

UNIVERSITI TEKNOLOGI MARA

**THE LEVEL OF CORPORATE SOCIAL
RESPONSIBILITY PRACTICE
IMPLEMENTATION IN SELECTED
MALAYSIAN SMALL AND MEDIUM
ENTERPRISES**

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ABSTRACT

It is important for every company in Malaysia to have the good implementation of corporate social responsibility (CSR) no matter whether the companies are big, medium or small enterprises. Even though it is not mandatory to implement the CSR, many companies have started to implement the CSR practice in their organization. small and medium enterprises (SMEs) should play their role in implementing that CSR practice in their business to ensure the sustainability of their businesses. The CSR is very important in order to achieve that economic sustainability.

There are four main objectives of this study that are (i) to examine the level of CSR practice in twenty selected Malaysian SMEs, (ii) to determine the motivation of implementing CSR practices in twenty selected Malaysian SMEs, (iii) to determine the barriers on the implementation of CSR practices in twenty selected Malaysian SMEs and (iv) to examine the attitude of twenty selected Malaysian SME owners towards CSR practice.

This study is based on primary and secondary data. The primary data is from the questionnaires given to twenty selected SMEs and the secondary data is from the Audit Reports of those SMEs. The study is focusing on the SMEs in the Klang Valley areas and in the year of 2012. The analysis will be made on both of the responses from the questionnaire and also from the Detailed Income Statements in the Audit Reports of the selected SMEs.

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TABLE OF CONTENTS

<u>CHAPTER</u>	<u>CONTENTS</u>	<u>PAGE</u>
	CANDIDATE'S DECLARATION	i
	ABSTRACT	ii
	ACKNOWLEDGEMENTS	iii
	TABLE OF CONTENTS	iv
	LIST OF TABLES	vii
	LIST OF FIGURES	viii
	LIST OF ABBREVIATIONS	ix
1	INTRODUCTION	1
	1.1 Preamble	1
	1.2 Problem Statement	5
	1.3 Research Objectives	6
	1.4 Research Questions	6
	1.5 Motivation Of The Study	7
	1.6 Significance Of The Study	7
	1.7 Scope Of The Study	8
	1.7 Organisation Of The Chapters	8
2	BACKGROUND OF THE STUDY	9
	2.1 Introduction	9
	2.2 Level Of Corporate Social Responsibility Practice	12
	2.3 Financial Position Of Small And Medium Enterprises	12

CHAPTER 1

INTRODUCTION

1.1 Preamble

The small and medium-sized enterprises (SMEs) play an important role in the economy for every country. They are the engine of economic growth which also represents the key source of economic growth. In Malaysia, 99.3% or 518,996 of business establishments are the SMEs. According to the Ninth Malaysia Plan, SMEs will be developed to be more competitive and resilient enterprises, equipped with strong technical and innovative capacities, as well as managerial and business skills for the sustainable development of the country. For those who are interested in business, SMEs are the best chance that provides many business opportunities with high support from the government. SMEs in Malaysia can be divided into three main sectors that are manufacturing (7.2%), services (86.6%) and agriculture (6.2%). Hashim (2004) stated that the Chief Executive Officer of SME corporation Malaysia formerly known as Small and Medium Industries Development Corporation (SMIDEC), the SMEs can be classified into three categories known as micro-enterprise, small enterprise and medium enterprise.

The Malaysian government has introduced a lot of development programmes such as SME Investment Programme, Inclusive Innovation, Going Export Programme and Technology Commercialisation Platform. Many incentives have been provided by various ministries such as Ministry of International Trade and Industry (MITI), Ministry of Entrepreneur and Cooperative Development (MECD), Ministry of Agriculture (MOA) and Ministry of Science, Technology and Innovation (MOSTI). Additionally other organizations such as Small and Medium Enterprises Corporation (SME Corporation), Malaysia External Trade Development Corporation (MATRADE), National Productivity Corporation (NPC) and Malaysian Industrial Development Authority (MIDA). The objective is to aid those who are interested to