



INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i2/3907>

DOI: 10.6007/IJARBSS/v8-i2/3907

Received: 16 Jan 2018, **Revised:** 08 Feb 2018, **Accepted:** 05 Mar 2018

Published Online: 23 Mar 2018

In-Text Citation: (Radzi, Lee, Halim, & Siwar, 2018)

To Cite this Article: Radzi, N. A. M., Lee, K. E., Halim, S. A., & Siwar, C. (2018). An Empirical Study of Critical Success Factors and Challenges in Corporate Social Responsibility (CSR) Implementation: The Case of Selected Corporate Foundations in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 8(3), 69–88.

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Vol. 8, No.2, February 2018, Pg. 69 – 88

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An Empirical Study of Critical Success Factors and Challenges in Corporate Social Responsibility (CSR) Implementation: The Case of Selected Corporate Foundations in Malaysia

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Abstract

Corporate social responsibility (CSR) has become the mainstream for business activities whereby innumerable organizations rank companies based on the performance of their CSR activities, and these rankings are considerably of public interests. CSR appears as an inevitable concern for business leaders in every country. Given the substantial funds for the implementation of CSR initiatives, the top management of corporations require that CSR initiatives must be successfully implemented to contribute to the target group. Therefore, it is important to know the critical success factors and challenges of CSR initiatives. Thus, this study aims to identify the critical success factors and challenges in the implementation of CSR initiatives from the perspective of employees from four selected corporate foundations. Data was obtained through questionnaire survey and analysed using IBM SPSS Statistics 20 software. The analysis shows that strategic factors contribute the most to the implementation of critical success factors of CSR initiatives then followed by marketing, human resources, finance and the environment factors. Meanwhile, there is no significant difference in the perception of critical success factors among the four selected corporate foundations. In the other hand, analysis found that the highest mean value of CSR initiative challenge is due to high cost and complicated implementation, and provide no immediate business profit. This study is expected to provide an effective guide for CSR practices in the corporate sector.

Keywords: CSR Implementation, Challenges of CSR, Critical Success Factors, Corporate Sector, Sustainability Practices, Malaysia.

Introduction

Sustainable Development Goals (SDGs) launched by the United Nations (UN) have targeted several critical themes as universal aspirations for prosperity and sustainable livelihoods in the future. Among the critical themes are end of poverty, zero hunger level, well-being of life and good health, gender equality, reducing inequalities in life, as well as a

comprehensive and quality education for all, aiming at lifelong learning. To achieve the goals, the responsibility towards the need for comprehensive action to implement Corporate Social Responsibility (CSR) is not only borne by the government alone, but also by other parties such as private sector and civil society. The role of private sector is important to ensure the SDGs and objectives are achieved. With the provision and support from the private sector, the efforts of SDGs towards achieving the goal can be attained.

Co-operations and efforts undertaken by private sector on global development issues are manifested through CSR whereby CSR is a concept in which corporations conduct their duties to contribute to the community. Communities that are part of the stakeholders play an important role in determining the performance of an organization's operations. Support from stakeholders is important in determining the sustainable growth and performance improvement of the firm. CSR is a medium for corporate businesses to commit to social issues, and any involvement of companies will prove their concern for social issues, thereby ensuring smooth company operations (Garriga and Melé, 2004). CSR requires corporations to act ethically in handling their business operations. On this principle, the society and the environment gain benefit directly from the establishment of the company. Benefits are not only experienced by the external stakeholders but also the internal stakeholders such as employees and shareholders.

As a catalyst for economic growth, the role of private companies in CSR is undoubtedly essential. These Malaysian companies are dominant in certain sectors, such as Petronas in the oil and gas sector, Tenaga Nasional Berhad (TNB) being the sole supplier of electricity in West Malaysia, and Telekom Malaysia (TM) being a precursor company to an integrated telecommunications network in Malaysia. These companies' contribution to economic growth and development of the country cannot be denied since they provide jobs to the community and become employers favored by the people. Apart from the creation of employment opportunities, giant companies are also responsible for ensuring that social welfare is maintained through CSR. Thus, this study will identify the critical success factor and challenges that are related to the implementation of CSR initiatives, according to the perspective of employees in the selected corporate foundations in Malaysia.

Problem Statement

The undertaking of CSR initiatives is costly thus the top management always expects the total allocation for CSR initiatives is worthwhile and contribute significantly to internal and external stakeholders. CSR initiatives that are expect to contribute significantly to the stakeholders need to be designed and implemented properly so that it will significantly contribute to the target group. It is important to know what factors contribute to the successfulness of CSR implementation in the company so CSR initiatives will positively affect to a target stakeholders. However, to implement an effective and success CSR still become a challenge to some companies in which implementation of CSR initiatives required a high cost and skillful workers (Graafland and Zhang, 2013).

Since there are many studies conducted see on the linkage of CSR to corporate performance and stakeholder's perception and less has conducted a study on identifying critical success factor (Sangle, 2010) and challenge of CSR implementation (Yuen and Lim, 2016) specifically from local perspective. To broad the knowledge, this study lead to determine a critical success factor and challenge of CSR in implementation among selected corporate foundations in Malaysia.

Literature Review

Critical Success Factors for CSR Implementation

To ensure a successful implementation of CSR initiatives, it is important to adopt the principles of CSR into the organization's strategic planning; both the management and employees should commit to the principles and values. Iqbal et al. (2012) found that organizations that are committed to CSR will earn interest because CSR initiatives will give a good image to the group of stakeholders and society.

Success of the organization depends on its planning and critical success factors by top management. According to Bullen and Rockart (1981), the definition of critical success factor is an element or aspect in which its turnover would lead to a successful competitive performance for the individual, department and organization. Critical success factors need to be appropriate and effective for the firm or organization, developed to fulfil the goals of management. Critical success factors are used as a benchmark for the organization's performance, and once successfully implemented, will create value and high-performance management system (Kowalski and Swanson, 2005).

Each firm must identify the critical success factors because different firms have different critical success factors since the focus of each sector is not the same. The critical success factors are certain areas that have the greatest importance to a particular manager, certain positions and certain time (Bullen and Rockart, 1981). Identification of critical success factors is important so that the firm seeks to attain the goal of critical success factors. Studies on the critical success factors in the implementation of CSR in two different countries and sectors by Sangle (2010) and Kahreh, Mirmehdi and Eram (2013) have identified the factors that contribute to the effectiveness of CSR initiatives.

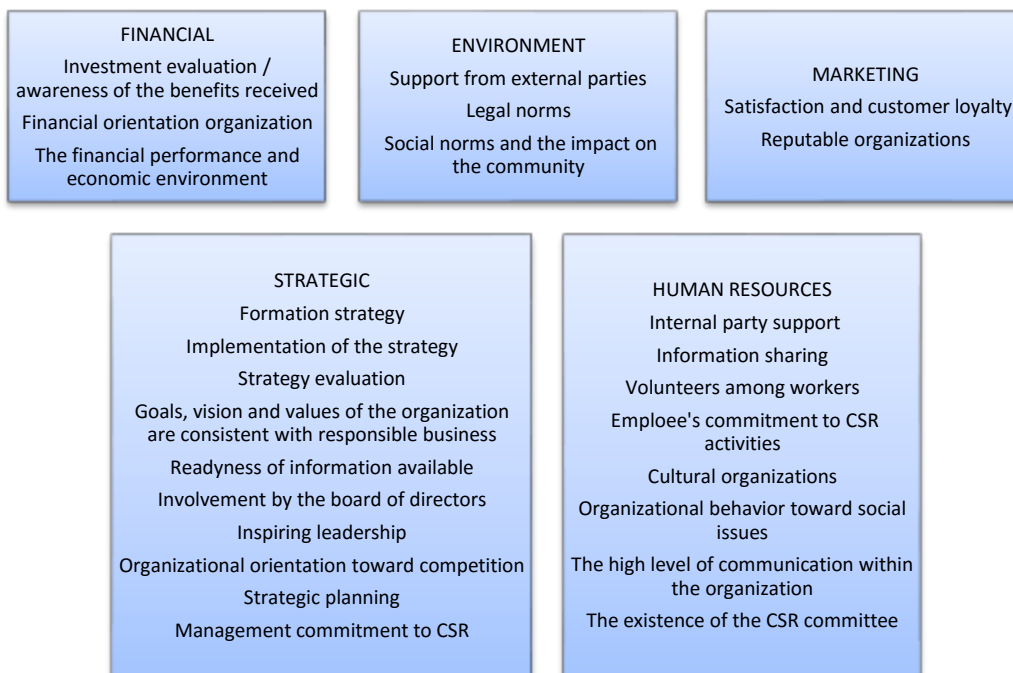


Figure 1: Elements of critical success factors Safari and Sangle (2013)

Figure 1 shows the elements of critical success factors that have been classified into several groups. Five groups have been identified, namely financial, environment, marketing, strategic and human resource factors. These five factors are identified and categorized based on the functional areas of the organization. The study by Kahreh et al. (2013) found that human resources is the major critical success factors while Sangle (2010) found that the integration of CSR and functional strategies, relationships with stakeholders, CSR benefits evaluation and procurement support from senior management, are the factors identified as contributing to the implementation of CSR initiatives from the perspective of the public sector. The importance of critical success factors are clear, as the main areas of activity should be given constant attention by the management and it is the responsibility of corporate to implement CSR initiatives ensure its success.

Financial

The financial performance of a firm could determine the effort of CSR initiatives implementation. Many factors have been identified as having effects on the financial performance, customers, and employee satisfaction (Chi and Gursoy, 2009). The strength of financial performance enables a company to implement an agenda to improve competitiveness with other companies, such as by research and development activities (R & D), through purchases of high technological equipment (Zahra, 1996), and most of all, by carrying out social responsibility activities. Mills et al. (1995) found that financial performance and cash flows of a company will affect the pattern of its investment to stakeholders and directly display its impressive performance. Moore (2001) recognized a positive relationship between a company's financial performance and its social performance. In other words, social activity is directly affected by the company's financial performance. Hence, financial performance is an important factor towards sustainable practices of CSR initiatives.

Environment

The business environment directly influences the choice of a firm's strategic orientation. According to Cui et al. (2006), a strategic initiative by a firm or an organization is influenced by the background environment in which the firm operates; this cannot be separated from the firm's strategic options. Failure to understand the direct effects of environmental influences will hinder the implementation of a successful and effective strategic CSR. Each organization is trying to understand the impact of uncertainties in the environment, in which instability will affect the performance of the organization's environment. If the requirements for understanding unpredictable environment are met, the organization's operations can be made smoother and its financial performance can be made stronger (Eldridge et al., 2014). Kefalas (1981) indicated that some sectors, such as the public, the government, technology, market, global market, and the ecology, are considered as the external environment to a business. The organization is also responsible for the environment through ethical actions and should strive to improve social welfare (Dascalu et al., 2013). Environmental factors shape the environment and determine the

dynamic competition and influence on local industries. They also influence strategic initiatives that can strengthen the market, especially where competition is high and the market mechanism is always changing.

Strategic

Today, it has been widely accepted that thinking strategically and relying on strategic management practices, yield positive results on the performance of an organization. Strategic planning is critical for any organization no matter if it is NGOs, governments, societies, or political institutions (Analoui and Samour, 2012). Tone Hosmer (1982) mentioned that a strategic model for the performance of an organization includes the firm's competitive position in the industry, which provides justification through planning, control and motivation system for individual business and group cohesiveness. The elements contained in the strategic plan are the driving force for the smooth planning of programs. According to Avram and Kühne (2008), to improve a firm's competitive strategy, strategic analysis should be prioritized since it helps to identify social and environmental issues. In addition, the importance of the strategic aspects as critical success factors is evidenced by the positive correlation between the degree of seriousness of the importance of strategic planning with the objective to improve the quality, customer relations, work environment, social responsibility and the welfare and protection of the environment. Organizations need to fully integrate CSR into their culture, governance, and business development strategy with the system and the performance of existing management. Furthermore, Chau (2008) explained that strategic performance management can be applied to the top management level, and to the middle management or strategic operational level; this will impact the team's strategy, performance and organizational effectiveness.

Marketing

Appropriate marketing strategy is critical to business success (Shaw, 2012). In the context of this study, the business success refers to CSR initiatives. The marketing aspect, considered a critical success factor, is based on the role of CSR, which leads to customer satisfaction and loyalty as well as boosting the organization's reputation. Uncertainties in the market situation require managers to build strong relationships with stakeholders for the survival of their firms. One rule for this relationship is through effective marketing strategies (Rundh, 2003). El-Ansary (2006) has listed the formulation of marketing strategies that involves understanding customer behaviors and market segmentations. Effective marketing methods will lead to the recognition of products among the stakeholders and facilitate product or brand to be better known in the market. The implementation of CSR initiatives serves as a two-pronged strategy for marketing and promoting the organization's ethical behavior to interested parties. The implementation of effective initiatives by means of customer-friendly service delivery, manufacturing products that meet the specifications and safety standards, the daily operations that meet environmental regulations, can ultimately lead to customer satisfaction and loyalty, as well as provide the company with a good image/reputation.

Human Resource

In addition to the factors above, human resource factor also plays a role in the critical success of CSR initiatives. Schuler (1992) pointed out that strategic human resource management includes several components including policies, culture, values and practices. The strategic management of human resources within an organization is linked at every level. The implementation of the correct human resource aspect ensures that the integration and adaptation of human resource management are fully in line with strategies and strategic needs of the firm. Human resource policies are integrated across the fields of policies and hierarchy, and HR practices are aligned, accepted and used by employees and managers as part of daily work. Good human resource practices through human resource aspect of CSR initiatives can affect behavior, motivation and employee engagement (Collins and Smith, 2006). Garavan and McGuire (2010) explained that the human resource development facilitates CSR initiatives, sustainability and ethics in the organization. The role that belongs to human resource development in achieving the goal of ethics, sustainability and CSR is crucial. Human resource development has the capacity to increase employee awareness and develop a positive attitude towards sustainability, environment and ethical work practices. In addition, it also contributes to a culture that supports sustainability, CSR and ethics.

Challenges of CSR Implementation

CSR has given a new dimension to the implementation of social responsibility among corporate entities. CSR also provides a value that must be understood and practiced by corporate entities to achieve social welfare. However, the implementation of CSR still faces some challenges. Jonker et al. (2006) found that the main challenge is the role of the competence and ability of the company to focus on social and environmental aspects, but at the same time the firm should run its operations in the conventional method and aim at optimizing costs and maximizing profits. This challenge is also related to a firm's commendable expectation to satisfy shareholders with the company's financial performance, but at the same time not abandoning the social needs of its stakeholders.

Challenges related to the implementation of CSR also include competitions from other companies, weak ethical decision-makers, corruption, confusing policies, excessive bureaucracy, lack of commitment on the executive level, unprofessional management, and poor assessment of CSR initiatives (Arevalo and Aravind, 2011). In addition to the factors influencing the strategy and practice of CSR initiatives, the company management needs to identify challenges facing CSR as these elements can hinder the effectiveness of CSR initiatives. According to Sabina and Santos (2010), obstacles related to the CSR practice are from the internal and external environment. Among the obstacles identified are the lack of public support, inadequate financial resources, the lack of information, and time constraints, in addition to CSR practices that are not consistent with a company's daily operations.

From the perspective of Asian countries, Graafland and Zhang (2014) noted that important challenges faced by companies are the pressure from competitors, the lack of support

from the government and NGOs, and the high cost of implementing CSR initiatives. In addition, other factors considered as challenges for CSR initiatives are the time and human resources constraints, the lack of support from customers and shareholders, and the company's ethical standards, especially if the local legislation does not favor the implementation of CSR activities. Faisal (2010) have identified a number of challenges related to the implementation of CSR initiatives in the industry supply chain, namely the lack of support from senior management, the lack of attention among customers, financial constraints, neglect towards reputation, the lack of knowledge on CSR, the lack of strategic CSR planning, the refusal of partners to implement CSR, the susceptibility of methods in measuring CSR benefits, low standards of consistency in CSR practices, a relationship based on costs, weaknesses in enforcement mechanisms of CSR, low standards of government legislation, and finally, low interest amongst mass media and public towards CSR.

For SMEs and MNE industry status, challenges and obstacles related to the implementation of CSR initiatives are the lack of information and marketing, and the lack of environmental monitoring capacity. In addition, SMEs also face a shortage of specialists with expertise on sustainability practices of companies. Inadequacy or cost-benefit ratio imbalance is also a barrier for SMEs to implement CSR. For a company with MNE status, internal control, which refers to the control signs of all the organizational behavior, is considered a major challenge (Laudal, 2011). Based on their study, Ghasemi and Nejati (2013) have identified a number of challenges from the perspective of professional business leaders, namely financial constraints, lack of effort from managers in the implementation of CSR initiatives, time constraints, shortage of technical expertise, foreign sanctions, and marginal profit. The commitment, expertise and information possessed by employees are very important to the practice of competent CSR. This aspect can be a challenge to an organization if its performance does not reach a satisfactory level (Garavan et al., 2010).

Other industries, such as the shipping industry, also recognize the importance of CSR initiatives but at the same time face a number of challenges for the most effective practice/implementation. Yuen and Lim (2016) found that the barriers include resource constraints, the lack of a strategic vision, a low measurement system, low willingness to allocate funds for the implementation of CSR initiatives, and strict legal requirements. The study, which was from the perspective of a respondent company in Singapore, found that rules and strict legal system have limited the company's investment in social activities through CSR initiatives because of the high bureaucratic red tapes. This posed a financial burden on the company's CSR analysis. However, a study by Kitada and Ölçer (2015) focused on the perspective of the challenges and pressures experienced by managers who need to adapt to technological changes and maintain relationships with employees while implementing CSR at the same time.

The discussion about the challenges from previous studies has led to the identification of major challenges that are highly relevant to the implementation of CSR initiatives, such as financial constraints (high cost), lack of support (from the media, the public and the government), legal constraints, and the lack of technical expertise. These studies are based on the types of

industries and different countries. However, until now, the evidence on the challenges on implementation of CSR initiatives from the context of companies or corporate foundations in Malaysia has not yet been explored. Changes in time allow stakeholder groups to realize the critical issues and the role that should be played by the private sectors toward social welfare. Stakeholders understand the importance of CSR as an aspect that should be integrated into the daily operations of an organization. Thus, understanding and identifying the challenges of CSR initiatives are steps to be taken seriously.

Methodology

Quantitative descriptive methods utilized in this study are per research needs appropriate to the characteristics of quantitative methods. The respondents' opinions were obtained through questionnaire survey. Bryman (2007) stated that the questionnaire is the main method of data collection in the quantitative research. In addition, a questionnaire survey is able to generate data that can be measured on an individual representation from a larger population and it is also able to test theories or hypotheses by previous researchers.

The target population for this study are the corporate foundations in Malaysia involved with the implementation of CSR initiatives. Selection of corporate foundations is based on active participation in CSR initiatives in the educational aspect. Authorization and access for research were granted by the corporate foundations. CSR in the educational aspects involves activities and information obtained from the company's sustainability annual report and the company's website. Four corporate foundations in Malaysia were selected in this study. The actual identity of the corporate foundations should be kept confidential on the grounds of confidentiality (Grinyer, 2001). Questionnaire has been distributed to the staffs who are working in each foundation. A total of 60 sets of questionnaire have been sent, but only 37 completed questionnaires were returned, with a return rate of 61.6%. Data obtained from the questionnaire was analyzed quantitatively using IBM SPSS Statistics 20, to gather the descriptive findings.

Results and Discussion

Critical Success Factors

Table 2 shows the descriptive analysis of the critical success factors. Strategic factor is the major factor contributing to the successful implementation of CSR initiatives with a mean value of 4.2029, followed by marketing factors (mean = 4.1857), human resources (mean = 4.1632), financial factors (mean = 4.1389) and environmental factors (mean = 4.0556). Table 3 shows the one-way analysis of variance (ANOVA) between the critical success factors for the four selected corporate foundations involved in the study whereby available values are $F = 1.705$ and sig 0.186 being greater than 0.05, therefore there was no significant difference between foundations on critical success factors. These findings demonstrate that every company has the same opinion on the factors that contribute to the successful implementation of CSR initiatives. Identified factors are considered important to develop CSR initiatives in their respective companies. According to Kowalski and Swanson (2005), critical success factors comprise many aspects including support,

communication and trust that become important instruments towards the development of a program. There are five aspects, namely strategic, financial, human resources, environment and marketing factors. These success factors are inter-related and should be applied at every level of the organisation, management and employees.

Table 2: The results of the mean analysis of the critical success factors

Contributing Factors Group	Minimum value	Maximum value	Mean value	Standard Deviation
Strategic	3.3	5.0	4.2029	.43147
Financial	3.0	5.0	4.1389	.54263
Human Resources	3.0	5.0	4.1632	.48257
Environment	3.0	5.0	4.0556	.43278
Marketing	3.0	5.0	4.1857	.58266

Table 3: Findings of Analysis (ANOVA) difference between companies of the critical success factor

	Company	Total (N)	Mean	Degree of Freedom	F	Sig.
Critical success factor	Foundation A	8	4.2212	34	1.705	0.186
	Foundation B	13	4.1213			
	Foundation C	11	4.3357			
	Foundation D	3	3.7821			

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Based on the mean analysis in Table 2, the strategic factor is the major factor whereby it consists of strategic development, implementation, planning and evaluation strategies. In addition, the group also includes the organization's strategy in line with responsible business, the availability of information, commitment and inspired leadership of the higher authorities to a program. Strategic group is an important factor in the critical success factors because it covers almost the entire planning and implementation of a program i.e. the implementation of CSR initiatives. This finding is in contrast to the study by Kahreh et al. (2013) which found that the human resources group got the highest mean value. However, findings in this study was supported by the research of Sangle (2010) that stated a company's CSR with functional strategy as a major contributing factor to the successful implementation of CSR initiatives. The importance of management

strategies was also recognized by Chau (2008), stating that effective management strategies will contribute to the planning and implementation of the program by the company, in addition to improving the company's performance and efficiency of the organization. Analoui and Samour (2012) also acknowledged that the strategy management system applied to the activities and programs organized by an organization is an important tool to improve the quality of service delivery, achieve goals and enhance the overall performance of the organization.

The second most important factor recognized as a critical success factor contributing to CSR initiatives among the selected private companies was marketing, with a mean value of 4.1857. Elements of customer satisfaction and loyalty, and the organization's reputation are important for the success of CSR initiatives. This finding is supported by Fodness (2005) and Forsman-Hugg et al. (2013) in which marketing strategy is critical for the success of the organization and the implementation of a program. In this context, a firm's reputation plays a role in the effectiveness of CSR initiatives, where internal and external stakeholders participate and give feedback for the implementation of any CSR activities. In addition, loyalty and customer satisfaction are the elements that contribute to the effectiveness of CSR initiatives, whereby good responses from customers can lead to an increase in demand for CSR initiatives. Thus, these elements will help towards the improvement and diversification of CSR initiatives for the future.

Aghazadeh (2003) explained that successful human resource units have a strategic impact on an organization. Proper management of human resource is capable of contributing to performance improvements and cost reductions, which in turn contributes to the productivity of the organization. Thus, the human factor is the third important factor determined by respondents in this study with the mean value of 4.1632. In contrast to the findings by Kahreh et al. (2013), the study found that the human resource factor mainly contributed to the critical success of CSR initiatives. Elements such as the internal party support, sharing of information, the existence of the CSR committee, the high level of communication in the organization, organizational culture, and employee commitment to CSR, contribute to the success of CSR initiatives implementation. However, the practices by human resources and research need to be given attention due to their importance to the implementation of a company's planned activities (Vivares et al., 2016).

The financial factor also contributes to the critical success of the implementation of CSR initiatives but is of a lesser degree than the three aspects discussed earlier. The mean value for this factor is 4.1389. Corporate entities selected for this study possess the status of corporations and institutions linked to the development of a stable and strong market economy. Thus, the implementation of CSR initiatives is not based solely on the benefits of investments, the orientation of financial performance, and the current economic environment. This is because every year corporate entities provide specific provisions for CSR initiatives. Typically, the amount of this provision either increases or remains constant based on the company's income.

The emphasis by the government to a corporate entity for the implementation of CSR initiatives is still considered low compared to other Asian countries such as India. Nevertheless, there are policies and initiatives launched by the government to promote the implementation of

CSR activities. However, environmental factor is regarded by respondents to be the less important contributing factor to the implementation of CSR initiatives, having the lowest mean value of 4.0556. Support from external party, legal norms, social norms, and the impact on the community are not emphasized in carrying out CSR initiatives. CSR initiatives are also not tied to legal norms but focused on the awareness of corporate social responsibility to stakeholders. This finding is consistent with the findings of the study by Kahreh et al. (2013) in which the environmental factor contributes as the lowest the critical success factors of CSR initiatives.

The analysis provides information on the critical success factors that contribute to the successful implementation of CSR initiatives. These factors are based on the opinion of internal stakeholders, the staff working in the corporate foundations. Dictating the agenda for CSR programs, critical success factors need to be implemented to generate a CSR program that really contribute to the company and its stakeholders. Strategic factor is the most important factor in the implementation of CSR initiatives followed by marketing, human resources, finance and lastly the environmental factor.

Challenges

There are 13 challenges facing the implementation of CSR initiatives in this study. Challenges collected are based on previous studies and brief interviews with each foundation staff before the study was conducted. The challenges were analyzed and mean values showed preferential procurement of challenges most relevant to the implementation of CSR initiatives.

Lee et al. (2002) stated that for every activity planning and implementation of a program, to identify and understand the obstacles and challenges is a difficult task. Uncertain environment and transitional period require a thorough CSR initiative to ensure the effectiveness of the programs designed to meet the goal of the company as well as to meet the needs of social responsibility of stakeholders. Jonker et al. (2006) explained that CSR is considered as a business strategy, to guide, to create and to maintain relationships and structures that can improve performance and sustainability. The preparation of a balance between internal and external factors based on expectations and needs of a company's CSR performance is a major challenge.

Table 4: The results of the mean analysis of the challenges

Challenge Aspects	Minimum value	Maximum value	Mean value	Standard Deviation
High costs	1.00	4.00	3.4167	.93732
The implementation is too complex	1.00	5.00	3.3611	1.12511
Business benefits are not immediately earned	1.00	5.00	3.2778	1.00317
Lack of public support	1.00	5.00	3.1944	1.14191
Lack of knowledge	1.00	4.00	3.0833	.76997
The implementation is too time-consuming	1.00	5.00	3.0556	1.01262
Lack of corporate skills	1.00	4.00	3.0556	1.01262
Lack of specific legislation for CSR	1.00	5.00	3.0556	.95452
Minimal impact on social and environmental business	1.00	4.00	3.0278	.90982
Lack of institutional assistance	1.00	5.00	3.0278	.97060
Lack of top management support	1.00	5.00	2.8333	1.10841
Lack of interest from company	1.00	5.00	2.8333	1.23056
Lack of support from the middle management	1.00	4.00	2.7714	1.03144

From Table 4, 13 challenges are identified by respondents as factors that become a problem for the implementation of CSR initiatives. High cost is the major challenge for the implementation of CSR activities, with a mean value of 3.4167. CSR initiatives among corporate entities are usually long-term on a large scale, such as the allocation for awarding scholarships to students to study abroad. Projects with one-off characteristic, such as festive distribution, disaster relief, donation to the needy or disabled group, also involve a high amount of budget. This finding is supported by (Faisal, 2010; Graafland and Zhang, 2014; Laudal, 2011; Yuen and Lim, 2016). This is due to the high cost of implementation for CSR initiatives. Corporate parties must allocate limited resources and in the meantime have to compete with other projects that would possess more favorable returns on investment. Graafland and Zhang (2014) found that the high cost of CSR implementation causes the top management in corporate sectors to limit the capacity of CSR practices in their organizations. In the case of selected corporate foundations in this study, CSR initiative is an agenda that is not based on immediate profit.

Business benefits that are not immediately received are also part of the challenges to implement CSR initiatives. The mean value obtained was 3.2778. Business benefits include

benefits from CSR initiatives, enhanced organizational reputation and performance, and competitive advantage with closest competitor. Although there are studies that prove CSR initiatives could benefit the financial performance and reputation of a company. Crisóstomo, Freire, and Vasconcellos (2013) found that CSR has a significant negative correlation to the firm. Corporate parties cannot expect immediate benefits from implemented CSR initiatives in certain circumstances since the benefits are subjective and only enjoyed by certain parties.

The lack of support from the public is among the challenges identified for the implementation of CSR initiatives, with the mean value of 3.1944. Faisal (2010) stated that the Western media is very influential in such countries and serves to highlight issues and news related to CSR; this will increase knowledge and awareness of CSR related issues to the public. However, the opposite occurs in Malaysia where people are less exposed to information and news related to the practice of CSR. This leads to a lack of concern and positive information regarding CSR initiatives. Awareness or concern amongst external stakeholders is a factor that could lead to successful CSR initiatives by an organization. Voluntary programs based on the environment and health, which require participation by the local community and other interested parties, are not well-received due to the lack of awareness and knowledge of the programs. The lack of knowledge regarding CSR leads to the lack of support for the implementation of CSR initiatives. CSR is a practice that requires planning and continuous observation due to the constantly changing business environment. Thus, knowledge is needed to ensure that CSR initiatives being implemented do really contribute to the target group and benefit the organization.

There are several forms of CSR initiatives that require extensive planning, such as the implementation of long term CSR initiatives. The lack of corporate skills and specific legislation also contribute to the challenges of implementing CSR initiatives. All these three challenges have the same mean value of 3.0556. This finding is consistent with the findings of Ghasemi and Nejati (2013), demonstrating that the constraints in technical expertise is a challenge toward the implementation of CSR initiatives. CSR can be executed more effortlessly if individuals from higher authorities possess background information about CSR. It is easier for an organization to achieve its strategic objectives by identifying the time and type of CSR activity that will be implemented. The lack of specific legislation is in line with the findings by Graafland and Zhang (2014), suggesting that there is less government support and promotion for CSR initiatives by law. However, the practice of CSR in Malaysia is more competitive in nature and not mandatory, resulting in vague specific legislations for the practice of CSR. CSR initiatives with long term outcomes usually require careful planning to provide added value to the target group. For the target group that really deserve the benefits of CSR initiatives, various aspects must be considered by the company implementing CSR, who must work with other agencies to get pertinent information and the cost of implementing these CSR initiatives are high.

The company must monitor and evaluate the CSR initiatives so that any financial allocation for the purpose of CSR initiatives is not questioned by the shareholders and auditors. Therefore, corporate skills are required for analyzing and planning strategies for CSR initiatives. Lack of skills and corporate experience will lead to problems that could cause CSR initiatives to

not meet the objectives of the organization and not reach the target group. The practice of CSR initiatives has not yet come to the mandatory level whereby there is no clear legislative initiative outlined for CSR. However, there are some guidelines issued by certain bodies such as Bursa Malaysia and Perbadanan Putrajaya to promote the implementation of CSR initiatives among corporations in Malaysia.

Two challenges related to CSR initiatives are the minimal impact on the business environment and the lack of social help from institutions. The mean value of each challenge is 3.0278. Although substantial funds have been provided for the programs, the company is faced with the expectation that social activities sometimes do not provide value to the receiver and/or the company, especially short-term (one-off) programs such as donations to aid a festive celebration and/or a natural disaster. In contrast, programs on a long-term duration may contribute a more significant impact, for example; awarding scholarships to deserving students. Sponsored students will serve the company upon graduation. Therefore, the company must examine whether the program is suitable and really provide added value to both the receiver and the organization.

The mean value with a similar low value (2.8333) is obtained from two challenges; less support from senior management, and lack of interest from companies to prove their commitment for enhancing social welfare. This finding is different from the one obtained by Graafland and Zhang (2014) and Yuen and Lim (2016). The lack of human resources poses a challenge to the implementation of CSR initiatives. Corporate foundations who are involved in this department are the parties who have been appointed by the corporate sector with specific roles to carry out CSR initiatives, based on the provisions given by their parent company. Thus, employees of top-middle levels are always committed to implement CSR initiatives in education, based on their foundation's mission and objectives. The top management always ensure that the allocation and agenda for CSR initiatives are constantly being improved and enhanced so that more individuals are eligible to receive the benefits from a CSR program. Commitment from the top can also be seen through its involvement in CSR activities, especially if personnel themselves participate in activities. Similarly, the challenge of having less support from middle management obtains the mean value of 2.7714, proving that there is good commitment and cooperation from the middle management for CSR programs. Thus, the middle management actively participates; in fact, some of the staffs are very familiar with their CSR participants and activities.

Table 5: Findings Analysis (ANOVA)-Differences between companies in terms of challenges in CSR initiatives implementation

	Company	Total (N)	Mean	Degree of Freedom	F	Sig.
Challenge	Foundation A	8	2.9135	34	1.096	0.366
	Foundation B	13	3.3136			
	Foundation C	11	2.8462			
	Foundation D	3	3.6154			

Note: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Based on Table 5, the analysis of variance (ANOVA) was carried out to determine whether there are differences in the challenges of CSR implementation among the four different corporate foundations. It is found that value $F = 1.096$ and significant value is 0.366 . Due to the significant value being greater than 0.05 , there is no significant difference of the challenges associated with the implementation of CSR initiatives between the companies. It is found that the four selected corporate foundations in this study perceived the same challenges in CSR implementation. Therefore, it is important to understand the issues and challenges, as well as any improvement that should be carried out so that CSR implementation will go smoothly and achieve the company's aim and mission.

Conclusion

This study examines the critical success factors contributing to the successful implementation of CSR initiatives and challenges that might disrupt the smooth process of CSR implementation. These factors are based on the opinion of internal stakeholders, who are working staffs in the four selected corporate foundations in Malaysia. For planning agenda of CSR programmes, critical success factors need to be adopted to implement a CSR programme that is really contributing to the company and its stakeholders. Based on analysis, strategic factor is the major factor in the implementation of CSR initiatives followed by marketing, human resources, finance and environmental factors. Strategic factors consists of core elements of organisation planning such as formation strategy, implementation of the strategy, involvement by the board of directors strategic planning and management commitment to CSR. These features cover almost entire planning and implementation of CSR initiatives programme. It is supported by Avram & Kuhne (2008) that strategic analysis should be prioritises since it helps to identify social and environmental issues.

These findings have given the contributions and implications towards the implementation of CSR initiatives whereby it is expected to provide a guide to senior management through the critical success factors for the effective implementation of CSR initiatives. The corporate sector needs to identify the critical success factors that can accomplish this effort. The factors that

contribute to the success of CSR initiatives should be maintained and improvements should be made regularly.

There will always be challenges that relate to a planned CSR programme. The identified challenges need to be addressed and improved so that it will not disrupt the implementation of the planned CSR programme. In this study, the most relevant challenges are the high cost, the CSR implementation that is too complex, and the business benefits that are not immediately available. Organisations in the corporate sector must take note of these challenges so that they do not inhibit efforts towards a successful CSR practice. Identification of the key challenges is important to ensure the effectiveness of CSR initiatives to the target groups. Improvement should be made by the top management to overcome the challenges that affect the effectiveness of CSR initiatives as it is not only beneficial to the external stakeholders but also to the company itself. The role played by large companies in CSR activities are important for compelling other companies to follow suit as CSR activities contribute to the social and communal sustainability for the long term, and most importantly will enhance the company's image.

The outcomes of this research indicate several policy implication as follows :

- The importance of critical success factors and challenge in CSR initiatives. Many research has studied the implementation of CSR aspects but less has focused on critical success factor that contribute to the effectiveness of CSR implementation and challenge that might lead to the failure of CSR. Thus, this paper has indicated a critical success factor and challenge from the perspective of selected corporate foundations in Malaysia in which can be a guidance to other organisation. It is crucial to know the aspects as it related closely to the CSR implementation whereby a success CSR initiatives will give good image and reputation to organisation. Most importantly, the initiatives could achieve an objectives and create a good linkage with stakeholder. The identified critical success factor and challenges could also be an indicator in Key Performance Index (KPI) of CSR implementation in the organisation.
- Top management and manager has an important role to play for conduct a desired CSR initiatives. Most of the aspects in critical success factor and challenge has emphasized the important role of top management. By assessing the aspects, top management would be able to plan, forecast and improvise any necessary part to enhance the effectiveness of CSR implementation. Top management could include the identified aspects during SWOT analysis so critical success factor will be broader and challenges can be resolved.
- CSR initiatives are considered crucial for corporate companies to fulfil their obligation towards stakeholder. No matter how much money they have allocated in planning projects, stakeholders will always hope for companies to act in parallel with their own expectations. Therefore, CSR initiatives should not be underestimated by companies because there is a sentiment that links a company to its internal and external stakeholders. Failure to properly implement CSR activities will lead to negative implications for the company itself as well as for other interested parties.

In conclusion, this paper has contributed another approach for managers to identify a strong factor that can guarantee the success of CSR and the challenges that can restrict the implementation of CSR and the finding is instrumental in giving an insight for the managers, particularly in the corporate sector, to strategize and improve their company's corporate social performance.

Acknowledgement

The authors would like to acknowledge the financial support for this study provided by Universiti Kebangsaan Malaysia through Dana Impak Perdana (DIP-2015-008) and Geran Universiti Penyelidikan (GUP-2017-016).

References

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Table 1: Personal details of the respondents

Gender	No.	%
Male	20	55.6
Female	16	44.4
Level of education		
SPM	2	5.4
Diploma	9	25.0
Bachelor Degree	25	69.4
Age		
20 – 29	19	52.8
30 – 39	9	25.0
40 – 49	5	13.9
50 – 59	3	8.3
Religion		
Islam	34	94.4
Buddhism	2	5.6
Race		
Malay	34	94.4
Chinese	2	5.6
Group of Designation		
Executive	22	62.9
Manager	5	14.3
Others	8	22.9
Corporate Foundation		
Foundation A	8	22.2
Foundation B	13	36.1
Foundation C	12	33.3
Foundation D	3	8.3