

Institutional Corporate Social Responsibility (CSR) Practices: The Influence of Leadership Styles and Their Perceived Ethics and Social Responsibility Role

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ABSTRACT

This paper investigates leader's perceptions of ethics and social responsibility (PRESOR) on organisation's institutional CSR practices. The results indicate that while the managers in this study perceive that ethics and social responsibility play an important role in determining the organisation's long-term and short-term gains, they do not think that ethics and social responsibility are the only important factors in determining firm's profitability and survival, as indicated by the non-significant results of the PRESOR (social responsibility and profitability) dimension. Another objective was to determine the types of leadership style in influencing the adoption and practices of CSR. As oppose to many previous studies, the results indicate that among the leadership styles, transactional leadership influences institutional CSR practices, while transformational leadership does not. This finding implies that for CSR practices to be implemented, leaders need to use rewards, rules and regulations in a Malaysian context. In other words, in order to institutionalise CSR practices in Malaysia, corporations should start by introducing extrinsic incentives.

Keywords: Corporate Social Responsibility, Intuitional Practices, PRESOR, Leadership

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INTRODUCTION

Although Corporate Social Responsibility (CSR) is rapidly becoming a worldwide phenomenon, Malaysia-listed corporations are far behind international standards when it comes to implementing CSR practices, with nearly two-thirds of those surveyed

ranked between poor and average (Ng, 2008). Following the definition provided by the World Business Council for Sustainable Development (1998), we define CSR as the commitment of businesses to contribute to sustainable economic development, working with employees, their families, the local community, and society at large, to improve their quality of life. CSR is not new in Malaysia, but more commitment from the majority is needed to achieve a sustainable environment in the near future (Lo & Yap, 2011). The Malaysian government has put much effort into promoting CSR practices. This can be observed through the incorporation of CSR practices under the Transformation Plan for Government Linked Companies (GLC), the 9th Malaysia Plan 2006-2010 and the National Budget. Apart from that, the incorporation of CSR is also integral to achieving the strategic objectives of the National Integrity Plan. Furthermore, the Malaysian Security Commission views CSR as part of corporate governance as CSR will strengthen the framework of good corporate governance (Abdul Hamid & Atan, 2011).

An awareness of CSR is important among corporate leaders. The Malaysian Code on Corporate Governance 2012 (Securities Commission Malaysia, 2012), under Recommendation 1.4, states that the board should ensure that the company's strategies include promoting the sustainability of Environmental, Social, and Governance (ESG). Balancing ESG aspects with the interests of various

stakeholders is essential to enhance investor perception and public trust (Securities Commission Malaysia, 2012). Corporate leaders have to be fully aware of CSR trends and realise the significance of CSR in industry and its influence on their businesses. However, different leadership styles may lead to different CSR practices among organisations.

WHY CSR?

Previous studies have determined the major factors contributing to the increase of CSR reporting. These factors include investors who show their concern over social responsible investment and their influence on corporate behaviour (ACCA Malaysia, 2006; Friedman & Miles, 2001), stakeholders such as employees and customers (Belal & Owen, 2007; Day & Woodward, 2004; Harris, 2007), competitive advantage-base (Finch, 2005) and the intention of enhancing corporate image and reputation, and maintaining their visibility or public profile (Branco & Rodrigues, 2006; Campbell *et al.*, 2006; Leventis & Weetman, 2004). Apart from the drivers mentioned above, very few studies have been conducted to examine how leadership styles contribute to good CSR practices. However, according to a study of Malaysian managers and executives conducted by Abdul Rashid and Ibrahim (2002), on whether an organisation is committing good CSR practice depends on the leaders in that organisation. Leadership styles, as a whole, lead employees to work effectively (Limsila & Ogunlana,

2008) because people respond well to appropriate types of leadership. Hence, the leaders' perception of CSR is important in determining the organisation's CSR practices because leaders play an important role in formulating and implementing CSR initiatives within the organisation.

Leaders are characterised by the leadership styles they possess, which in turn affect their ethical decision-making in formulating and implementing CSR strategic plans. There are very few empirical studies available that have examined how specific ethical values are associated with transformational and transactional leadership styles. Groves and LaRocca (2011) mentioned that leaders showed increasing attention to CSR by way of influencing their followers' perceptions to the importance of ethics and CSR for organisational effectiveness. The same study by Groves and LaRocca (2011) conducted in California, USA, revealed that transformational leadership was associated with followers' belief in the stakeholder's view of CSR. However, no study has been conducted in Malaysia that explores the extent to which leadership styles (transformational and transactional leadership) affect institutional CSR practices. In this study, the term *institutional CSR practices* refers to a firm's CSR activities in the community and the environment, such as giving back to local communities through education, culture, and incorporating environment concerns within their business decisions (Du *et al.*, 2012).

LEADERSHIP AND CSR

Leadership styles can be divided into transformational and transactional leadership. Transformational leaders are those who seek to satisfy the higher motives of employees and engage the full person in order to elevate them (Bass & Avolio, 2000; Minett *et al.*, 2009) and these leaders stress upon self-sacrifice for the long-term good of the larger group or collective (Bass, 1998). However, a transactional leader is one who exchanges one thing for another (e.g., bonus for work or promotion for satisfactory completion of an assignment) (Bass & Avolio, 2000; Minett *et al.*, 2009). The relationship between transformational leadership and CSR was examined by Luu (2012), Waldman *et al.* (2006), Egri and Herman (2000), Tongkachok and Chaikeaw (2012), and Shahin and Zairi (2007). All these research findings implicate that transformational leadership is significantly associated with CSR, although Luu (2012) and Waldman *et al.*, (2006) further stated that transformational leaders engaged the firm in strategic rather than social CSR. In addition, previous studies (e.g., Du *et al.*, 2012; Groves & LaRocca, 2011) showed that transformational leadership was associated with altruistic ethics, while transactional leadership was associated with utilitarian ethics. This finding is similar to Luu's (2012) findings, which showed that transactional leadership correlated with legal and economic CSR, i.e., transactional leaders tend to support CSR practices when these practices increase the product quality and safety and when

such practices emphasise organization's primary stakeholders. Based on the literature reviewed (e.g., Shahin & Zairi, 2007; Du *et al.*, 2012; Luu, 2012; Egri & Herman, 2000; Waldman, *et al.*, 2006), it can be concluded that leadership styles do play an important role in socially responsible organisations. Hence, understanding the differences between a manager's leadership styles becomes important because such styles can be adopted to encourage organisations to be more socially responsible (Shahin & Zairi, 2007).

An organisation that emphasises a proper conduct of CSR certainly has to get their leaders to align their CSR decision-making with the company's values and continually refine this process of purpose-seeking. It is quite impossible to have a socially responsible organisation without socially responsible managers who are willing to promote and implement CSR activities for the benefit of the organisation, as well as its stakeholders. In fact, it is the organisation's top managers who will inculcate ethics and social responsibility attitudes and behaviour among their employees and initiate the implementation of CSR practices in organisations. To achieve this, managers and organisation's top management must first perceive ethics and social responsibility as important before their behaviours are likely to become more ethical and reflect greater social responsibilities. With this,

managers' perception of the importance of ethics and social responsibility (PRESOR) serves as one of the drivers pushing the implementation of CSR activities in order to increase organisational effectiveness, reputation and long-term profitability. In Malaysia, there are very few studies focusing on the influence of the perceived role of ethics and social responsibility of CSR practices, as compared to the West. The study of manager's perceived role of ethics and social responsibility (PRESOR) towards CSR practices from a non-Western context will add to the literature on individual's perceptions of ethics and social responsibility literature. In order to accomplish this, three Research Questions (RQ) were formulated for the purpose of this study:

RQ 1: Does transformational leadership affect institutional CSR practices?

RQ 2: Does transactional leadership affect institutional CSR practices?

RQ 3: How does the perceived role of ethics and social responsibility affect the organisation's institutional CSR practices?

CONCEPTUAL FRAMEWORK AND HYPOTHESES

The influence of leadership styles (transformational and transactional) and the perceived role of ethics and social responsibility in determining institutional CSR practices are represented in the conceptual framework in Fig.1 below.

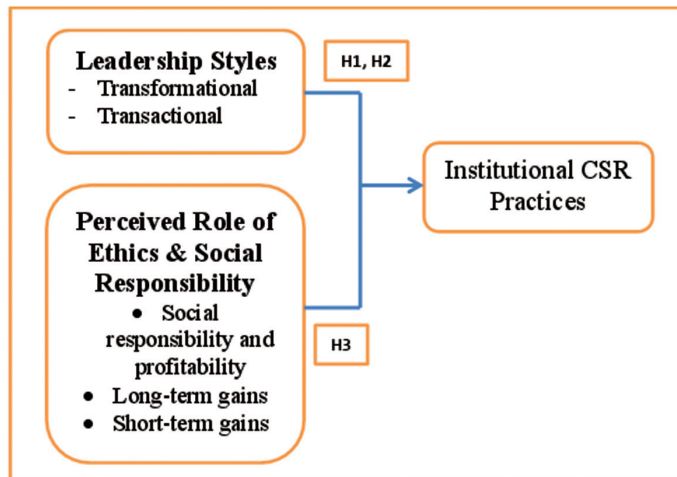


Fig.1: The conceptual framework

The dependent variable of institutional CSR practices is influenced by two independent variables of leadership styles (transformational and transactional) and perceived role of ethics and social responsibility. As mentioned previously, *institutional CSR practices* refer to a firm’s CSR activities in its community and environment domains. These activities include giving back to local communities through education and culture, and incorporating environment concerns within its business decisions (Du *et al.*, 2012). A *transformational leader* is a leader who seeks to satisfy the higher motives of his/her employees and engages the full person in order to elevate them. Meanwhile, a *transactional leader* is one who exchanges one thing for another (e.g., bonus for work or promotion for satisfactory completion of an assignment) (Bass & Avolio, 2000; Minett *et al.*, 2009).

Perceived role of ethics and social responsibility (PRESOR), as defined by Vitell *et al.* (2003), is the extent to which one

believes that ethics and social responsibility are important to an organisation’s long-term effectiveness. There are three dimensions to PRESOR. The first dimension is “social responsibility and profitability”, which describes the importance of ethics and social responsibility in the organisation’s profitability and competitiveness. An individual who is high on this dimension tends to believe that ethics and social responsibility play important roles in the firm’s profitability and survival. The second dimension, “long-term gains”, measures the perceived importance of ethics and social responsibility in relation to long-term gains such as profitability and the overall effectiveness of the firm and employee morale. An individual who scores high on this dimension believes that ethics and social responsibility is important for the long-term success of a firm. The third and final dimension measures “short-term gains”, which are the roles of ethics and social responsibility in relation to the efficiency of the firm,

stockholders happiness, and making profits by any means. Individuals who score high on this dimension believe that ethics and social responsibility are also important in achieving the firm's short-term gains.

Based on the previous literatures (Luu, 2012; Egri & Herman, 2000; Waldman, *et al.*, 2006; Tongkachok & Chaikeaw, 2012; Shahin & Zairi, 2007), it is expected that transformational leadership will affect institutional CSR practices. Leadership characteristics have been found to be a catalyst in implementing institutional CSR (Du *et al.*, 2012) because transformational leaders have a broader view of an organisation and tend to exhibit higher levels of ethical development (Vera & Crossan, 2004). Hence, they play an important role in facilitating institutional CSR practices. Based on this explanation, it was hypothesised that:

H1: There is a significant relationship between transformational leadership and the implementation of institutional CSR practices.

On contrary, some studies (e.g., Luu, 2012; Szekely & Knirsch, 2005) found that transactional leaders do influence CSR practices. This is because their leadership style often maintains the status quo within an organisation rather than promoting change, as they focus on the present and excel at keeping an organisation running smoothly and efficiently (Daft, 1999). However, when there is a commitment from the management to develop sustainability practices, and incentive systems are introduced by the leaders to

push for the adoption of such practices (Szekely & Knirsch, 2005), transactional leaders commit to follow the rules and goals set, and demonstrate contingency rewards by clarifying their expectation on their followers and offering recognition of rewards when goals are achieved (Groves & LaRocca, 2011). Hence, the following hypothesis is suggested:

H2: There is a significant relationship between transactional leadership and the implementation of institutional CSR practices.

In this study, it was expected that leaders' or managers' perceived roles of ethics and social responsibility influenced institutional CSR practices (Jung & Pennington-Gray, 2011). This was because managers with higher levels of perception on the importance of ethics and social responsibility would result in more positive attitudes towards such practices, and consequently, such positive attitudes would encourage organisations where these managers were based to execute better institutional CSR practices (Godos-Diez *et al.*, 2011). It would therefore be expected that all three dimensions of PRESOR (i.e., social responsibility and profitability, long-term gains, and short-term gains) would have a positive relationship to institutional CSR practices. With this, the following hypothesis is suggested:

H3: There is a positive relationship between the manager's perception of the roles of ethics and social responsibility (PRESOR) and institutional CSR practices.

METHODOLOGY

This study adopted a positivist paradigm and hence, a deductive approach (quantitative) to assess the role of leadership and the perceived ethical and social responsibility in organisational effectiveness on institutional CSR practices. A research questionnaire was designed to capture data on the respondents' leadership styles, their perceived roles of ethics and social responsibility, and the institutional CSR practices carried out by their organisations. The questionnaire was divided into five sections, whereby the items of the first three sections measured the three variables of this study. The instrument of each variable was developed based on the established measurement scales from the previous studies.

Measurement Scale

Three measurement scales (i.e., Sections A, B, and C) were used to capture the three variables using a 5-point Likert scale. These included: Section A - leadership style by The Multifactor Leadership Questionnaire (MLQ) (Bass & Avolio, 2000), which consisted of 24 questions (16 questions on transformational leadership and 8 questions on transactional leadership); Section B - perceived role of ethics and social responsibility using 16 items in the PRESOR scale by Singhapakdi *et al.* (1996); Section C - institutional corporate social responsibility practices by a list of 12 items developed by Du *et al.* (2012); and Section D - the Marlowe-Crowne Social Desirability Scale (MCSD) developed

by Crowne and Marlowe (1960). The Marlowe-Crowne Social Desirability Scale (MCSD) was included in this study's questionnaire to assess whether the respondents responded truthfully or provided socially correct responses in order to "look good." Section E contained questions to obtain the respondents' demographic data.

Respondents

Klang Valley was chosen as the research area because Selangor and Kuala Lumpur were the two states that contributed significantly to the Malaysian economy in terms of GDP (Department of Statistics Malaysia, 2012) and because the link between CSR and GDP was firmly established in some previous studies (e.g., Boulouta & Pitelis, 2014; Zadek, 2006). Selangor was the most significant contributor to the nation's GDP with 23.5 percent, followed by the Federal Territory of Kuala Lumpur at 15.2 percent.

The unit of analysis for this study was managers who had worked in their companies for more than six months. This was to ensure that the respondents were generally experienced and familiar with the CSR activities of their present organisations. A list of companies operating in the Klang Valley was obtained from the Companies Commission of Malaysia. The human resource manager for each organisation was contacted and the purpose of the study was explained to them. After obtaining their consent, a questionnaire pack was sent to the respective human resource managers who

distributed them to the managers in their organisations who fulfilled the criteria listed by the researcher. Each questionnaire was attached with a brief introduction of the study to encourage participation and to clarify any doubts. The anonymity of respondents was emphasised to ensure a good response rate and honest responses. Questionnaires were e-mailed to managers who requested a softcopy version of the questionnaire. A total of 150 paper-based and 100 electronic questionnaires were distributed. Meanwhile, 70 (or 46.6percent) usable paper-based questionnaires were received and 82 (or 82percent) usable email questionnaires were collected after one month of data collection.

DATA ANALYSIS AND RESULTS

This section presents the respondent’s demographic profiles, reliability results of the measurement items, and the multiple regression results of the study.

Respondent’s Demographic Profiles

The respondents’ profiles are shown in Table 1. There were 66 male (43.4 percent) and 86 female respondents (56.6 percent). Eighty six respondents were in the age group of 20–30 (56.6 percent), 52 respondents were in the age group of 31–40 (34.2 percent), 10 respondents were in the age group of 41–50 (6.6 percent), and only 4 respondents were in the age group of above 50 (2.6 percent). In terms of ethnicity, the majority of the respondents are Malaysian-Chinese managers (80.9 percent), followed by Malay managers (9.9 percent), Malaysian-Indian managers (7.9 percent), and 1.3 percent constituted the indigenous *Kadazan dusun* and *Iban* managers. In terms of years of working experience, 74.3 percent of the respondents fell into the range of between 1–10, 32 respondents (or 21.1 percent) had between 11–20, and 7 respondents (4.6 percent) had more than 20.

TABLE 1
Respondent’s Demographic Profiles (N = 152)

Profile	Frequency	Percentage (%)
Gender		
Male	66	43.4
Female	86	56.6
Age		
20 – 30	86	56.6
31 – 40	52	34.2
41 – 50	10	6.6
>50	4	2.6
Ethnicity		
Malay	15	9.9
Chinese	123	80.9
Indian	12	7.9
Others (Kadazandusun and Iban)	2	1.3

Profile	Frequency	Percentage (%)
Marital Status		
Single	94	61.8
Married	56	36.8
Divorced/Widowed/Separated	2	1.4
Highest education completed		
Secondary School	8	5.3
Certificate/Diploma	12	7.9
Undergraduate degree	72	47.4
Postgraduate degree	60	39.4
Years of working experience		
1 – 10	113	74.3
11 – 20	32	21.1
>20	7	4.6
Years of service at the present organisation		
1 – 5	113	74.3
6 – 10	26	17.1
11 – 20	8	5.3
>20	5	3.3
Size of Organisation (number of employees)		
1 – 50	34	22.4
51 – 100	19	12.5
101 – 200	13	8.6
201 – 300	14	9.1
301 – 400	8	5.3
>400	64	42.1
Level/ Designation		
Manager	135	88.8
Senior Manager	11	7.2
Director	4	2.6
Senior Director	1	0.7
Vice President	1	0.7
Department		
Human Resources	18	11.8
Finance & Accounts	29	19.1
Purchasing	11	7.2
Marketing	22	14.5
Logistic Management	2	1.3
Others	72	46.1

Reliability Results

Cronbach alpha's reliability test was conducted to assess the reliability of the measurement scales used in this study. Cronbach's alpha for all the variables was obtained and are summarised in Table 2. Based on the results, all the variables in this study were considered as

reliable (leadership styles, PRESOR, and institutional CSR practices). The reliability for PRESOR, i.e., the 'social responsibility and profitability' was $\alpha = 0.60$. However, this is still considered as acceptable since it fell into the acceptability range of between 0.60–0.70, as suggested by Hair *et al.* (2003).

TABLE 2
Reliability Results

Variables	Cronbach's alpha	Number of Items
Leadership Styles		
- Transformational	0.85	16
- Transactional	0.81	8
Perceived roles of ethics and social responsibility (PRESOR)		
- Social responsibility & profitability	0.60	3
- Long-term gains	0.79	7
- Short-term gains	0.74	6
Institutional CSR practices	0.86	12
Social Desirability	0.71	10

The Findings

Multiple regression analysis was used to test the three hypotheses. Referring to Table 3, the adjusted R square is 0.534. This implies that 53.4 percent of the variance on the institutional CSR practices is explained

by the independent variables of leadership styles (transformational and transactional) and PRESOR. The results in Table 3 also indicate that the model reached statistical significance ($F = 29.81$, $p = 0.00$).

TABLE 3
Regression Analysis

Variables	Standardized Coefficients	Significance
Transformational Leadership Style	0.107	0.207
Transactional Leadership Style	0.241	0.011
Social Desirability	0.005	0.924
PRESOR: Social Responsibility Profitability	0.058	0.488
PRESOR: Long-Term Gains	0.226	0.029
PRESOR: Short-Term Gains	0.213	0.031
F	29.81	0.00
Adjusted R Square	0.534	

As can be seen in Table 3, transactional leadership (Beta = 0.241, p = 0.011), PRESOR (long-term gains) (Beta = 0.226, p = 0.029) and PRESOR (short-term gains) (Beta = 0.213, p = 0.031) significantly influence institutional CSR practices. From the standardised coefficient values, transactional leadership makes the strongest unique contribution in explaining a company’s engagement in institutional CSR practices. The p-value for social desirability (p = 0.924) indicates that the respondents did not engage in impression management when answering the questions.

Interestingly, transactional leadership (Beta = 0.241) has a positive influence on the organisation’s engagement in institutional CSR practices; whereas, transformational leadership did not (Beta = 0.107, p = 0.207). Hence, hypothesis H1 was not supported at p < 0.05 level, but hypothesis H2 was. This result contradicts the findings

of some previous studies (e.g., Luu, 2012; Egri & Herman, 2000; Waldman *et al.*, 2006; Tongkachok & Chaikew, 2012; Shahin & Zairi, 2007).

Based on the data given in the same table, the p-value of the first dimension of PRESOR (i.e., social responsibility and profitability) is 0.488, indicating that “social responsibility and profitability” is not a significant predictor for institutional CSR practices. It is also clear from the data that only PRESOR (long-term gains) (Beta = 0.226, p = 0.029) and PRESOR (short-term gains) (Beta = 0.213, p = 0.031) significantly affected institutional CSR practices. Hence, hypothesis H3 was partially supported at p < 0.05 level.

Table 4 presents a summary of the study’s statistical results. Of the three hypotheses, H1 is not supported, but H2 is supported, while H3 is partially supported since factor 1 is not supported.

TABLE 4
Summary of the Results

Hypotheses	Beta Value (p-value)	Hypothesis Supported (Yes/ No)
H1: Transformational leadership would have a positive significant relationship on institutional CSR practices.	0.107 (0.207)	No
H2: There is a significant relationship between transactional leadership and the implementation of institutional CSR practices.	0.241 (0.011)	Yes
H3: There is a positive relationship between perceived role of ethics and social responsibility (PRESOR) and institutional CSR practices.		
Factor 1: Social responsibility and profitability	0.058 (0.488)	No
Factor 2: Long-term gains	0.226 (0.029)	Yes
Factor 3: Short-term gains	0.213 (0.031)	Yes

DISCUSSION AND IMPLICATIONS OF THE RESEARCH

Managers' perceived ethics and social responsibility is important to the long-term and short-term gains of any organisation. The results of the study showed PRESOR (short-term gains) as a significant predictor of institutional CSR practices. In many studies (e.g., Shafer & Simmons, 2008; Godos-Diez *et al.*, 2011; Singhapakdi *et al.*, 1996), "short-term gains" refer to the stockholders' view. The managers in this study might view that the implementation of CSR practices leads to short-term gains for their firms as it keeps the stockholders happy. It also seems to be very encouraging that the managers in this study perceived ethics and social responsibility as being important to the firm's long-term gains and success, and the overall effectiveness of the firm and employee morale. However, while the results seem to suggest that the managers in this study perceived that ethics and social responsibility play an important role in determining their organisation's long-term and short-term gains, they did not think that ethics and social responsibility were the only important factors in determining their firm's profitability and survival (as indicated by the non-significant results of the PRESOR [social responsibility and profitability] dimension).

Based on the results obtained, one way to encourage Malaysian firms to implement CSR practices is to emphasise the long-term (i.e., the long-term effectiveness and success of a firm with increased employee morale) and the short-term gains (i.e.,

increasing stockholders' satisfaction over the short-term). Such information can be used by the Malaysian Association of Certified Public Accountants (MACPA), the Malaysian Institute of Accountants (MIA), and the Association of Certified Chartered Accounts (ACCA) in Malaysia to encourage their members to engage in CSR practices. These three institutions have played important roles in promoting CSR among Malaysian firms by organising the annual National Corporate Social Reporting Awards (NACRA) and the Malaysia Sustainability Reporting Awards (MaSRA) for the last decade. However, more can be done to increase the level of CSR practices among firms in Malaysia. One such way would be for these institutions to explain the short-term and long-term benefits of CSR to their members.

This study also serves as empirical evidence to support the positive relationship between transactional leadership and institutional CSR practices. As opposed to many previous studies, this study shows that transactional leadership plays an important role in promoting institutional CSR practices in the Malaysian context. This study contributes to the limited study in measuring and supporting the influence of transactional leadership towards CSR practices (Szekely & Knirsch, 2005; Groves & LaRocca, 2011). Although previous studies such as Luu (2012), Waldman *et al.* (2006), Egri and Herman (2000), and Tongkachok and Chaikeaw (2012) have shown that transformational leadership has

a significant influence on CSR; the results of this study seem to imply that in order to encourage Malaysian firms to implement CSR practices, managers would need to engage in transactional leadership which emphasises the use of rewards, rules and regulations. Szekely and Knirsch (2005) mentioned that transactional leadership relates to CSR through a 'system of incentives'; where leaders secure the commitment of their firm's management and followers by developing a system of incentives to reward their leaders and followers, at all levels, who develop and push forward for the adoption of sustainability practices. In Malaysia, the relationship between transactional leadership and institutional CSR can be dependent on the degree of transactional leaders utilising a system of incentives; or in other words, to use rewards in promoting institutional CSR practices. Therefore, to encourage firms to engage in CSR practices, managers should design rewards and incentives that are CSR related. For example, salary increments that are based on an individual's participation in CSR activities and performance appraisal measurements that have items tied to CSR-based activities. This supports Aronson's (2001) view that transactional leaders are effective in organisations that are structured around impersonal rules connected to well-delineated tasks and goal setting, and where rewards are dependent upon specific results.

According to Carroll (1979), transactional leadership is a form of

leader-member exchange that tends to relate to economic CSR and legal CSR, which requires the organisation and the organisation's members to maximise profitability, as well as observe legal framework. Because transactional leaders tend to focus on the profitability of the organisation, and at the same time, comply with legal requirement (Bass & Avolio, 2000), it would probably be true to say that many Malaysian firms also engage in CSR practices, probably to comply with legal requirements set by various government agencies. In the Malaysian context, Vision 2020 targets Malaysia as a fully developed country with an emphasis on environmental sustainability. In addition, with the implementation and reporting of CSR activities by listed companies in order to comply with the rules and regulations of the Bursa Malaysia Listing Requirement (BMLR), as well as the Malaysian Code on Corporate Governance 2012 (Securities Commission Malaysia, 2012), organisation leaders need to report CSR practices in their annual reports. In this study, the CSR practices include both technical CSR (e.g., enhancements of product quality and safety) and institutional CSR (e.g., community services, proper waste management, and donations). In order to comply with BMLR and MCCG, transactional leaders will need to be committed and follow rules and regulations of BMLR and MCCG in order to ensure compliance and work towards achieving the goals by articulating explicit agreements, by giving rewards and incentives to the organisational members

for their CSR pursuit. In addition, since transactional leaders provide constructive feedback to keep their members on track throughout the execution of institutional CSR practices, by closely monitoring and tracking errors to avoid mistakes (Bass & Avolio, 2000), the criteria used in awards such as the Prime Minister's CSR Award, and the NACRA and MaSRA awards can serve as guidelines to provide feedback to employees and top management regarding their firm's CSR performance and to use the winners of these awards as benchmarks to improve the firm's CSR engagement.

CONCLUSION

In an organisation, managers are largely responsible for CSR practices. This study provides several insights to managers on mapping managerial strategies on how transactional leadership style can further enhance the institutional CSR practices of an organisation. In order to increase the CSR practices of an organisation, transactional leaders should determine and maximise mutual interests between stakeholders and their organisation by making sure that the expected goals are achieved. This study found that transactional leadership style is suited to implementing and deriving business benefits from socially responsible practices.

Furthermore, institutional CSR activities are influenced by long-term and short-term gains; meaning that managers should emphasise how CSR can improve overall organisational effectiveness and employee morale; for instance,

by celebrating the accomplishment of objectives achieved, such as conducting community services like environmental projects to the community. In addition, in terms of short-term gains; managers should emphasise the stockholders' satisfaction in encouraging the organisations' engagement in institutional CSR.

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