

The Implementation of Islamic Corporate Social Responsibility Programs and Its Impact on Employees Behavior: A Case in Petronas Cari Gali Sdn.Bhd Kota Kinabalu, Sabah.

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Abstract

The number of studies for Corporate Social Responsibility or known as CSR has increasingly grown in the literature. Many literatures have discussed about CSR from western point of view and also from Islamic perspective. Corporate Social Responsibility is a voluntary act which is done by an organization for society welfare. Both perspectives bring to the same conclusion whereby CSR gives positive impact for the society. However, there are few researches done regarding its impacts on employees' behavior. The purpose of this study is to analyze how Islamic Corporate Social Responsibility programs which are implemented in the organization can give positive or negative impact towards employees' behavior. Therefore, this study was conducted to determine the underlying positive impact of ICSR to Society, Environment, and Employee which will have an effect on employees' behavior. The findings of this research imply that CSR has a significant effect on employees' behaviors. Therefore, organizations should consider giving priority to CSR programmes and activities which will benefit its employees. The participation of employees in CSR activities is important and this study will give better understanding on the impact of CSR programs towards employee behavior..

Keywords: Management, Islamic Corporate Social Responsibility.

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Introduction

Over the years, Corporate Social Responsibility has become well known among the business environment especially for an organization. The need to have CSR is essential to corporate body and organizations because by doing CSR, it will bring good image for the society. Apart from that, CSR is not only focusing on profit but rather a voluntarily acts of doing good deeds for the environment, society, towards employee and also to customers. (Lee, 2008), stated that the exact definition of CSR has not been reach yet even though there is lots of journal and literature on it. This is because, in order to understand CSR, it is determined by different culture, country and environment and also different subject fields of scholars discussing about the issues.

While CSR is widely practiced in the West, it is undeniable that Islamic CSR has also grown as many organizations aware the importance of Islamic business values which is also part of CSR activities. As mentioned before, one of the essential elements in Islam is socio-economic justice, because the objective of Islam is to build a fair society which is done through Islamic Corporate Social Responsibility programs. Muslim famous scholar, Al-Gazzali mentioned that the purpose of Shariah is 'to promote the welfare of the people, which lies in safeguarding their faith, their life, their intellect, their prosperity and their wealth.

In Islamic context of social responsibility, ICSR is based on the concept of Islamic human well-being and good life which stresses on brotherhood and socio-economic justice and requires a balance satisfaction of both materials and spiritual needs of human. Vicegerency is where a person is being responsible towards community and also to himself. All property in this world is belonging to Allah. Thus, wealth is a grant from Allah and Allah entrust every human to share and utilize it efficiently and to follow Allah guidance as well as keeping justice on the earth.

The practice of good deeds from Islamic teaching such as helping needy people by giving Sadaqah, being responsibility towards the environment by protecting Allah's property, and ensure a safety working environment can be seen by looking at the impact from the employee behavior. However, there are lots of programs that can bring impact to employee behavior. Thus, when an organization implementing an ICSR programs which includes programs related to society, environment, employee and customer which built upon the sense of organization's voluntary contribution, it could invite and encourage employee to adopt the same voluntary attitude and behavior to their own fellow employees.

Therefore, the reason of selecting a case study in Petronas Carigali Sdn.Bhd is because PCSB is one of the government linked-agencies that always involved in Corporate Social Responsibilities activities which benefit the society, environment, and employee and also to customer. PCSB has formed it very own club Youth Professional Club which hosted various events and programs for their staff which is aimed to establish network and encourage knowledge sharing amongst peers. Thus, this study is conducted with the purpose of determining which ICSR programs affect most towards the employee behaviors.

Literature review

Islamic CSR

There are several researchers that have been pointing out the views on Islamic CSR. Corporate Social Responsibility has emerged and grow rapidly especially among corporate organizations. The term CSR is well-known in western context but the concept of CSR and justice has been practice by Islamic society for nearly 14 centuries (Mohammed D. A., 2013). According to Mohammed, CSR in Islam is based on Al Quran and Sunnah which comprises too much wider global perspective on issue relevant to CSR and international businesses. (Dusuki, 2008), also conclude that Islamic CSR rather take a comprehensive approach whereby a religious bond requires man to obey the Shariah by implementing good deeds to others and protect Allah's property.

According to (Chamhuri & Tareq, 2009), Islamic worldview begin with the concept of Oneness of God, who conquer the heaven and anything inside the Earth, and Muhammad is the last messenger of Allah. Islam acknowledges that Jesus and Moses were the apostles of Allah, and they were in the right path. However, Muhammad as the final messenger for the whole universe and Allah send Holy Quran as a guideline for entire human problem. Islam represents a complete code of life and not only just as a religion. All things about law, literature, economics, politics, jihad as well as socialization are discussed in the Holy book of Quran.

ICSR to Society

According to (Elena, 2013) the implication of CSR on the economic system might positively affect individual's behavior and make their contributions to society more meaningful, hence the economy will achieve socio-economic justice. (Chapra, 1992) Explain that a man must balance between the responsibility and their right as an individual and to society rather than being self-centered and focus on maximizing profitability only. As a vicegerent of Allah, all human must balance their worldly activities as well as for hereafter life.

(Ahmad, 2003) has exposes view pertaining to ICSR to society whereby a person's relationship with God by right, determine the mode of relationship among other vicegerent of God and not vice versa, this may include helping the poor and needy and spending moderately.

ICSR to Environment

Human being is responsible to protect Allah possession and it includes the environment. According to (Parvez, 2000), Allah created human beings with an exalted and noble nature; therefore they must have the responsibility of maintaining and developing the universe.

According to (Majallah-al-Ahkam, 2001), Muslim who has deep faith in his religious, concern for others and also the environment he lives in. It is in the pillars of Islam and binding on every Muslim. Each Muslim consider as social being who cannot ignore his role and responsibility to the society. As stated in Surah Al Qasas verse 20:77

“...don’t you do any mischief on the earth as Allah dislikes those that make the destruction on the earth”.

ICSR to Employees

The role of management is very crucial, in order to ascertain the organizations operation from top to bottom management hierarchy. (Mohammed J. A., 2007), exposed that, creating harmonious environment for both employees and customer through well-mannered behavior, as Islam preach good behavior in everyday life so that human will be rewarded from Allah through their actions. It is also important in avoiding discrimination in any form, as Islam teaches human to respect each other. All human beings are equal and it is imply in the concept of vicegerency. Thus, human communication should be based on trust, justice and equity (Parvez, 2000). Employee must be well protected in term of their safety and health and it is the responsible of their corporation to give them protection so that employee can work happily and stay loyal to their company. Employees play an important role to their organizations because it can determine their organizations success and failure. Thus employees are likely to be affected by CSR programs and react differently at work (Petersons, 2004).

Employee Behavior

According to (Arun Babu Angadi, 2011) Employees are the backbone of the industry, and also the important source of the organization. Employees are the individuals who attempt to achieve positive social identity from their perception of CSR. Liao & Rupp, (2005) explains that the CSR perception is expected to function as a fairness measurement to guide employees’ decisions about their relationship with their corporation. The extent of the fulfillment of fairness will affect employees’ work attitude and behaviors. Usually, if employees feel happy when they are working in their organizations, there are likely to actively support their organization as mutual social exchange. Organ & Konovsky (1990) points out that employee may enlist in extra role-behavior to exchange the treatment that they receive from their organization.

Research method

This study conducted in order to investigate the Implementation of ICSR programs and its impact towards employee’s behavior. Quantitative approaches are used in order to gain data for this study. The good results and conclusion are depending on the quality of the research design, data collection, data management and data analysis.

Simple random sampling was used in this research. According to Uma Sekaran and Roger Bougie in their book “Research method for business; a skill building approach”, has classified simple random sampling as the unrestrictive probability sampling, in which every element in the population has a known and equal chance of being selected as a subject. This type of sampling is the least bias and offers the most generalizability.

Therefore, through the simple random method, this research will randomly select staffs at PCSB regardless of their position or department as sample target for this research. 100 staff were selected to be respondent for this research. There were 25 questions in the questionnaire as per Table 1 below:

Table 1 Selection of questionnaire

Section	No. of questions	Question
A	5	Demographic profile for respondents
B	5	ICSR to society
C	5	ICSR to environment
D	5	ICSR to employee
E	5	Impact on employee behavior

Theoretical Framework

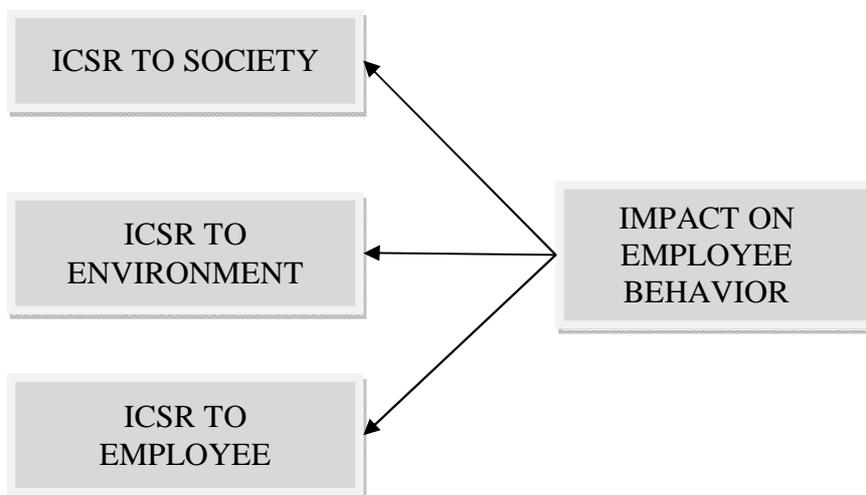


Figure 3 Theoretical Framework

Findings

Descriptive analysis

Frequencies present in term of percentage and cumulative percentage. Below are the respondent profile by percentage and frequency. the majority of respondent who take part in this questionnaire is male which encompass 65.9 percent and the remaining 34.1 percent is female. From total of respondents, from this research come from the age 20 to 29 which comprise of 69.8 percent of the total respondent. 20.6 percent of respondent comes from the age group of 30 to 39. Whilst, the remaining 9.5 percent of the respondent comes from age group between 40 and 49. No respondent comes from the age group of 50 and above for this research. Meanwhile 62.7 percent are married and the other remaining 37.3 percent is married. From, 97.6 percent of them know the benefit and aware of the CSR programs which make up of the entire respondents. The other 2.4 percent of the respondents has no knowledge and little awareness on CSR programs. Whereas 31.7 percent involve in Gotong-royong for the company’s CSR program involved with beach cleaning program 14.3 percent of the overall respondent. 22.2 percent involved with donation and charities programs for their CSR program. As

for engagement programs, of 2.4 percent of the total respondents and the same amount is applied to sports program which 2.4 percent. The remaining 27.0 percent experienced involve with orphanage house visits.

Reliability

Table 2 Reliability coefficients

Variable	Item	Cronbach's Alpha	Analysis
ICSR to Society program	5	0.901	Excellent
ICSR to Environment program	5	0.935	Excellent
ICSR to Employee program	5	0.923	Excellent
Employees Behavior	5	0.896	Good

Based on the table 2, it is perceived that the items use in this research is reliable as a tool of measurement for this research. The Cronbach's Alpha for Society, Environment and Employee are at 0.901, 0.935 and 0.923 respectively which indicate it is suitable to be used as a tool for this research. On the other hand, the fourth variable, Program Cronbach's Alpha value is 0.896 which indicate it is a good tool for the research.

Regression analysis

Table 3 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.898 ^a	0.806	0.801	0.25063

- a. Predictors: (constant), employee new, society new, environment new
- b. $R^2 = 0.806$

Based on the table 3, the adjusted coefficient of determination or also known as R represents the value of .898. The score indicate that 89.8% of the changes in the dependent variable (behavior) can be explained by the independent variables (society, employee and environment). The R Square value is 0.806 (80.6%) show the relationship between the dependent and independent variables for this study. For this study it can be consider there is a high relationship between dependent and independent variables.

Table 4 Hypothesis testing

Hypothesis	p-value	Significant	Result
H ₁ : I. There is no significant relationship between ICSR to Society program towards employee behavior II. There is significant relationship between ICSR to Society program towards employee behavior	0.043	Significant	Reject H ₀
H ₂ : I. There is no significant relationship between ICSR to Environment program towards employee behavior II. There is significant relationship between ICSR to Environment program towards employee behavior	0.945	Not significant	Reject H ₁
H ₃ : I. There is no significant relationship between ICSR to Employee program towards employee behavior II. There is significant relationship between ICSR to Employee program towards employee behavior	0.000	Significant	Reject H ₀

From the table 4, only ICSR to Environment was found to be not significant with employee behavior. While the other two variables such as Society and Employee show a positive significant with the employee behavior.

Correlation

Correlation is the indicator of relationship between two variables. Pearson product moment is used to examine the relationship between variables in this study. Pearson product moment correlation coefficient is a measure between two variables by giving a value between +1 and -1 inclusive.

ISCR program to Society.

Table 5 Correlation and coefficient of ICSR to Society

		Society	Behavior
Society	Pearson Correlation	1	0.578 ^{**}
	Sig. (2-tailed)		0.000
	N	126	126
Behavior	Pearson Correlation	0.578 ^{**}	1
	Sig. (2-tailed)	0.000	
	N	126	126

Referring to the table 5, the r-value is at 0.578 which indicates a low correlation relationship between the two variables. However, the relationship strength between the two variables is low as given the p-value is .000 which is lower than .005 indicates that the variable is significant.

ISCR program to Environment

Table 6 Correlation and coefficient of ICSR to Environment

		Behavior	Environment
Behavior	Pearson Correlation	1	0.606 ^{**}
	Sig. (2-tailed)		0.000
	N	126	126
Environment	Pearson Correlation	0.606 ^{**}	1
	Sig. (2-tailed)	0.000	
	N	126	126

Referring to the table 6, the r-value is 0.606 which indicate a moderate correlation between the two variables. The p-value=.000 indicate that the variable is significant and the relationship between the two variables is positive as the p-value is positive.

ICSR program to Employee

Table 7 Correlation and coefficient of ICSR to employee

		Behavior	employee
Behavior	Pearson Correlation	1	0.891 ^{**}
	Sig. (2-tailed)		0.000
	N	126	126
Employee	Pearson Correlation	0.891 ^{**}	1
	Sig. (2-tailed)	0.000	
	N	126	126

Referring to the table above, the r-value is 0.891 which indicate a high correlation between the two variables. The p-value is .000 indicates that the relationship between the two variables is positive and it is significant.

Conclusion

Based on the results, reliability test shows that the questions are reliable. From the reliability statistics proves that ICSR to society program is reliable with 0.901 Cronbach's Alpha value which is excellent. Reliability test for ICSR to Environment program also excellent resulted in a 0.935 for the Cronbach's Alpha value. Same goes to ICSR to employee program the Cronbach's Alpha value is 0.923 which is also excellent. Moving on to impact on employee behavior, the Cronbach's Alpha value is 0.896 which is perceived to be good.

Meanwhile, in demographic factors, it shows that male is majority by 83 respondents compared to female which is only 43 respondents. On the other hand, respondents' majority comes from the age between 20-29 amounted to 88 respondents. Furthermore, majority of respondents are single which comprise of 79 respondents. There are 123 respondents having the knowledge on CSR and the highest program that employees join is gotong royong with 40 respondents.

For the correlation analysis, all independent variable resulted significant result as all the independent variables (ICSR to Society, ICSR to Environment, ICSR to Employee programs) resulted a p-value .000. Moreover, all independent variables have positive relationship with dependent variable whereas the r-value is positive but the strength of the correlations is varying for each of the independent variables. ICSR to Employee program have the highest r-value at .891 which is considered high. ICSR to environment program resulted r-value of 0.606 which indicate a moderate correlation and ICSR to Society program resulted 0.578 which indicates a low correlation relationship. However, it answers the main research question one and met the main research objective which is to identify whether the programs give impact on employee

behavior. To answer the research questions, all independent variables have a positive relationship towards the dependent variables.

Recommendations

As one of the innovation of Corporate Social Responsibility (CSR) program that historically give positive experience, Islamic CSR could also be a one of the alternatives that will improve the welfare activities of ummah in particular and also can benefit the community in general. There are several recommendations that we should consider.

Based on the findings, the further research is still needed, even though 80.6% explained well enough the relationship between the dependent and independent variables for this study. It is important so that the suitable program that could significantly affect the employee's behavior can be identified for better result.

After analyzing various articles and journals about Islamic Corporate Social Responsibility, the researcher has viewed that most of the organizations do not aware that by implementing ICSR program for employee, it will give a positive impact in their behavior, not only as an employee but as a responsible human being and a good servant in the eyes of Allah. Therefore, it is vital for the organization to keep on implementing ICSR programs and expending the benefits of it towards sustainable development of entire community.

Continuous effort to encourage and promote the programs of ICSR in various activities like giving free education, giving support of funding to those who are in need and so on would be one of the best ways to increase the level of familiarity among employees toward ICSR programs.

It is encourages for Petronas Carigali Sdn.Bhd that always gives financial assistance to needy society and also give support on going green towards the environment to try implement as many programs and activities with their own employees. This will secure the standard of living and the well-being among the community, as well as to achieve the blessing from Allah SWT during life and hereafter.

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