverage, size of audit firm, industry in which the company is identified and country of ownership influence corporate social disclosure practices (Gray et al., 1995; Janggu et. al, 2007):

CSR does appear to be related to company size but results are not reliable.

There is some evidence to industry effects but studies are not clear.

CSR does not appear to be related to profitability in the same period but some evidence suggests that it might

be related to lag profit.
Country of ultimate ownership seems to have a significant effect.

2. CSR in Malaysia

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

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

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

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

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

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

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

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

3. Conclusion

Numerous studies on corporate social responsibility (CSR) have been carried out in Malaysia, most of which focus on CSR and management. These studies address ownership structure and CSR (Ghazali, 2007), executives' and management's attitudes toward CSR (Rashid and Ibrahim, 2002), and the current state of CSR among Malaysian industrial companies (Jangu et al., 2007). Research on PR and CSR or PR's role in CSR is scarce.

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