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The Extent of Corporate Social Responsibility Engagement in Malaysian Banks Offering Islamic Banking Services

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Abstract

This study explores the extent of corporate social responsibility (CSR) engagement in Malaysian banks offering Islamic banking services. A total of 16 banks (10 local banks and 6 foreign banks) offering Islamic banking services forms the sample for this research study. Only banks offering Islamic banking services and listed on the Kuala Lumpur Stock Exchange were selected for the purpose of this research. Banks websites and annual reports were studied to gather and analyse the data through content analysis. Results obtained indicated that the local and the foreign banks differed significantly in terms of their engagement in CSR-based activities, CSR reporting, CSR communication and CSR board structure. Evidently Malaysian banks offering Islamic banking services need to focus on embedding relevant alternative strategies in order to publicise widely about their engagement in CSR-based activities. This would further enhance the banks brand reputation and strengthen their internal and external communication strategies.

Keywords: Corporate social responsibility; Islamic banking; Malaysia; Local banks; Foreign banks; Content analysis

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INTRODUCTION

The actions taken by the business firms and the society mutually impact each other due to the dependency of the two entities. The general consensus is that firms engage in the business operations. However the survival, profit generation and wealth creation of the business firms is heavily reliant on the society's needs and willingness to support the firm's business operations [1]. Increasingly throughout the globe many businesses are engaging in voluntary acts and deeds that support and/or address the society's social or environmental or ethical dimensions due to the recent financial mishaps [2]. The various stakeholders operating within the society are becoming much more knowledgeable than before due to information availability and information sharing and thus are able to actually question the faulty acts and deeds of the businesses. This sort of engagement of the businesses with the wider society touch bases on the concept of corporate social responsibility (CSR). As a result, contemporary businesses tend to increasingly focus on embedding the concept of CSR into their day to day business operations in one form or the other [3]. However the extent to which businesses tend to embed the concept of CSR is less researched in the existing literature and needs further investigation.

The concept of CSR has been linked popularly to the notion that the firms being able to contribute something back to the society on a voluntary basis and being more responsible in their business activities [4]. It is much anticipated that businesses engaged in the production of goods such as Tobacco, Cigarettes etc., causing harm to the society; manufacturing industries involved in causing pollution to the environment; and businesses that are involved in the usage of vast amount of natural resources tend to engage in embedding CSR-based activities to a greater extent in order to negate the impact that they cause to the society [5]. Similarly these businesses tend to engage in voluntary disclosure mechanisms in order to create a positive profile within the society in which they operate.

On the other hand businesses engaged in the production of services need not be engaged in any sort of CSR-based activities as these businesses neither create any harm to the society nor deplete any natural resources. Therefore this research sets out to explore the engagement of service-oriented banking sector in CSR-based practices and activities. Banking sector throughout the globe has undergone massive changes due to privatisation, financial deregulation, globalisation and technological advancements. As a result many countries have

national and foreign banks operating individually and meeting the customers' needs and wants. Banking is an important day to day activity for customers and businesses alike and the core business is built based not only on the tangible monetary elements but also on other intangible attributes such as trust, relationship and loyalty [6].

Due to the fierce competition within the banking sector, banks started to differentiate their business offerings in every possible way. As such in order to meet the unique needs of the Islamic customers in the Middle East and the North Africa, Islamic banking came into existence in the first instance. Over 300 financial institutions across 75 countries currently offer Islamic banking services to customers. Many banks operating within the Western countries also offer a wide range of Islamic banking facilities to their customers. Islamic banking is based on the Shariah compliance and meets the requirements of the Islamic customers. Banks realised the potential of embedding CSR-based strategies on their web sites and even reporting about their CSR activities in their annual reports in order to generate trust amongst their customers through transparent measures.

The banking system in Malaysia consists of Bank Negara Malaysia is the Central Bank of Malaysia established in 1959 that acts as financial adviser to the government, promotes monetary stability and influences credit situation. The Malaysian banking system mainly consists of commercial banks, investment banks and Islamic banks. Currently there are 24 commercial banks and 13 of these are locally incorporated foreign banks that provide financial banking, treasury services, trade financing, and cross border payment services. Investment banks also referred to as merchant banks started to operate since 1970s in Malaysia. Investment banks mainly focus on short term money market and capital raising activities such as syndication, corporate finance, and portfolio management. Islamic banks started to operate in Malaysia under the Islamic Banking Act (IBA) in 1983 [7]. The key functional aspects of Islamic banking relate to financing, investment deposits, vehicle and project financing, and leasing [8].

Islamic banking gained popularity in Malaysia since its inception and serves Islamic and non-Islamic customers alike. As the existing literature identifies Islamic banking to be different to the conventional banking practice in terms of the interest, financing and borrowing, this research paper tries to explore the extent and engagement of the Islamic banks in CSR-based practices and activities, currently operating in Malaysia [9]. As the principles and core business of Islamic banking is based on the legal origin of Shariah law and the religious principles of Islam, it is important to explore how well the CSR strategies are embedded within the banks offering Islamic financial services. Therefore the aim of this research paper is to explore whether or not significant differences exist between local Islamic banks (LIBs) versus global Islamic banks (GIBs) in terms of their type and extent of CSR engagement in Malaysia.

LITERATURE REVIEW

Islamic banking involves a combination of Islamic finance with a legal origin popularised as Shariah compliance. Islamic banking since its inception gained attention worldwide from the late 1960s. The contemporary Islamic banking practices are evident in more than 300 financial institutions and in over 75 countries [10]. Islamic principles are guided by Shari'iah Islami'iah (Islamic jurisprudence) that relates to the moral code based on the religious principles. The major distinction between the conventional banking and the Islamic banking is the use of *riba* (the interest), the usury and any excess amount over the principal amount is prohibited. Islamic banking operates on the basis of *mudarabah* and *musharakah* that involves profit sharing, trustee financing contract and sharing of profits and losses in accordance with the capital contributions [11]. Banks offering Islamic banking services depend largely on three major sources of funds such as bank's own capital and equity and transaction and investment deposits. The financial institutions operating in Malaysia need to secure permission from the centralised Bank Negara Malaysia (BNM) before offering Islamic banking related products and services to the general public. Similarly the financial institutes offering Islamic banking services in Malaysia need to comply with the appointment of Shariah consultants to advise on all aspects of Islamic banking transactions. The alignment of the Shariah compliance with the requirements of the Islamic Banking Act and the Bank's Article of Association is mandatory for banks offering Islamic banking services [12]. Islamic banking transactions gained popularity as this prohibits interests and aims to foster for a balanced society [13].

Although the concept of CSR is built on several dimensions in the existing literature, till to date the term CSR is often ambiguous as it lacks a proper definition [14]. The concept of CSR gained significant attention over the past two decades as organisations irrespective of their size tend to embed the term more and more into their day to day business activities. However the concept of CSR varies to a greater extent on the basis of the context specificity and the purpose for which it is used. Existing CSR theories are broadly categorised into four types such as instrumental theories, political theories, integrative theories and ethical theories [15]. Instrumental theories assume corporation as an instrument and thus focuses on the key business motive of wealth generation. As such greater emphasis is placed on the generation of short-term and long-term profits through the maximisation of shareholder value and through the creation of a competitive advantage [16]. Political theories tend to focus on the social power exerted by a corporation and thus tend to include various political considerations in their CSR framework [17]. As such corporate constitutionalism and corporate citizenship form the core components of the political theories. Integrative theories on the other hand focus on the social dimensions by way of addressing the issues related to the management through public responsibility, stakeholder management and corporate social performance [18]. Lastly ethical theories focus

on bridging the relationship between business and society through the notion of right way of doing things. Similarly the focus of the ethical theories is also on the acquisition of the universal rights and on the adoption of sustainable development strategies [19,20]. The merit of these theories is associated to several interconnected dimensions that can be readily linked to the social phenomenon of conducting the business in a responsible manner.

This research study therefore sets out to explore the extent of CSR engagement strategies followed by the Malaysian local and global banks offering Islamic banking products and services. The type of CSR engagement is envisaged in this research paper as a combination of the CSR-based activities, information disclosure and stakeholder management strategies followed by the Malaysian banks. The extent of CSR engagement is viewed as the measures of equality, diversity and inclusiveness that are reflected through the bank's board representation, management team structure and Shariah committee composition. Given the religious faith of Islam being embedded in the practice of Islamic banking, it is important to explore whether these banks are outlining their CSR-based activities, CSR reporting, and CSR communication strategies in line with the theoretical dimensions popularised in the existing literature.

METHODOLOGY

The sample included in this research study comprised of the local banks and foreign banks currently operating in Malaysia and meeting the criteria of offering Islamic banking services in Malaysia and those that are listed on the Kuala Lumpur Stock Exchange (KLSE). Thus 10 local banks and 6 foreign banks offering Islamic banking services were included in the study. The extent of CSR activities, CSR reporting, CSR communication and CSR engagement of these banks offering Islamic banking services in Malaysia were studied by the researcher by accessing the banks web sites and annual reports. The information was analysed in order to quantify the qualitative data using a qualitative data analysis technique content analysis [21]. The usage of content analysis technique is deemed to be a popular research technique as it is widely used in CSR-based research in terms of CSR reporting and disclosures [22]. The existing research also highlights that studying the websites and annual reports because of their credibility, regularity, and reporting information is highly acclaimed as an established research technique [23].

The debates surrounding the usage of content analysis relates to the inclusion of the 'unit of analysis' that is more appropriate and relevant to the research questions under investigation. The existing literature suggests that the unit of analysis in content analysis can take several forms such as words, phrases, characters, lines, sentences, pages or proportion of pages devoted to disclose the information related to the research objectives [24]. There are certain merits and demerits associated with the inclusion of each of these forms in the research

studies. Evidently extant research outlines that the reliability of the analysis is affected to a greater extent by using words or areas of pages for coding [25]. Problems also surfaced with the inclusion of the number of pages as the unit of analysis due to the variations in the size of the font, graphics, and the style of writing [26]. The number of sentences was used as the unit of analysis for measurement of the extent of CSR activities, CSR reporting, CSR communication and CSR engagement in the present study since they provide accurate, meaningful, and reliable data for further analysis. The information present in the sentences is further analysed thematically in order to measure the quality of the identified categories.

RESULTS

CSR activities

The general finding is that almost all of the banks offering Islamic banking services in Malaysia are involved in CSR-based activities. However the extent of involvement in CSR-based activities varied between the Malaysian LIBs and GIBs offering Islamic banking services. The information analysed revealed that CSR-based activities outlined by the Islamic banks is aligned with broad categories such as marketplace, workplace, community and environment.

Marketplace: A majority of the local Islamic banks (8 out of 10) presented information about the marketplace on their websites. The information covered under the marketplace category largely related to the products and services offered by the local Islamic banks (LIB). This information is further extended to include benefits associated with the banks offerings, selling opportunities associated with the offerings, risk management etc., In addition to the general information about the banks products and services, some of the local banks highlighted the level of importance that they place on the customers and businesses by stating important customer attributes such as satisfaction, experience, education, and excellence in banking. Some of the banks even focused on outlining the innovation component by highlighting attributes related to knowledge exchange, process enhancements, offering one or e-payment solutions. Approximately 6 out of the 10 local Islamic banks identified customers as their main stakeholders and ignored the role played by other relevant stakeholders within the supply chain. Evidently many local banks also explicitly stated that their focus will be aligned to meet customers' diverse needs by way of outlining fair terms and fair pricing strategies on their product/service offerings. Only one Malaysian local bank acknowledged the vital role played by the suppliers as the important stakeholders.

Less than half of the global Islamic banks (GIB) (4 out of 6) outlined the relevance of the marketplace to their business. The focus of the GIBs elicited the importance that these banks place on the financial instruments such as products

and services by way of needs based banking practices and by the provision of comprehensive product information. In addition to the customers, GIBs outlined the importance of shareholders as their important stakeholders in influencing their day to day business operations. GIBs also presented repeatedly information relating to the necessity of maintaining quality customer service, effective relationship building and managing customer complaints and creating long-term value for the shareholders.

Workplace: A majority of the LIBs (9 out of 10) placed greater emphasis on the workplace category. Important dimensions covered under the workplace included employee activities focusing on the volunteering hours, sports activities and various employee support mechanisms; professional advancement through on the job training, focus on the development of skills and competencies; and inclusiveness addressing the diversity, cultural, ethnicity related issues and promoting the work life balance and wellbeing of the employees. Less than half of the GIBs (4 out of 6) outlined similar workplace strategies to LIBs. However GIBs emphasised on the appropriate reward mechanisms in place for treating their high performing employees, flexible work arrangements, availability of the crèches and accessibility of the online parenting resources (Table 1).

Table 1: Malaysian LIBs Offering Islamic Banking Services – CSR Activities

Bank Web site	Marketplace	Workplace	Community	Environment
LIB1	Excellence in SME banking	Safe and healthy Training and development programmes Career development Professional growth Two way communication Shared feedback Pulse lunches with	Financial literacy school programme Zakat and Shariah compliant funding Championing equality Advancement of women in corporate and	Energy conservation Paper use reduction Reducing carbon IT footprint

		employees	SMEs	
LIB2	Nil	Nil	Reaching out to the poor Increase English language proficiency of primary school students	TrEES Treat Every Environment Special (2 nd year) Environment Education Programme
LIB3	Leading innovation Stimulating market participation Thought leadership Knowledge exchange Improving product and service benefits Governance and investor relations	Wellbeing Development Intellectual growth Balanced and healthy lifestyle Sport (groups and family) Work skills Personal development Improved work environment	Youth Sports Culture – healthier lifestyle AmKasih Programme – financial aiding for schools Supporting renal failure patients (with Living Hope) Kechara Soup Kitchen Golfing and Chess support Langkawi International Mountain Bike Spirit of Giving	Wastage reduction Recycling paper Double sided printing Reducing colour printing No smoking buildings Cleaner air Landscaped areas Sponsored Zoo Negara’s Dromedary of over 25 years

			(Festive periods) Partnership with the National Blood Centre	
LIB4	Risk management structure Code of business conduct and ethics Financial reports and disclosures Responsible selling and marketing of products and services Customer experience and feedback Customer satisfaction survey Structural changes to increase	Fair employment practices Commitment Health, safety and welfare Diversity and inclusion Different cultures working together Free from discrimination Dignity, honour and respect Equal opportunity Increase competencies HCD opportunity Internal and external training and development programmes Structural programmes Leadership	Small entrepreneur programmes After School Care programme Tertiary and postgraduate scholarship programs Building infrastructure	Decrease consumption of resources Waste reduction Recycle and recovery Complying with the legislation Energy usage monitoring Monitoring emissions to air Procurement processes Tech cycle – recycling old computers Earth Hour participation

	customer experience	competencies		
LIB5	Customer education Facilitate knowledge and learning	Sports to employees Nurturing talent Financial support	Socio-economic development Health Education	Nil
LIB6	Fair terms and pricing Understand customers diverse needs Rural and urban financing Under served segments 7-in-1 Maybank One Solution Process enhancements	178422 volunteer hours by employees Work life balance Employee engagement level (85%) Upgrade skills Diversity and inclusiveness Ethical standards Training Job rotation Productivity metrics	RM 100 million in learning development Education in rural schools Scholarships to deserving students Financial literacy programs Employee volunteerism	Cut carbon emissions Participation in international carbon disclosure project (CDP) Dow Jones Sustainability Index Score (60) – only participating bank in Malaysia
LIB7	Nil	Positive values Transcending cultural and regional differences	Social values Reuniting families (partnership with Royal Malaysia Police) Crime	Nil

			Prevention and Awareness (safety booklet, TV commercial, child safety road show, photo kit ID)	
LIB8	Corporate governance Customer care Supplier management Fair ROI	Promoting wellbeing Attractive remuneration Fringe benefits Good staff morale Training Career advancement Work place diversity	Economic growth Wellbeing Adherence to the national policies Contributing to nation's progress	Protection
LIB9	Public awareness of Islamic banking (seminars and workshops) Socioeconomic welfare of its customers Innovative e-payment solutions (TAP-	Employees knowledge, skills and capabilities Increase the level of professionalism	Zakat fund (RM 5 million) Poverty reduction projects Education initiatives Welfare support Unity programs	School children awareness and education of environment sustainability

	i)			
LIB10	Client engagement efforts Customers of treasury treated with sporting activities Strengthen customer retention and acquisition	Employee support Activities	Donations	Nil

Community: The involvement of the Malaysian LIBs and GIBs offering Islamic banking products and services with the communitybased initiatives seems to be very popular. Almost all of the 10 LIBs and 6 GIBs included within this study are involved in supporting the local communities and outlined several activities that actually benefit the community. These activities mainly included school programmes such as financial literacy, financial aiding for school children, English language programmes and after school care. Youth programmes such as focusing on the healthier lifestyle and promoting sports culture; and sponsorship activities such as golfing, chess and offering education seemed to be occurring on a repeat basis. Donations to the poor and the underprivileged and hospital patients; and partnerships with the government and non-government organisations such as National Blood Centre and Royal Malaysia Force also seemed to be quite popular. The emphasis of the LIBs is on the use of Zakat funds that relates to the Islamic banking principles. A majority of these community-based activities occur on an ad hoc basis without much planning.

Environment: Approximately 7 out of the 10 LIBs and 3 out of the 6 GIBs presented easy to navigate information related to their environmental engagement. The environmental engagement of the Malaysian banks offering Islamic banking service offerings can be broadly differentiated into internal and external activities. Internal activities focused on areas within their workplace and external activities related to the environmental engagement outside the office space. Internal activities outlined on the banks web sites largely related to the conservation of energy, reduction of waste, recycling of paper, reduction in the carbon footprint and monitoring the energy usage aspects. External activities

related to the planting of trees, running of environmental sustainability programmes and participating in the Earth Hour. Only one local Malaysian bank offering Islamic banking services participated in an International Carbon Disclosure project. Additionally this local bank also reported on the Dow Jones Sustainability Index Score and published separate sustainability reports in 2010, 2011 and 2012 (Table 2).

Table 2: Malaysian GIBs Offering Islamic Banking Services – CSR Activities

Bank Web site	Marketplace	Workplace	Community	Environment
GIB1	Customer satisfaction	Nil	Underprivileged children (day care facility) Safehome Outreach program (education and family support) Donating cheques to charity homes	Nil
GIB2	Customer satisfaction			
GIB3	Needs based banking products and services Quality customer service Relationship building	Nil	Community	Environment mere mention
GIB4	Microfinancing	Better working	School	Tree planting

	Islamic banking standards	environment Staff volunteering work Strong ethical values	enhancements Under privileged Better society	
IB5	Superior products and services Customer relationships Customer complaints and feedback	Reward outstanding performance Training and certifying sales personnel	Support education Local undergraduate scholarship	Nil
GIB6	Comprehensive product information Long-term value for shareholders	Employee volunteering scheme Employee network Flexible work arrangements Online parenting resources Crèches Accessible technical solutions Diversity and inclusion	Microfinancing Partnering with NGOs and other Government organisations Sponsorships Raise awareness of HIV/AIDS Investing in communities	Sustainable economic growth Responsible company

CSR reporting

The nature of CSR reporting varied greatly between LIB and GIB. For example 6 out of the 10 LIB banks, CSR statements and mention of CSR-based activities can be easily accessed from the main website. Additionally for one of the LIB, CSR-related information is intricate within the Chairman’s message. Some of the banks preferred to use the term ‘corporate philosophy’ instead of CSR. The range of CSR messages varied from contributing to better society to growing profitably and responsibility to value creation to stakeholders. Almost all of the LIBs included in this study disclosed the CSR-related information to the general public through easily accessible annual reports. Some of the LIBs attributed greater importance to Shariah governance framework, Malaysian code of corporate governance, code of ethics and code of conduct statements that outline the banks CSR engagement.

Although there is a mention about the CSR-based activities amongst the GIB, information cannot be retrieved until and unless the bank’s global website has been accessed. There is no mention of the CSR statement or the related activities on the respective bank’s Islamic banking website. Two of the GIB’s preferred to use the terms ‘corporate sustainability’ and ‘sustainability statement’ instead of the term CSR. The GIB’s CSR statements largely focused on the sustainability initiatives taken by the banks. Except for one or two GIBs, the location of the annual reports and further pinpointing the CSR-based information seemed to be difficult (Tables 3 and 4).

Table 3: Malaysian LIBs Offering Islamic Banking Services – CSR Reporting

Bank	Board of Directors (BOD)	Vision (V0)	CSR	Publicity
Web site	Shariah Committee (SC)	Mission (M)		
	Management Team (MT)	Core Values (CV)		
		Chairman’s Message (CM)		
LIB1	BOD 4 Males + 1 Female SC 5 Males	V - Customer service M - Sustainable and consistent financial performance Superior customer experience	Corporate Responsibility main website Guided by principles of	Media release

		Engage employees with right values CV – Respect – fair in all matters and valuing the contribution of each individual Integrity – trustworthy & sincere Teamwork – champion team Excellence – to do the right thing	accountability, transparency and sustainability Bursa securities CSR framework Beyond mere philanthropic pursuits Promote sustainable economic development Alignment with core values, mission and vision	
LIB2	BOD 7 Males (1 Chinese) SC 4 Males + 1 Female MT 7 Males + 4 Females	V - Innovative Shariah compliant financial services and solutions M – Innovative Generate profits	Mainly through the Chairman’s message	Press release

		<p>Create value Opportunities for employees Business with integrity Professionalism Good corporate governance principles and practices Delivering trust CM – Human capital development Talent recruitment strategies Retain high performing employees Increase working culture Increase organisation culture Leadership development programme Succession Planning Contribution to CSR initiatives</p>		
LIB3	BOD 9 Males (1 Indian + 2 English + 4 Chinese)	V – Shariah compliant products to customers	CSR from the main bank	Corporate Diary – promotion of

	SC 3 Males + 2 Females	M – Innovative Islamic financial products and services Customer satisfaction Regional and local markets	website CSR Statement Contribute to better society Nation's growth, development and prosperity	various sponsorship activities
LIB4	BOD 8 Males (3 Chinese) SC 5 Males	Core philosophy of excellence	CSR in the main bank website	Global operations – Hong Kong, Singapore, Vietnam
LIB5	BOD 5 Males + 1 Female Sc 5 Males + 1 Female	Core philosophy of value creation	CSR in the Group website CSR statement – aimed at value creation to stakeholders (employees, shareholders, customers, communities)	Press release – contributed RM 100 000 to support national Al-Quran recitation competition

			, partners and suppliers)	
LIB6	BOD 5 Males SC 5 Males	CV – Teamwork – mutual respect and dignity Integrity – honest, professional and ethical Growth – continuous improvement and innovation Excellence & efficiency – outstanding performance, superior service Relationship building – long-term, mutually beneficial partners CM – initiatives to help community Achieve robust and sustainable long-term growth	CSR statement main website Growing profitably and responsibly Dedicate to practice sustainability	Maybank sustainability reports 2010, 2011, 2012
LIB7	BOD – 6 Males (2 Chinese)	CV – Professional (reliability) Respect (empathy) Integrity (ethical) Dynamic (responsive)	CSR philosophy main website	CSR report Focus on customers, community, people and

		Excellence		environment
LIB8	BOD 8 Males (6 Chinese) SC 4 Males + 1 Female	Nil	Code of ethics Corporate governance statement Main website corporate song and logo CSR song Corporate philosophy	Media press release – contribution of RM 100 000 in support of the cardiac surgery and treatment Comprehensive CSR plan
LIB9	BOD 8 Males + 1 Female SC 5 Males + 1 Female MT 19 (5 females, 1 Indian, 1 Foreigner, 2 Chinese)	M – sustainable returns to shareholders Conducive working environment Comprehensive financial solutions Responsible and prudent corporate citizen CV – Leader (reputed products) Dynamic (innovative) Professional (efficient and responsive) Caring (approachable)	Code of corporate governance	Annual report

		<p>and supportive) Trustworthy (dependable and reliable) CS – Malaysian Code of Corporate Governance Code of Ethics Code of Conduct Companies Commission of Malaysia Adhere to BNM Shariah governance framework Integrity, transparency and accountability</p>		
LIB1 0	<p>BOD 10 Males Malay SC 5 Males + 1 Female MT 6 Males (1 Chinese)</p>	<p>V – preferred Islamic banking provider M – deliver best value to stakeholders CV – service orientation Respect Integrity Innovative</p>	<p>CSR statement on the website</p>	<p>Annual report</p>

Table 4: Malaysian GIBs Offering Islamic Banking Services – CSR Reporting

Bank Web site	Board of Directors (BOD) Shariah Committee (SC) Management Team (MT)	Vision (V) Mission (M) Core Values (CV) Chairman’s Message (CM)	CSR	Publicity
GIB1	BOD 5 Males SC 4 Males MT 5 Males	CV – Truth (Shariah compliant, fair and honest, banking relationships on trust) Honour (reliability, efficiency, compliance and professionalism) Respect (customer, irrespective of race, social and religious backgrounds)	CSR on the main website	Annual report
GIB2	BOD 9 Males (2 Foreigners) SC 6 Males MT 9 (2 Females + 1 Indian)	V – Empowering business M – Value-added services New markets for global investment options Invest in HCD Service excellence CV – passion, commitment, integrity	Corporate philosophy	Press release

		CM – Corporate philosophy (values/sincere/relationship/trust)		
GIB3	BOD 6 Males (1 Chinese) + 1 Female Chinese SC 5 Males	Products and services	Encourage active participation of colleagues in the CS initiatives	Annual report Corporate sustainability initiatives
GIB4	BOD 7 Males (1 Irish + 1 Indian) SC 5 Males MT 14 Males (3 Chinese, 1 English) + 1 Female	V – leading and preferred regional Islamic bank M – Financial house of choice for customers, employees and shareholders CV – Customer passion Humanity (communities) Integrity (truth) Excellence Fairness (internal and external partners) Islamic values	CSR statement CSR logo (community, marketplace, workplace and environment) CSR initiatives	Media contact
IB5	BOD 7 Chinese + 2 Malay	CV – Needs and relationship	Bank website	Media release

	SC 5 Males	People with fairness and respect Fair dealing and integrity		
GIB6	SC 3 Males + 2 Females	CV - Saadiq means truthful Islamic banking detailed information Deposit and financing allowances	Sustainability statement Generic global bank website	Press release

CSR communication

The Malaysian LIBs offering Islamic banking services largely emphasised on communicating about their engagement with some sort of CSR-based activity on their web sites. This is evident through a wellcrafted vision and mission statements, clearly defined core values and a highly inspirational chairman’s message. A majority of the Malaysian LIBs on their websites published information about their ambition of being the most preferred Islamic banking provider in the country. This seemed to be supplemented with information related to the offering of Shariah compliant banking products and services. In order to offer reassurance to the client base Malaysian LIBs also repeatedly published information related to the banks sustained financial performance, trusted client engagement and human capital development. A majority of the Malaysian LIBs (7 out of 10) focused on publicising about their CSR-based activities widely through media contacts and press releases. Certain Malaysian LIBs published information through their public relations team.

The Malaysian GIBs offering Islamic banking products and services did not emphasise too much about disclosing their level of CSR engagement on their web sites. Similarly Malaysian GIBs emphasis in publishing about their vision and mission statements, core values or chairman’s message seemed to be limited. The web sites of the Malaysian GIBs focused on being Shariah compliant and highlighted information about the criticality associated with the relationship building and business empowering. A majority of the Malaysian GIBs ignored to publish information about the role of various stakeholders and their relevance in the Islamic banking operations. On par with the Malaysian LIBs, a majority of the

Malaysian GIBs offering Islamic banking products and services also focused on widely publicising about their engagement with the CSR-based activities on their web sites in order to create a positive image (Table 5).

For example, Figure 1 denotes the pictorial description of the sentence count used by the Malaysian local banks offering Islamic banking facilities in terms of their CSR activities, CSR reporting and CSR communication.

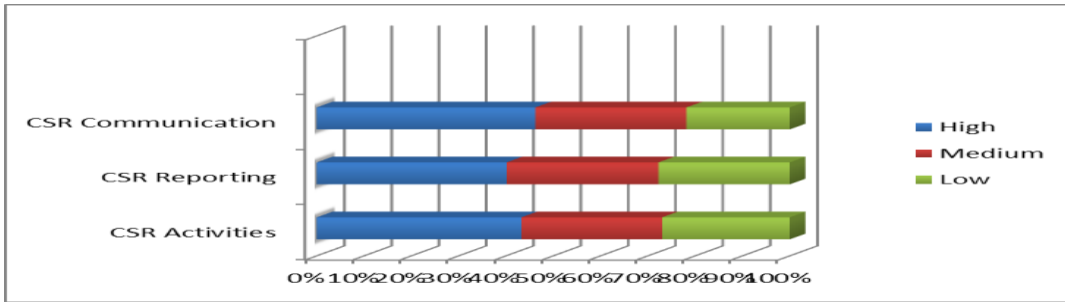


Figure 1: Sentence Count for Type of CSR Engagement in LIBs

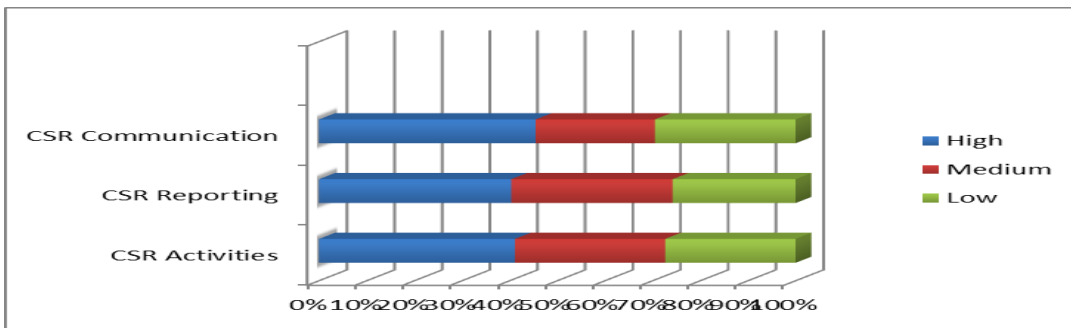


Figure 2: Sentence Count for Type of CSR Engagement in GIBs

For example, Figure 2 represents the presentation of the sentence count used by the Malaysian global banks offering Islamic banking facilities in the form of a bar chart denoting CSR activities, CSR reporting and CSR communication.

CSR board representation

The websites of both LIBs and GIBs depicted that the aspects of equality, inclusion and diversity are underrepresented in terms of their board and management structures. The Board of Directors largely consisted of males with no representation of females except for one foreign Malaysian bank offering Islamic banking services. Male representation to a greater extent is also evident in the management team and the Shariah committees of both Malaysian LIBs and GIBs offering Islamic banking services. The representation of the individuals

from other ethnic backgrounds within the country and/or representation of the members from the international context on the boards are limited.

DISCUSSION

Banking is a service-oriented sector and thus since the banking operations neither deplete the natural resources nor cause harm to the environment, it is not expected that banks need to embed the concept of CSR. However the notion of CSR within the banking context seems to be popular as several banks are involved in outlining their CSR engagement strategies. It is thus anticipated that a majority of the banks tend to engage in CSR-based strategies in order to either gain short-term or long-term profits or even to increase their image within the general public by way of engaging in ad hoc community-based activities [27]. Banks may also be seen to engage in CSR-based activities in order to enhance their brand reputation and also to enhance their recognisability amongst the general public. Results obtained from the content analysis of the banks web sites and annual reports indicated that banks differ largely in terms of the level of importance that they place on the CSR strategies, CSR implementation and CSR engagement.

The Malaysian LIBs and GIBs focused on inundating the websites with market related information such as the general banking information, as well as Islamic products and service offerings. LIBs identified only customers as their important stakeholders thus completely ignoring the roles played by other important stakeholders within the supply chain such as suppliers, employees, investors, general public and the society. Consequently GIBs identified customers and shareholders as the most important stakeholders thus focusing more on the wealth management and profit maximization aspects [28]. Malaysian LIBs and GIBs placed a greater emphasis on engaging with the community related activities on an ad hoc basis thus supporting the various community initiatives through sponsorships and donations. The focus of the LIBs and GIBs on the environmental aspect is minimal. Malaysian banks are not focusing on the sustainability initiatives and environmental management practices [29]. Therefore both LIBs and GIBs operating within the Malaysian context need to focus on improving the supply chain by outlining relevant strategies that actually benefit the various stakeholders. Malaysian banks may need to move from the shareholder perspective to the stakeholder approach. Efforts to streamline the LIBs and GIBs community involvement and environmental sustainability will enhance the banks goodwill, acts and deeds amongst the general public. Malaysian banks need to be pragmatic and act to embed holistic measures to channel their CSR activities in order to reap long-term benefits.

The disclosure of the information in the banking sector is critical as it allows for building trust and generating confidence that are vital for a service-oriented business. In terms of the CSR reporting, both LIBs and GIBs operating within

Malaysia exhibited differences. Malaysian LIBs disclosed information about their CSR engagement on their Islamic banking website and the annual reports. The information related to the CSR activities and CSR reporting in case of the Malaysian LIBs seemed to be easily identifiable and accessible by the outsiders. On the contrary the location, retrieval and accessibility of the CSR related information from the Malaysian GIBs web sites and annual reports seemed to be difficult for the outsiders. Both LIBs and GIBs largely focused on publicising the information related to their engagement with the local communities and the community initiatives in their reports. Although it is important for both LIBs and GIBs operating in Malaysia to publish information related to their community engagement and community initiatives, it is equally important to not to ignore to report about the banks engagement in other CSR-based activities. Malaysian banks need to familiarise themselves on the various components of CSR and thus make a strategic decision about the reporting process [30]. Malaysian banks also need to focus on enhancing the technical aspects such as navigation, graphical content, accessibility, fastness and retrieval of the information by the general public from the web sites, annual reports and CSR reports in order to foster transparency and accountability.

Malaysian banks seem to ignore the principles of equality, diversity and inclusion. Similarly Malaysian banks seem to ignore the association between the concept of CSR and the social dimension of equality, diversity and inclusion as reflected in their management and board structures. Malaysian LIBs and GIBs board representation, management team structure and Shariah committees tended to be highly male dominated and lacked representation from different ethnic backgrounds. The banks should focus on developing strategies to recruit more females and individuals from different ethnic backgrounds to represent on their boards and management teams. Malaysian banks need to strategically focus on embedding the concepts of gender equality, diversity and ethnic inclusivity in order to foster best CSR engagement practices.

Although certain categories of CSR related to the marketplace and community are well publicised and well embedded by the Malaysian LIBs and GIBs, emphasis on workplace related aspect seems to be largely neglected. Malaysian banks offering Islamic products and services need to focus on strategically focus on formulating effective strategies that foster employees and the workplace. Employee well-being and appropriate employee retention is critical for attaining the business goals and long-term benefits [31]. Therefore Malaysian banks need to focus on enhancing the employees' morale towards their employer in order to increase their job performance [32]. The impact of placing a greater emphasis on the workplace will reduce the operating costs for banks by saving on the training and recruiting the new employees as businesses realise that acquisition of new employees costs more than retaining the existing employees.

It is evident that the Malaysian LIBs and GIBs focus alike in publicising about

their ad hoc engagement in community-based initiatives as well as offering their support to the community-based activities. The publicity of the CSR-based information is closely linked to the long-term benefit of generating profits and in creation of brand reputation [33]. Banks' engagement in charitable deeds seems to be within their self-interest and promote win-win situation whereby substantial long-term financial benefits are expected to promote the company. Thus the greater focus of the Malaysian GIBs on wealth creation and profit maximisation aspects relate to the instrumental theories. The relevance of the ethical theories is evident in terms of the banks disclosure of CSR information and the mention of ethical frameworks. However the extent of integration of the CSR activities with the ethical framework seem to vary between Malaysian LIBs and Malaysian GIBs offering Islamic banking products and services. The extent of integration with the ethical theoretical framework is greater for Malaysian LIBs offering Islamic banking in comparison to Malaysian GIBs offering Islamic banking products and services. The relevance of the political theories seemed to be less important for both Malaysian LIBs and GIBs offering Islamic banking services. Integrative theories seem to be embedded within the Malaysian LIBs offering Islamic banking than in Malaysian GIBs offering Islamic banking services.

CONCLUSION

The extent and engagement of the Malaysian LIBs and GIBs in CSR-based activities and practices is explored in this study. Evidently both Malaysian LIBs and GIBs are engaging in broader CSR-based activities. However, significant differences occur in terms of their extent of CSR engagement and the relevant importance that they attribute to various categories of CSR involvement. The emphasis placed on the marketplace and community categories is greater compared to the workplace and environment categories. The level of understanding about the stakeholder concept by LIBs and GIBs seems to be varied as LIBs placed greater emphasis on client engagement practices and GIBs focused on wealth management and profit maximisation processes. Similarly the extent of CSR-based reporting, disclosure of information to the general public and CSR-based communication varies greatly between LIBs and GIBs. Both LIBs and GIBs operating in Malaysia ignored to embed information related to equality and diversity on their boards, management teams and Shariah committees. This research paper suggests that there exists a need for these Malaysian LIBs and GIBs to work towards embedding a holistic and integrated model of CSR in order to fill out the identified gaps. The limitation of this study is that it has taken into account only the local and global Malaysian banks offering Islamic banking products and services and therefore the results obtained from this study cannot be generalised. It is important to extend this study by including other financial institutions offering Islamic banking services in Malaysia and to explore whether or not they differ in terms of their CSR engagement strategies. Various stakeholders' perceptions about the extent of CSR engagement within the conventional banking and Islamic banking systems can be further explored in

order to gain more insights about the strategic orientation of CSR to the business practice.

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