



AENSI Journals

Australian Journal of Basic and Applied Sciences

ISSN:1991-8178

Journal home page: www.ajbasweb.com



Internal Corporate Social Responsibility: An Overview

Low Mei Peng

Universiti Tunku Abdul Rahman, Faculty of Accountancy and Management, Bandar Sungai Long, 43000 Kajang, Selangor, Malaysia.

ARTICLE INFO

Article history:

Received 25 July 2014

Received in revised form

8 July 2014

Accepted 15 September 2014

Available online 17 October 2014

Keywords:

Internal Corporate Social Responsibility, CSR evolution, Employee

ABSTRACT

Background: Corporate Social Responsibility (CSR) has been heavily discussed in the academic research since the last decade. Despite the development of CSR, focus of CSR activities on employees has remained largely neglected. **Objective:** This paper aims to look into the evolution and development of CSR, linking to write the employee, being the internal stakeholder. **Results:** The review shown that there were efforts trying to understand and examine internal CSR, however, a common and well established measures for internal CSR is still lacking. Instead of a well-defined measure, internal CSR is being assessed through the practices adopted by organisations. **Conclusion:** The paper provide a basis to further investigate the role of internal CSR in any organisation to reap the benefits of it through employees.

© 2014 AENSI Publisher All rights reserved.

To Cite This Article: Low Mei Peng., Internal Corporate Social Responsibility: An Overview. *Aust. J. Basic & Appl. Sci.*, 8(16): 18-29, 2014

INTRODUCTION

Corporate Social Responsibility (CSR) has gained its attention and popularity since the last decade. The precursor to CSR was topic of charitable giving, which had been in existence since 1980s. CSR is not a new concept in the field of management. Today, CSR has evolved to a business concept that had been accepted widely. Business corporations are focusing on CSR due to tremendous pressures from the society. Consumers are becoming more demanding as a result of increased awareness of green product and buying from companies that do not harm the environment. Therefore, when corporations can deliver what are needed and required by consumers, CSR can emerge as strategic advantage to the corporations (Hopkins, Roche & Hopkins, 2008; D’Souza, Taghian, Lamb, & Peretiatkos, 2006; Englehardt & Simmons, 2002; Mebratu, 2001). More significantly, the society has started to believe that corporations must operate in a different way as compared to the past. The presence of expectation-reality gap between the society and business corporations has driven corporations to look into CSR seriously. The public’s expectation that business corporations shall operate in the society’s best interest had grown rapidly (McElhaney, 2009). Hence, developing a CSR sound strategy can help corporations remain competitive, expanding market share and enhance customer loyalty (D’Souza, Taghian, Lamb, & Peretiatkos, 2006). Due to its countless benefits and development, CSR has become an increasingly salient feature of business and the environment, to which managers are expected to respond, it has acquired status within management education and research (Pfeffer & Fong, 2004; Starkey, Hatchuel, & Tempest, 2004).

CSR: Definition and its Related Themes:

Generally, the term “CSR” is derived from corporations that are fulfilling their social responsibilities by their active involvement in helping resolve societal issues (Dowling, 2004; Mercer, 2003). CSR aims to affect the stakeholders positively and go beyond the corporations’ economic interest. Despite numerous efforts to provide a clear definition of CSR, there is still uncertainty in both corporate and academic world as to how CSR should be defined. Therefore, there is no common definition of CSR.

Dahlsrud (2008) attempted to define CSR with in-depth analysis of 37 definitions of CSR gathered through literature reviews covered a time span from 1980 to 2003. The table below displays Dahlsrud (2008) analysis with the source of definition, and which dimension of each definition was categorized:

| Definition source | Definition | Dimensions |
|-------------------|---|------------------------------|
| Jones, 1980 | CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may | Voluntariness Stakeholder |

Corresponding Author: Low Mei Peng, Universiti Tunku Abdul Rahman, Faculty of Accountancy and Management, Lot PT 21144, Jalang Sungai Long, Bandar Sungai Long, Cheras, 43000 Kajang, Selangor, Malaysia.
Ph: 603-90194722 E-mail: lowmp@utar.edu.my

| | go beyond mere ownership | |
|--|--|---|
| Frederick, Post, Davis, 1992 | Corporate social responsibility can be defined as a principle stating that corporations should be accountable for the effects of any of their actions on their community and environment | Stakeholder Social Environmental |
| Reeder, 1994 | An all encompassing notion, [corporate] social responsibility refers to both the way a company conducts its internal operations, including the way it treats its work force, and its impact on the world around it | Stakeholder Social Environmental |
| Hopkins, 1998 | Corporate social responsibility is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation | Voluntariness Stakeholder Social |
| World Business Council for Sustainable Development, 1999 | The commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life | Stakeholder Social Economic |
| Khoury G, Rostami J, & Turnbull JP. 1999 | Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance | Stakeholder Social Environmental Economic |
| Kilcullen & Kooistra, 1999 | CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state | Voluntariness |
| Woodward-Clyde, 1999 | CSR has been defined as a 'contract' between society and business wherein a community grants a company a license to operate and in return the matter meets certain obligations and behaves in an acceptable manner | Stakeholder |
| World Business Council for Sustainable Development, 2000 | CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large. | Voluntariness Stakeholder Social Economic |
| Commission of the European Communities, 2001 | CSR is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. | Voluntariness Social Environmental |
| Business for Social Responsibility, 2000 | Business decision making linked to ethical values, compliance with legal requirement and respect for people, communities and the environment. | Voluntariness Stakeholder Social Environmental Economic |
| Business for Social Responsibility, 2000 | Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectation that society has of business. Social responsibility is a guiding principle for every decision made and in every area of a business. | Voluntariness Stakeholder Economic |
| Piacentini, MacFadyen, Eadie, 2000 | CSR is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities. | Voluntariness |
| Commission of the European Communities, 2001 | A concept whereby companies integrate social and environmental concerns in their business operation and in their interaction with their stakeholders on a voluntary basis. | Voluntariness Stakeholder Social Environmental Economic |
| Marsden, 2001 | CSR is about the core behaviour of companies and the responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is an act of philanthropy. A social responsible corporation is one that runs a profitable business that takes account of all the positive and negative environment, social and economic effects it has on society. | Social Environmental Economic |
| McWilliams & Siegel, 2001 | Actions that appear to further some social good, beyond the interests of the firm and that which is required by law. | Voluntariness Social |
| Pinney, 2001 | CSR or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts | Social |
| UK Government, 2001 | CSR recognizes that private sector's wider commercial interest require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers or communities. CSR goes beyond legal obligations, involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectorial and local factor. | Voluntariness Stakeholder Social Environmental Economic |
| Foran, 2001 | CSR can be defined as the set of practices and behaviours that | Stakeholder |

| | | |
|--|---|---|
| | forms adopt towards their labour force, towards the environment in which their operations are embedded, towards authority and towards civil society. | Social Environmental |
| Van Marrewijk, 2001 | Companies with a CSR strategy integrate social and environmental concerns in their business operations and in their interactions with their stakeholders and demonstrate openly their triple performances. | Stakeholder Social Environmental Economic |
| Jackson & Hawker, 2001 | CSR is how you treat your employees and all your stakeholders and the environment | Stakeholder Social Environmental |
| Commission of the European Communities, 2001 | CSR is about companies having responsibilities and taking actions beyond their legal obligations and economic/ business aims. These wider responsibilities cover a range of areas but are frequently summed up as social and environmental-where social means society broadly defined, rather than simply social policy issues. This can be summed up as the triple bottom line: i.e., economic, social and environmental. | Voluntariness Social Environmental Economic |
| Lea, 2002 | CSR can be roughly defined as the integration of social and environmental concerns in business operations, including dealings with stakeholders. | Stakeholder Social Environmental Economic |
| Lea, 2002 | CSR is about business and other organisations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organisations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment. | Voluntariness Stakeholder Social Environmental |
| IBLF, 2003 | Open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success. | Voluntariness Stakeholder Social Environmental Economic |
| Business for Social Responsibilities, 2003 | CSR is achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment. | Voluntariness Stakeholder Social Environmental Economic |
| Business for Social Responsibilities, 2003a | Social responsible business practices strengthen corporate accountability, respecting ethical values and in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates. | Voluntariness Stakeholder Social Environmental Economic |
| Business for Social Responsibilities, 2003b | CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. | Voluntariness Stakeholder Social Economic |
| CSRwire, 2003 | CSR is defined as the integration of business operations and values, whereby the interest of all stakeholders including investors, customers, employees and the environment are reflected in the company's policies and actions. | Voluntariness Stakeholder Environmental Economic |
| Ethics in Action Awards, 2003 | CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit. | Stakeholder Social Environmental Economic |
| Hopkins, 2003 | CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilised societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation. | Voluntariness Stakeholder Social Economic |
| Ethical Performance, 2003 | At its best, CSR is defined as the responsibility of a company for the totality of its impacts, with a need to embed society's values into its core operations as well as into its treatment of its social and physical environment. Responsibility is accepted as encompassing a spectrum – from the running of a profitable business to the health and safety of staff and the impact on the societies in which as a company operates | Stakeholder Social Environmental Economic |
| Global Corporate Social Responsibility Policies Project, | Global CSR can be defined as business practices based on ethical values and respect for workers, communities, and the environment. | Voluntariness Stakeholder |

| | | |
|-----------------------|---|---|
| 2003 | | Social Environmental Economic |
| Indian NGOs.com, 2003 | CSR is a business process wherein the institution and the individuals within are sensitive and careful about the direct and indirect effects of their work on internal and external communities, nature and the outside world. | Stakeholder Social Environmental Economic |
| Andersen, 2003 | CSR broadly to be about extending the immediate interest from oneself to include one's fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature. | Stakeholder Social Environmental |
| Van Marrewijk, 2003 | Corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. | Voluntariness Stakeholder Social Environmental Economic |
| Strategies, 2003 | CSR is generally seen as the business contribution to sustainable development, which has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, and is generally understood as focussing on how to achieve the integration of economic, environmental and social imperatives | Social Environmental Economic |

The analysis shows that the existing definitions are to a large degree congruent. Most of the available definitions of CSR are consistently referring to the five dimensions, i.e., environmental, social, economic, stakeholder and voluntariness dimension. The definitions show that CSR is not a nothing new at a conceptual level, whereby business had always had social, environmental and economics impacts that had been concerned by stakeholders, well be the government, customers, employees or owners and dealt with regulations. However, at the operational level, as a results of globalisation and fast-paced business environments, stakeholders and different national legislations are putting new expectations on business and altering how social, environmental and economic impacts should be optimally balanced in the decision making process.

As time travels, CSR starts to gain attention and much research begins to evolve in this arena. Researchers in this decade tend to associate CSR with other relevant themes such as stakeholder theory, business ethics, corporate citizenship, corporate social performance (CSP) and sustainable development (Carroll, 1999). According to Perrini (2005), CSR promoting campaign developed at the European level provide a framework that strongly emphasizes on stakeholder involvement. Perrini (2005) explained that stakeholders place implicit and explicit faith on the well being of a corporation. His findings reveal that there are eight stakeholder-based categories, namely: (1) Human resources; (2) Shareholders and financial community; (3) Customers; (4) Suppliers; (5) Financial partners; (6) Public authorities; (7) Community; (8) Environment which is consistent with past studies by Niskala and Pretes (1995); Gray, Kouhy and Lavers (1995) and Adams(2002). Perrini (2005) presented CSR key themes emerge in this decade based on the stakeholder-based categories as follow:

| CSR Themes | | | | Stakeholder-Based Categories | | | |
|---|--|--|---|---|--|---|---|
| Human Resources | Shareholders | Customers | Suppliers | Financial Partners | Public Authorities | Community | Environment |
| Staff composition Turnover Equality of treatment Training Working hours Schemes of wages Absence from work Employee's benefits Industrial relations In-house communications Health and Safety Personnel's satisfaction Workers rights Disciplinary measures and litigation | Capital stock formation Shareholders'/ partner's pay Rating performance Corporate governance Benefit and services Investor relations | General characteristics Market development Customer satisfaction Customer loyalty Product/ Services information and labelling Ethical & Environmental product & services Promotional policies Privacy | Supplier management policies Contractual conditions | Relations with banks Relations with insurance companies Relations with financial institutions | Taxes and duties Relations with local authorities Codes of conducts and compliance with laws Contribution benefits or easy-term financing | Corporate giving Direct contribution the different intervention fields Stakeholder engagement Relations with the media Virtual community Corruption prevention | Energy consumption Material emissions Environmental strategy and relations with the community |

The stakeholder-based categorisation by Perrini (2005) clearly shown that there are many themes developed in the human resource with employees being the stakeholder. Among the CSR themes under human resource aspects, health and safety, protection of workers' right, equality of treatment, training, turnover and personnel's satisfaction received the most attention in the CSR non-financial disclosure reporting among the European companies. This finding undercover a new leaf for CSR, instead of reviewing on the financial performance of a corporation, human resource aspect is another arena that gains a foothold.

The Evolution of CSR:

The origin of CSR can be traced back in the 1950s. On-going research work was carried out to shape theory, research, and practice of CSR construct (Carroll, 1999). In 1950s, Bowen (1953) described CSR as a self-regulation means for business to informally monitor their behaviours without dependency on coercive authority of governments. Thereon, the attempts to define CSR grew significantly. Early in the 1960s, Davis (1960) defined CSR as actions that businesspersons take or decisions they make for reasons other than their economic or technical benefits. McGuire (1963) distinguished social responsibility (SR) which was the early concept of CSR from ethical, economic, technical, and legal obligations. Davis (1973) supported McGuire's view of SR 10 years later by defining CSR as the organisations' responsibilities for issues beyond their economic, ethical, and legal obligations. These authors' definition of CSR had excluded the economic component. However, Carroll (1979) was in the view that the economic component should not be excluded. He then defined CSR as "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time" (Carroll, 1979). In 1970s, CSR was developed into a perceived strategy used by organisation for long run profit maximization purposes. Corporations are using CSR as a competitive strategy. CSR was referred as its' ability to assist corporations in promoting economic and social stability within the countries.

The development of CSR began to slow down in 1980s and 1990s, with fewer attempts to define CSR (Carroll, 1999). In 1980s, instead of defining CSR, Carroll and Shabana (2010) started to emphasize that CSR is a driving force that encourages ethical culture to be built in an organisation. CSR continues to be viewed as a process of corporate social responsiveness, public policy, business ethics, and stakeholder management, which all play a large role in the meaning of CSR in the 1980s. The period of 1990s was the time when CSR was melted with other themes such as, corporate citizenship, corporate social performance, stakeholder theory, and business ethic theory (Carroll, 1999).

After reviewing the evolution of CSR from 1950s to 1990s, it is concluded that CSR activities reflect the specific business needs of a particular time frame (Waddock, 2008). In the early 1950s, efforts was put forth to understand and define CSR. During the 1960s and 1970s, consumer and environmental advocacy groups focused on product and consumer safety that influenced CSR activities. In the 1980s, organisational efforts were focused on establishing internal functions, such as public affairs and community relations in order to address public perceptions of unethical corporate behaviours. Since the mid 1990s, it was then accelerated by changes in the business landscape including the shift to service and knowledge intensive industries and new employment deal expectations. There has been renewed corporate interest in integrating CSR in business strategy (Maxfield, 2008; Porter & Kramer, 2006).

Despite the vast development and wide dissemination of CSR, a common definition of CSR remains elusive. Nevertheless, Carroll (1999) recommended that studies in 21st century should focus more on developing theories and measurement initiatives of CSR. A recent definition of CSR offered by the World Business Council for Sustainable Development which defined CSR as the continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life of the workplace and their families as well as the local community and society at large (Holme & Watts, 2000) bring CSR to next level. CSR evolves to a new leaf, as a commitment to improve community and workplace well being through discretionary business practices and contributions of corporate resources (Kotler & Lee 2004). CSR in business practices become an important component of the dialogue between organisations and their stakeholders (Berger, Cunningham, & Drumwright, 2007; Smith 2003).

CSR is cross-disciplinary nature (Lockett, Moon, Visser, 2006), potential relevance for employee management (Brammer, Millington & Rayton, 2007), organisational behavior and human resource management researchers have under investigated CSR (Aguilera, Rupp, Williams & Ganapathi, 2007; Rupp, Ganapathy, Aguilera & Williams, 2006). More recently, rising attention is directly to the internal stakeholders, specifically the employee, through the field of organisational behavior and human resource management (Aguinis & Glavas, 2013). This development brings to focus of CSR and employees.

CSR and Employees:

There are increasing evidences that an organisation's CSR activities comprise a legitimate, compelling and increasingly important way to attract and retain good employees. Plenty of efforts in research were done in the past to document and understand the antecedents and consequences of CSR for firms (Aguinis & Glavas, 2012; Peloza & Shang, 2011; Margolis & Walsh, 2001). The main empirical evidence indicates that CSR is positively associated with firm reputation and financial performance (e.g., Peloza, 2009; Margolis & Walsh, 2003, 2001; Orlitzky, Schmidt, & Rynes, 2003; Orlitzky & Benjamin, 2001), which has led many in the field to endorse the notion that CSR benefits firms. One underutilized approach to understanding some of the potential costs and benefits of CSR to firms is to investigate the impact of CSR on employees. Research often addresses how CSR affects important stakeholder groups, especially investors (Graves & Waddock, 1994) and consumers (e.g., Sen

& Bhattacharya, 2001), but it has tended to neglect employees (Aguinis & Glavas, 2012; Aguilera et al., 2007). This gap in knowledge is surprising given how well established it is that employee attitudes and behavior have far reaching consequences for the overall success of organisations (e.g., Chambers, Foulon, Handfield-Jones, Hankin, & Michaels, 1998, Meyer & Allen, 1997; Pfeffer, 1994; Lawler, 1992; Mathieu & Zajac, 1990).

In fact, the recent development of CSR, it is not merely being labeled as part of corporate strategy; it is also being discussed in talent crisis (Woolf, 2007). Many organisations are confronted with employee talent shortfall (Orrell, 2009; Reynolds, Bush, & Geist, 2008). This talent shortfall is attributed to many factors from the simple fact that there are insufficient of talented employees. CSR could act as a strategy to attract and retain talented employees. Sam and George (2009) explained that the retention of employees is typically based on company performance and how the company compares to others in a similar size and market. Corporate social performance (CSP) is a new measurement of how effective the company is with its social responsibility efforts and the company's retention. Employees are looking to be inspired and led. Individual wants to feel good about their employment choice. Given all things are equal; individuals will join the organisation that is culturally and personally congruent with their values. This leads to a performance dimension of CSR's influence on employee attraction, retention and engagement. Stakeholder theory also helps to explain that CSR could strengthen the relationship among stakeholders, particularly among employees. The idea for a corporation to achieve the long-term sustainability, it is dependent on procuring the cooperation of numerous constituents, including but not limited to shareholders (Donaldson & Preston 1995; Freeman 1999). Stakeholders are therefore essential to the successful functioning of a corporation because they provide resources to the company (e.g., customers, investors, and employees), form the industry structure (e.g., supply chain associates and strategic alliances), and make up the socio-political arena (e.g., communities and governments). Stakeholders, particularly the employees form relationships with an organisation in order to obtain benefits and contribute to the wealth of the organisation (Donaldson & Preston 1995). This raises the attention to tackle employee's perspective from the holistic view of CSR approach in every organisation.

There are different terms used in the past research on employee centered CSR, such as secondary stakeholders (Clarkson, 1995; Freeman, 1999); external and internal stakeholders (Verdeyen & Buggenhout, 2004); contracting and public stakeholders (Charkham, 1994); voluntary and involuntary stakeholders (Clarkson, 1994); internal, external, and societal stakeholders (Werther & Chandler, 2006); primary social, secondary social, primary non-social, and secondary non-social stakeholders (Wheeler & Sillanpaa, 1997). Internal CSR is adopted in this discussion as it is comparing with the well-established research on external CSR and the counterpart that has been under investigated is the internal aspect. Internal CSR practices refer to CSR practices which are directly related with the physical and psychological working environment of employees (Turker, 2009). It is expressed in concern for the health and well-being of employees, their training and participation in the business, equality of opportunities, work-family relationship (Vives, 2006), as oppose to external CSR, it refers to corporate socially responsible for local community, business partners and suppliers, customers, public authorities and NGOs representing local communities, and the environment such as philanthropy, volunteerism and environmental protection (European Commission, 2001).

ICSR Practices:

Despite the fact that research on CSR has spanned across a few decades and in various fields, yet only a handful of academic studies have investigated the relationship between CSR and employees within the organisation. Even though some studies of CSR are adopted in organisational behavior perspective (Albinger & Freeman, 2000; Greening & Turban, 2000), but these studies focused on how CSR affecting prospective employee to increased corporate attractiveness. Based on few empirical studies investigating the internal impact of CSR on employees, they tend to focus on specific dimensions of organisational commitment (Brammer, et al, 2007; Maignan & Ferrell, 2001; Paterson, 2004). Due to more research on external aspect of CSR, there are more established measures CSR which is widely available and acceptable. As opposed to internal CSR, there is no established common measure.

Nevertheless, there are many CSR related practices towards the employees that are adopted by organisations. These practices are governed and guided by the regulating authorities. For instance, in 1999, Dow Jones Sustainability World Indexes Guide initiated the Sustainability Indexes (DJSIs) to create global indexes to trace the financial performance of the leading companies with an emphasis on sustainability in economic, social, and environmental capacities. With regard to internal CSR practices, DJSIs focus on corporate governance, risk and crisis management, codes of conduct/compliance/corruption and bribery, human capital development, and also talent attraction in addition to retention. Corporate Social Accountability Management, another monitoring body, introduced the Social Accountability 8000 (SA8000) in 1999. Incidentally, SA8000 has its roots on the principles of international human rights norms as described in International Labor Organisation (ILO) conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. It functions by measuring the performance of companies in eight key areas namely child labor, forced labor, health and safety, free association and collective bargaining, discrimination, disciplinary practices,

working hours and compensation. While Global Report Initiative (GRI) also released sustainability reporting guidelines in 2000. In accordance with internal CSR practices, GRI located six indicators for organisations, such as employment, labor/management relations, occupational health and safety, diversity and equal opportunity apart from training and education. Meanwhile, Spiller (2000) added to the literature on CSR and identified ten keys ethical business practices related to the six main stakeholder groups: community; environment; employees; customers; suppliers, and shareholders in order to serve as a basis for international benchmarking of ethical business to assist investors, managers and researchers. With regards to employees, the ethical business practices pertain to fair remuneration, effective communication, learning and development opportunities, fulfilling work, a healthy and safe work environment, equal employment opportunities, job security, competent leadership, community spirit, and social mission integration. At the same time, European Commission (2001) had issued a Green Paper on promoting a European framework for CSR, highlights the materializations of CSR in the form of responsible and nondiscriminatory practices as well as the transparency of information in a company with life-long training for the employees. The Green Paper highlighted the emphasis on training the employees as part of the CSR practices.

Carby-Hall (2005) investigated internal CSR practices in commercial companies, considering common law applications of employer's CSR in the aspect of employees. Subsequently, International Standard named ISO 26000 (2006) was launched and it prioritizes the creation of jobs, as well as wages and other compensation paid for work performed because it is an organisation's most important economic and social impacts. This standard also mentioned about internal CSR, whereby ISO 26000 provides a useful guideline for companies to respect and recognize human rights, employment and employment relationships, conditions of work and social protection, social dialogue, health and safety at work as well as human development. This observation awakens the public and researchers on the importance of employees from the internal practice. Researches are using these practices to gauge the implementation of internal CSR within the organisation.

According to Turker (2009), internal CSR practices refer to CSR practices which are directly related with the physical and psychological working environment of employees. It is expressed in concern for the health and well-being of employees, their training and participation in the business, equality of opportunities, work-family relationship (Vives, 2006), as oppose to external CSR, it refers to corporate socially responsible for local community, business partners and suppliers, customers, public authorities and NGOs representing local communities, and the environment such as philanthropy, volunteerism and environmental protection (European Commission, 2001). Bursa Malaysia produced a CSR Framework for companies listed on the exchange. This framework is voluntary in nature and has its focus on four dimensions of CSR, namely marketplace, workplace, environment and community. This framework encourages the understanding and participation of companies into internal CSR with Bursa Malaysia selected eight key dimensions: employee involvement, workplace diversity, gender issues, human capital development, quality of life, labor rights, human rights, health and safety (Muwazir, Hadi, & Yusof, 2013).

The observation in the global and local arena bring to a conclusion that there are plenty of effort carried out to develop the measures of internal CSR due to its growing importance in any organisation. The analyses reveal that there are some occurrences of overlaps among dimensions used to measure internal CSR. For instance, there are overlaps of work life balance used in internal CSR studies in different concepts: well being and satisfaction of workers and quality of work, work-family relationship and quality of life (Longo, Mura, & Bonoli, 2005, Bursa Malaysia, 2006). The common definition of internal CSR practices which adopted from Turker (2009) pointed out that internal CSR practices are activities that directly related with the physical and psychological working environment of employees. Among the overlaps of dimensions used, it was observed that the major classification of measures are training and development, health and safety, human rights, workplace diversity, employee involvement, family and work life balance, and organisational justice. These seven measures of internal practices are also congruent with the understanding on internal CSR practice.

Benefits of ICSR Practices:

CSR has contributed substantially ever since its discussion commences. As internal CSR focuses on employees, it builds strong bonding between an organisation and its employees (Sacconi, & Degli Antoni, 2009). Internal CSR practices such as employee development, health and safety policies, creating a motivating environment in organisations; reduce the organisation's operation costs and enhance its productivity (El-Garaihy, Mobarak, & Albahussain, 2014). Internal CSR practices also increase employee motivation and satisfaction as employees are aware that their organisations are taking steps to ensure their well-being. This reduces employee absenteeism and increase employees' performance. The intangible benefits arise from increased employee motivation and satisfaction as a result if internal CSR practices, give organisation the competitive advantage in the agile business environment. Organisations could retain and sustained the talent workforce to create heterogeneity organisation resource in the human resource perspective. The advantage creates a network of association, trust and reciprocity among the members of the organisation, which can create an unbeatable workforce for it to sustain organisational performance and competitive advantage.

The involvement in employee-focused CSR activities above the regulatory obligations such as laws, professional codes and requirements organisations are lead to a wide range of benefits too. These benefits reduce the internal costs of organisations because they allow them to enhance the organisation's ability by way of maintaining good levels of staff attraction and retention, increased and enhanced employee morale, which overall, increase performance of engaged employees (Ali, Rehman, Ali, Yousaf, J., Zia, 2010). To simplify, internal CSR practices create shared value between employees and organisation (Porter & Kramer, 2011) and seeking win-win outcomes (Carroll & Shabana, 2010) with a direct positive impact on the organisation productivity. This explain the reason for internal CSR is perceived as the powerful "internal marketing" tool used to acquire and retain employees. This perception holds just as organisations succeed by fulfilling the needs of their employees by satisfying their needs through a competitive salary, reasonable benefits packages and job responsibilities. Thus, reduces employee turnover, whereby employee turnover typically costs organisations the equivalent of one to two times the salary of the departing employee (and up to two to three times the salary for executive positions), which can lead to enormous costs for organisations with high turnover (Mitchell, Schaap, & Groves 2010).

Conclusion:

The benefit of adopting CSR is a form of value creation that has the power to reconnect businesses and society in a way that ultimately leads to the next wave of global growth. When an organisation is doing for the society, it pays back by enhancing the organisation business performance because consumers are supportive of organisations that care for the society and environment other than profit maximizing. The evolution and development of CSR also enlighten corporations not to overlook on the crucial human resource, the employees, while exercising their CSR practices. CSR can be integrated into workplace and leave substantial impacts on the employees' attitudes and behaviour that ultimately foster the performance of the organisation.

REFERENCES

- Adams, C.A., 2002. Internal organizational factors influencing corporate social and ethical reporting. *Beyond current theorising, Accounting, Auditing & Accountability Journal*, 15(2): 223-250.
- Aguilera, R., V. Ruth, D. Rupp, C. Williams and J. Ganapathi, 2007. Putting the S back in Corporate Social Responsibility: A multi level theory of social change in organizations. *Academy of management Review*, 32: 836-863.
- Aguinis, H. and A. Glavas, 2012. What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management*, 38: 932-968.
- Albinger, H.S. and S.J. Freeman, 2000. Corporate social performance and attractiveness as employer to different job seeking population. *Journal of Business Ethics*, 28: 243-253.
- Ali, I., K.U. Rehman, S.I. Ali, J. Yousaf and M. Zia, 2010. Corporate Social Responsibility Influences, employee commitment and organizational performance. *African Journal of Business Management*, 4(12): 2796-2801.
- Andersen, K.I., 2003. *The Project*. <http://www.aiesec.dk/projects/rexpect/Theproject.htm#Definition> [23 May 2014].
- Berger, I.E., P. Cunningham and M.E. Drumwright, 2007. Mainstreaming corporate social responsibility: developing markets for virtue. *California Management Review*, 49: 132-157.
- Bowen, H.R., 1953. *Social Responsibilities of the Businessman*. New York City, NY: Harper & Brothers.
- Brammer, S., A. Millington and B. Rayton, 2007. The contribution of corporate social responsibility to organization commitment. *International Journal of Human Resource Management*, 18(10): 1701-1719.
- Bursa Malaysia, 2006. CSR Framework. Retrieved July, 21, 2012 from http://www.klse.com.my/website/bm/about_us/the_organisation/csr/downloads/csr_writeup.pdf.
- Business for Social Responsibility, 2000. *Introduction to Corporate Social Responsibility*. <http://www.khbo.be/~lodew/Cursussen/4eingenieurCL/The%20Global%20Business%20Responsibility%20Resource%20Center.doc> [23 June 2014].
- Business for Social Responsibility, 2003a. *Issues in Corporate Social Responsibility*. <http://www.bsr.org/AdvisoryServices/Issues.cfm> [23 June 2014].
- Business for Social Responsibility, 2003b. *Overview of Corporate Social Responsibility*. <http://www.bsr.org/BSRResources/IssueBriefDetail.cfm?DocumentID=48809> [23 June 2014].
- Carby-Hall, J., 2005. Wherefore Art Thou Oh Social Responsibility of the Enterprise? *The United Kingdom Managerial Law*, 47(6): 205-234.
- Carroll, A.B., 1979. A three dimensional conceptual model of social responsibility performance, *Academy of Management Review*, 4: 497-505.
- Carroll, A.B., 1999. Corporate social responsibility: Evolution of a definitional construct. *Business and Society*, 38(3): 268-295.

- Carroll, A.B. and K.M. Shabana, 2010. The business case for corporate social responsibility: a review of concepts, research and practice. *International Journal of Management Reviews*, 12(1): 85-105.
- Chambers, E.G., M. Foulon, H. Handfield-Jones, S.M. Hankin, Michaels, 1998, III EG. The war for talent. *McKinsey Q* 1988;January:305.
- Charkham, J., 1994. *Keeping Good Company: A Study of Corporate Governance in Five Countries* (Clarendon,Oxford).
- Clarkson, M.B.E., 1994. A Risk Based Model of Stakeholder Theory. Proceedings of the Second Toronto Conference on Stakeholder Theory, Centre for Corporate Social Performance & Ethics University of Toronto, Toronto.
- Clarkson, M.B.E., 1995. A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance?, *Academy of Management Review*, 20(1): 92-117.
- Commission of the European Communities. 2001. *Promoting a European Framework for Corporate Social Responsibilities*, COM (2001) 366 final, Brussels.
- Commission of the European Communities. 2002. *Corporate Social Responsibility – Main Issues*, MEMO/02/153, Brussels.
- Commission of the European Communities. 2003. *What is Corporate Social Responsibility (CSR)?* http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_whatiscsr.htm [23 May 2014].
- CSRwire, 2003. About CSRwire. <http://www.csrwire.com/page.cgi/about.html> [23 May 2014].
- Dahlsrud, A., 2008. How corporate social responsibility is defined: an analysis of 37 definitions. *Corporate social responsibility and environmental management*, 15(1): 1-13.
- Davis, K., 1960. Can business afford to ignore social responsibility? *California Management Review*, 2: 70-75.
- Davis, K., 1973. The case for and against business assumption of social responsibility. *Academy of Management Journal*, 16: 312-322.
- Donaldson, T. and L.E. Preston, 1995. The stakeholder theory of the corporation: Concepts, evidence, and implications, *Academy of Management Review*, 20: 65-91.
- Dowling, G.R., 2004. 'Corporate Reputations: Should You Compete on Yours?', *California Management Review*, 46(3): 19-36.
- D'Souza, C., M. Taghian, P. Lamb and R. Peretiatko, 2007. Green decisions: demographics and consumer understanding of environmental labels. *International Journal of Consumer Studies*, 31(4): 371-376.
- El-Garaihy, W.H., A.K.M. Mobarak and S.A. Albahussain, 2014. Measuring the Impact of Corporate Social Responsibility Practices on Competitive Advantage: A Mediation Role of Reputation and Customer Satisfaction. *International Journal of Business and Management*, 9(5): 109.
- Englehardt, C.S. and P.R. Simmons, 2002. Organizational flexibility for a changing world. *Leadership & Organization Development Journal*, 23(3): 113-121.
- Ethical Performance, 2003. Introduction: Defining Corporate Social Responsibility. <http://www.ethicalperformance.com/bestpractice/archive/1001/introduction.html> [23 May 2014].
- Ethics in Action Awards. 2003. What is Corporate Social Responsibility <http://www.ethicsinaction.com/whatiscsr/qanda.html> [22 May 2014].
- European Commission, 2001. Employment and social affairs, promoting a European framework for corporate social responsibility, Brussels: Green Book.
- Foran, T., 2001. Corporate Social Responsibility at Nine Multinational Electronics Firms in Thailand: a Preliminary Analysis, California Global Corporate Accountability Project. Nautilus Institute for Security and Sustainable Development: Berkeley, CA.
- Frederick, W., J. Post and K.E. Davis, 1992. *Business and Society*. Corporate Strategy, Public Policy, Ethics, 7th edn. McGraw-Hill: London.
- Freeman, R.E., 1999. Divergent stakeholder theory. *Academy of management review*, 24(2): 233-236.
- Global Corporate Social Responsibility Policies Project. 2003. A Role for the Government – Issues at Hand, Kenan-Flagler Business School of the University of North Carolina, Chapel Hill.
- Graves, S.B. and S.A. Waddock, 1994. Institutional owners and corporate social performance. *Academy of Management Journal*, 37(4): 1034-1046.
- Gray, R., R. Kouhy and S. Lavers, 1995. Methodological themes. Constructing a research database of social and environmental reporting by UK companies. *Accounting, Auditing & Accountability Journal*, 8(2): 78-101.
- Greening, D.W. and D.B. Turban, 2000. Corporate social performance as competitive advantage in attracting quality workforce, *Business and Society*, 39: 254-280.
- Greenfield, K., 2005. New principles for corporate law. Retrieved November 15, 2012 from <http://lawdigitalcommons.bc.edu/cgi/viewcontent.cgi?article=1056&context>
- Holme, R. and P. Watts, 2000 *Corporate Social Responsibility: Making Good Business Sense*, World Business Council for Sustainable Development, January, Retrieved on August, 20, 2012, from www.wbcsd.ch/DocRoot/IunSPdIKvmYH5HjbN4XC/csr2000.pdf

- Hopkins, M., 1998. *The Planetary Bargain: Corporate Social Responsibility Comes of Age*. Macmillan: London.
- Hopkins, M., 2003. *The Planetary Bargain – CSR Matters*. Earthscan: London.
- Hopkins, M., J. Roche, I. Hopkins, 2008. Turbulent Times: CRS Now needed more than ever before. Retrieved from: <http://mhcinternational.com/monthly-features/articles/95-csr-in-turbulent-times>.
- Khoury, G., J. Rostami and J.P. Turnbull, 1999. *Corporate Social Responsibility: Turning Words into Action*. Conference Board of Canada: Ottawa.
- Kilcullen, M., J.O. Kooistra, 1999. At least do no harm: sources on the changing role of business ethics and corporate social responsibility. *Reference Services Review*, 27(2): 158-178.
- Kotler, P. and N. Lee, 2004. *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, Wiley & Sons, Inc, Hoboken, NJ.
- IndianNGOs.com. 2003. *Corporate Social Responsibility*. <http://www.indiangos.com/corporate/members/researcha.htm> [23May 2014].
- International Business Leaders Forum (IBLF). 2003. *IBLF Members*. <http://www.iblf.org/csr/csrwebassist.nsf/content/gl.html> [23 May 2014].
- Jackson, P. and B. Hawker, 2001. *Is Corporate Social Responsibility Here to Stay?* <http://www.cdforum.com/research/icsrhts.doc> [23 June 2014].
- Jones, T.M., 1980. Corporate social responsibility revisited, redefined. *California Management Review*, 22(2): 59-67.
- Lawler, E.E., 1992. The ultimate advantage: Creating the high-involvement organization (p. 116). San Francisco: Jossey-Bass.
- Lea, R., 2002. *Corporate Social Responsibility*, Institute of Directors member opinion survey. IoD: London. http://www.epolitix.com/data/companies/Institute-of-Directors/CSR_Report.pdf [23 June 2003].
- Longo, M., M. Mura and A. Bonoli, 2005. Corporate social responsibility and corporate performance: The case of Italian SMEs. *Corporate Governance*, 5(4): 28-42.
- Maignan, I. and O. Ferrell, 2001. Antecedents and benefits of corporate citizenship: An investigation of French businesses. *Journal of Business Research*, 51(1): 37-51.
- Margolis, J.D. and J.P. Walsh, 2003. Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48: 268-305.
- Marsden, C., 2001. *The Role of Public Authorities in Corporate Social Responsibility*. <http://www.alter.be/socialresponsibility/people/marchri/en/displayPerson> [23 June 2014].
- Mathieu, J.E. and D.M. Zajac, 1990. A review and meta-analysis of the antecedents, correlates, and consequences of organizational commitment. *Psychological bulletin*, 108(2): 171.
- Matten, D., A. Crane, 2005. Corporate citizenship: toward an extended theoretical conceptualization. *The Academy of Management Review*, 30(1): 166-179.
- Maxfield, S., 2008. Reconciling corporate citizenship and competitive strategy: Insights from economic theory. *Journal of Business Ethics*, 80(2): 367-377.
- McElhaney, K., 2009. A strategic approach to CSR. *Leader to Leader*, 52(1): 30-36.
- McGuire, J.W., 1963. *Business and Society*. New York City, NY: McGraw-Hill.
- McWilliams, A., D. Siegel, 2001. Corporate social responsibility: a theory of the firm perspective. *The Academy of Management Review*, 26(1): 117-127.
- Mebratu, D., 2001. The knowledge dimension of the sustainability challenge. *International Journal of Economic Development*, 3(1): 1-21.
- Mercer, J.J., 2003. *Corporate social responsibility and its importance to consumers* (Doctoral dissertation, Claremont Graduate University).
- Meyer, J.P. and N.J. Allen, 1997. *Commitment in the workplace: Theory, research, and application*. Sage.
- Mitchell, T., J.I. Schaap and M. Groves, 2010. Maintaining The Integrity Of Turnover Measurements When There Are Layoffs. *Journal of Business & Economics Research (JBER)*, 8(1).
- Mowday, R.T., L.W. Porter and R.M. Steers, 1982. Employee-organization linkages: The psychology of commitment, absenteeism, and turnover, 153. New York: Academic Press.
- Muwazir, M.R., N.A. Hadi and M. Yusof, 2013. Measuring corporate social responsibility commitments in the Malaysian financial services industry. *American-Eurasian Journal of Sustainable Agriculture*, 7(4): 430-434.
- Niskala, M. and M. Pretes, 1995. Environmental reporting in Finland: a note on the use of annual reports. *Accounting, Organizations and Society*, 20(6): 457-466.
- Orlitzky, M., F.L. Schmidt and S.L. Rynes, 2003. Corporate social and financial performance: A meta-analysis. *Organization studies*, 24(3): 403-441.
- Orlitzky, M. and J.D. Benjamin, 2001. Corporate social performance and firm risk: A meta-analytic review. *Business & Society*, 40(4): 369-396.
- Orrell, L., 2009. 'In Economic Crisis, Think of the Next Generation', *Strategic Communication Management*, 13(2): 7.

- Paterson, D.K., 2004. The relationship between corporate citizenship and organization commitment, *Business Society*, 43: 269-319.
- Peloza, J. and J. Shang, 2011. How can corporate social responsibility activities create value for stakeholders? A systematic review. *Journal of the Academy of Marketing Science*, 39(1): 117-135.
- Peloza, J., 2009. The challenge of measuring financial impacts from investments in corporate social performance. *Journal of Management*.
- Perrini, F., 2005. Building a European Portrait of Corporate Social Responsibility Reporting. *European Management Journal*, 23(6): 611-627.
- Pfeffer, J., 1994. *Competitive advantage through people*. Boston/Mass.
- Pfeffer, J. and C.T. Fong, 2004. The Business School 'Business': Some Lessons from the US Experience. *Journal of Management Studies*, 41(8): 1501-1520.
- Piacentini, M.G., L. MacFadyen and D.R. Eadie, 2000. Corporate social responsibility in food retailing. *International Journal of Retail and Distribution Management*, 28(10): 459-469.
- Pinney, C., 2001. *Imagine Speaks Out. How to Manage Corporate Social Responsibility and Reputation in a Global Marketplace: the Challenge for Canadian Business* http://www.imagine.ca/content/media/team_canada_china_paper.asp?section=media [23 June 2014]
- Porter, M. and M.R. Kramer, 2002. The Competitive Advantage of Corporate Philanthropy, *Harvard Business Review*, 80(12): 57-68.
- Porter, M.E. and M. Kramer, 2011. *Creating Shared Value*, *Harvard Business Review*.
- Reder, A., 1994. *In Pursuit of Principle and Profit: Business Success through Social Responsibility*. Putnam: New York.
- Reynolds, L., E.C. Bush and R. Geist, 2008. The gen y imperative How effective are your communications in engaging the youngest members of the workforce? A new global study reveals what works-and what doesn't. *COMMUNICATION WORLD-SAN FRANCISCO-*, 25(2): 19.
- Rupp, D., J. Gananpathy, R. Aguilera and C. Williams, 2006. Employee reactions to corporate social responsibility: An organizational justice framework. *Journal of Organizational Behavior*, 27(4): 537-543.
- Sacconi, L. and Degli G. Antoni, 2009. *A theoretical analysis of the relationship between social capital and corporate social responsibility: Concepts and definitions*. Cheltenham, UK: Edward Elgar.
- Sam, C. and W. George, 2009. Corporate Social Responsibility: A Study of Progression to the Next Level. *Journal of Business & Economics Research*. 7, 5.
- Sen, S. and C.B. Bhattacharya, 2001. Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of marketing Research*, 38(2): 225-243.
- Smith, N.C., 2003. 'Corporate Social Responsibility: Whether or How?', *California Management Review*, 45(4): 52-76.
- Spiller, R., 2000. Ethical business and investment: A model for business and society. *Journal of Business Ethics*; 27(1/2): 149.
- Starkey, K., A. Hatchuel and S. Tempest, 2004. Rethinking the Business School*. *Journal of Management Studies*, 41(8): 1521-1531.
- Strategis. 2003. What is CSR? http://strategis.ic.gc.ca/epic/internet/incsr-rse.nsf/vwGeneratedInterE/h_rs00094e.html [23 April 2014].
- Turker, D., 2009. Measuring Corporate social responsibility: A scale development study. *Journal of Business Ethics*, 85: 411-427.
- UK Government. 2001. UK Government Response to European Commission Green Paper on Corporate Social Responsibility. http://europa.eu.int/comm/employment_social/soc-dial/csr/pdf2/013-GOVNAT_United-Kingdom_UK_011221_en.pdf [23 June 2014].
- Van Marrewijk, M., 2001. *The Concept and Definition of Corporate Social Responsibility*. Triple P Performance Center: Amsterdam.
- Van Marrewijk, M., 2003. Concepts and definitions of CSR and corporate sustainability: between agency and communion. *Journal of Business Ethics*, 44: 95-105.
- Verdeyen, V., J. Put and B. van Buggenhout, 2004. A social stakeholder model. *International Journal of Social Welfare*, 13(4): 325-331.
- Vives, A., 2006. Social and environmental responsibility in small and medium enterprises in Latin America. *The Journal of Corporate Citizenship*, 21: 39-50.
- Waddock, S., 2008. Building a new institutional infrastructure for corporate responsibility. *The Academy of Management Perspectives*, 22(3): 87-108.
- Werther, W.B. and D. Chandler, 2006. *Responsibility: Stakeholders in a Global Environment* (Sage Publications, USA).
- Wheeler, D. and M. Sillanpaa, 1997. *The Stakeholder Corporation: A Blueprint for Maximizing Stakeholder Value* (Pitman, London).

Woodward-Clyde, 1999. Key Opportunities and Risks to New Zealand's Export Trade from Green Market Signals, final paper, Sustainable Management. New Zealand Trade and Development Board: Auckland.

Woolf, B., 2007. Overcoming the Talent Crisis: How to Unlock Potential Within the Organization. RURAL TELECOMMUNICATIONS, 26(5): 14.

World Business Council for Sustainable Development, 1999. Corporate Social Responsibility: Meeting Changing Expectations. World Business Council for Sustainable Development: Geneva.

World Business Council for Sustainable Development. 2000. Corporate Social Responsibility: Making Good Business Sense. World Business Council for Sustainable Development: Geneva.