CORPORATE SOCIAL RESPONSIBILITY AND
THE MALAYSIAN PROPERTY INDUSTRY

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ABSTRACT
Although the notion of corporate social responsibility (CSR) is relatively new in Malaysia, it has gained growing recognition in the country’s property industry since the last decade. The purpose of this paper is to assess the implementation of sustainable practice by property developers particularly on social and environmental perspectives. Content analysis will be used and this involves reviewing property companies’ websites, annual reports, corporate responsibility and sustainability reports, and carbon disclosure reports. Given that there are few papers investigating the perception of Malaysian developers on CSR in the past, it is expected that findings from this project will shed light on the extent of responsible practice undertaken by property companies in the country.

Keywords: corporate social responsibility, sustainability, sustainable practice, property developer, Malaysia

INTRODUCTION
Within the last two decades the concept of “corporate social responsibility” (CSR) has been gaining greater significance across the business community. There is growing demand and expectations from various stakeholders who expect businesses to go beyond their profit agenda and be socially responsible (Chapple and Moon, 2005; Ellen, Mohr and Webb, 2000; McWilliams and Siegel, 2001). Although CSR is relatively new in Malaysia compared to other developed economies, it has taken on increased importance in the country in recent years mainly due to the mandatory requirement that starting from 2007 all companies listed on the Malaysia stock exchange are required to disclose information on CSR activities in their annual report.

Particularly, the adverse impact the property industry exerted on the environment has called on property companies to be more environmentally and socially responsible (UNEPFI, 2008). Literature shows that buildings contribute up to 50 percent of energy consumption, 16 percent of water usage; 50 percent of CO2 emissions, 40 percent of solid waste, and 40 percent of raw material used (Boyd, 2006; CBRE, 2007; Newell and Manaf, 2008; Von Paumgartten, 2003; Wilkinson and Reed, 2008). All these have made a significant impact on property players including: property developers, investors, owners and tenants. Given that Malaysia is a popular emerging property market among international investors, it is timely to examine the importance of the sustainability agenda of property developers in the country. Thus, the purpose of this paper is to assess the implementation of sustainable practice by Malaysian property developers, particularly on social and environmental perspectives. Content analysis will be used in reviewing property companies’ websites, annual reports, corporate responsibility and sustainability reports, and carbon disclosure reports, if any.

This paper is structured as follows. The next section reviews the literature on the concept of CSR, then, CSR and social reporting in the Malaysian property industry. Following this is an outline of the research methodology. Then, the discussion and results will be presented followed by a conclusion.

CORPORATE SOCIAL RESPONSIBILITY
The concept of CSR started to evolve back in the 1910s when the role of corporate directors was perceived as exceeding the narrow interests of shareholders (Frederick, 1994); and businesses have been educated on the need to be socially aware and responsible as early as the 1930s (Carroll, 1979). Bowen (1953), the “father of CSR” views CSR as the obligation of businesses to pursue organizational policies and make decisions desirable in terms of social objectives and values. With the growth of the size and economic power of United States’ businesses in the 1950s, awareness and consciousness of CSR have become correspondingly more acute in the
private sector (Boatright, 2003). Businesses are not just instrumental in producing goods and services; they are affecting an entire society in diverse and complex ways (Epstein, 1999). Therefore, businesses should act ethically to improve the community’s quality of life (Sharma and Talwar, 2005). However, despite the growing recognition of CSR by businesses, the concept of CSR continues to attract public debate as corporations, who have the powers and resources (Forte, 2004; Drucker, 1993), have been urged to act responsibly for the betterment of our society.

Literature shows that definitions of CSR by and large fall into two general schools of thought. First, are those theorists who argue that a business is obliged to maximize profits within the boundaries of the law and minimal ethical constraints (Friedman, 1970; Levitt, 1958); and second, those that advocate a broader range of obligations towards society (Carroll, 1991; Drucker, 1993). It would appear from the literature that society generally expect businesses to move away from their limited economic focus and be more socially responsible.

The Commission for the European Communities (2001, p.6) defines CSR “as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. The Commission continues to suggest that “being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders”.

Notwithstanding a large body of the literature on CSR, there seems to be no consensus on its exact definition (Campbell, 2007; Lee, 2008). However, most scholars agree with the notion that firms have responsibilities to society beyond profit maximisation (Carroll, 1999; Garriga and Melé, 2004; Rowley and Berman, 2000). Besides economic responsibility, many suggest that businesses are responsible to a broader range of stakeholders, including not only shareholders and investors, but also employees, suppliers, communities, governments, and the natural environment (Clarkson, 1995; Donaldson, 1999; Donaldson and Preston, 1995; Freeman, 1984, 1994; Jamali, 2008; Maignan, Ferrell and Hult, 1999; Wood and Jones, 1995). It has also been widely recognised that strategic CSR can improve competitive advantage because good deeds are beneficial for a business as well as society (Carroll, 1999; Lantos 2001; Porter and Kramer, 2002). Strategic CSR is commonly implemented by businesses to create a win-win situation in which both the corporation and one or more stakeholder groups benefit.

There are many ways businesses demonstrate their CSR initiatives. For example, a company may embed social elements into products to demonstrate CSR towards customers. To reduce its adverse impact on the environment, a firm may reduce carbon emissions in its business operation. To the community, some firms may make monetary contributions to improve education facilities.

OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL REPORTING IN THE MALAYSIAN PROPERTY INDUSTRY

Research conducted by Chambers, Chapple, Sullivan and Moon (2003) indicates that CSR and environmental practice in Asia lags behind best practice in developed countries, such as the UK. For example, only 50 percent of Malaysian companies were found to have social reporting compared to 98 percent of UK companies, within the same specific time period (Guthrie and Parker, 1989). Also, Andrew, Gul, Guthrie and Teoh (1989) found that social reporting in developing countries is not as comprehensive as in their developed counterparts.

Despite the low level of awareness of CSR and CSR reporting (Thompson and Zakaria, 2004), a survey conducted by the Environmental Resources Management Malaysia (ERMM, 2002) shows that environmental and social reporting has gained greater recognition among the business community in Malaysia. With regard to the contents of reporting, most disclosures in Malaysia tend to focus on human resource issues while the environmental issues were poorly addressed (Bursa Malaysia, 2007; Thompson and Zakaria 2004). In fact, many companies attempt to enhance their image by reporting their corporate philanthropic activities (Prathaban, 2005; Zulkifli and Amran, 2006).

To promote CSR, Bursa Malaysia launched its CSR framework for public listed companies in 2006, highlighting that CSR is more than philanthropy and community initiatives. The Bursa Malaysia’s CSR framework (Bursa Malaysia, 2006, p. 5) defines CSR as “open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders”, and CSR was designed “to deliver sustainable value to society at large”. In line with the literature, the focus of CSR emphasizes the sound practice of economic, social and environmental performance. Subsequently, in 2007, Bursa Malaysia announced that all public listed companies are required to disclose CSR
activities in their annual financial reports (Bursa Malaysia, 2011). With that, public companies are required to include a CSR statement in their annual report; however there is no specific requirement on the contents.

Bursa Malaysia has always advocated CSR as being a key to sustainability. The CSR Status Report (Bursa Malaysia, 2007) shows that some of the leading publically-listed companies in Malaysia fared well in sustainability; however, the majority of the companies performed poorly, with most indicating a poor awareness of sustainability issues that were relevant to their business. With regard to the property sector, energy efficiency and climate change are the major concerns highlighted by the report and other sustainability issues include; limited land availability, threats to biodiversity, and supply and use of sustainable material (Bursa Malaysia 2011).

In line with Malaysia’s national policy, housing developers must pay attention to protecting the natural environment and maintaining the sustainability of the country’s economic development (Singh, 1994). However, there has been limited literature on CSR in the Malaysian property industry thus far. Previous research papers are mainly about environmental sustainability of property companies (Newell and Manaf, 2008), sustainable practice by Malaysian real estate investment trusts (Mohd Aini and Sayce, 2010), and CSR perception of house buyers and developers (Tan, 2011; Yam, Ismail and Tan, 2008; Yam and McGreal, 2010; Abidin, 2010). Therefore, to fill the gap in the literature, this paper is designed to assess the implementation of sustainable practice by Malaysian property developers, particularly on the social and environmental perspectives.

**RESEARCH METHODOLOGY**

The primary purpose of this study is to investigate the sustainable practice by Malaysian property developers focusing on social and environmental perspectives. The Bursa Malaysia’s CSR framework provides four dimensions of sustainable practice (see Table 1); and these dimensions will be used in analysing companies’ CSR initiatives.

**Table 1: Bursa Malaysia’s CSR dimensions**

<table>
<thead>
<tr>
<th>Community</th>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refers to invested or donated money, time, products, services, influences, management knowledge and other resources that positively impact deserving local communities.</td>
<td>Activities aimed at conserving ecosystems and biodiversity and managing the impact of a company’s operations on the environment.</td>
</tr>
<tr>
<td>Workplace</td>
<td>Marketplace</td>
</tr>
<tr>
<td>Activities to maintain high standards of recruitment, development and detention of employees.</td>
<td>Market activities aimed at encouraging and influencing shareholders, vendors and customers to act in a sustainable manner across the value chain.</td>
</tr>
</tbody>
</table>

Source: Bursa Malaysia (2011, p. 31)

In addition to Table 1, CSR practice of Malaysian developers was also assessed according to the criteria in Table 2.

**Table 2 – Other CSR criteria**

1. Sustainability awards/Green certification
2. Separate CSR/sustainability report: including corporate responsibility and sustainability report, carbon disclosure report
3. Details of green projects
4. Separate CSR section in annual report
5. CSR/sustainability section on website
6. Clear company policy on CSR, particularly on social and environment sustainability

Content analysis was used to analyse the sustainable practices of the top ten property developers. This involved reviewing property companies’ websites, annual reports, corporate responsibility and sustainability reports, and carbon disclosure reports, if any. All reports examined were based on year 2010, and all company websites included in this study were accessed in the months of August and September 2011. The ten property companies...
listed in Table 3 below, won The Edge Top Property Developers Awards in 2010. The ranking of these companies were determined by the experts of the Malaysian property industry based on ten qualitative and quantitative criteria. The qualitative elements include the quality of their product, innovation and creativity; value creation for buyers; image and expertise; and the quantitative criteria comprised of: the companies’ shareholders’ funds; revenue, pre-tax profit and net gearing for the year ended 2009 (The Edge, 2010). Given that these are the top performing property developers in Malaysia, they are thus expected to demonstrate leading roles in CSR practice.

Table 3: Top Ten Property Developers in Malaysia for 2010

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SP Setia</td>
</tr>
<tr>
<td>2</td>
<td>Sime Darby</td>
</tr>
<tr>
<td>3</td>
<td>Sunway City</td>
</tr>
<tr>
<td>4</td>
<td>Sunrise</td>
</tr>
<tr>
<td>5</td>
<td>IGB Corp</td>
</tr>
<tr>
<td>6</td>
<td>IOI Properties</td>
</tr>
<tr>
<td>7</td>
<td>Island and Peninsular Group</td>
</tr>
<tr>
<td>8</td>
<td>Bandar Raya Developments</td>
</tr>
<tr>
<td>9</td>
<td>Mah Sing Group</td>
</tr>
<tr>
<td>10</td>
<td>IJM Land</td>
</tr>
</tbody>
</table>

Source: The Edge 2010

ANALYSIS AND DISCUSSION

The analysis and discussion will be presented in this section based on companies’ CSR practice as reported in their annual reports and websites.

CSR practice by Malaysian developers

Even though CSR is relatively new in Malaysia, the analysis indicated that the majority of the top property developers were active in social and environmental activities in fulfilling their obligation as a responsible corporate citizen. Their sustainability activities will be discussed in the following sections according to the four CSR dimensions outlined by Bursa Malaysia. Also, the results of the companies’ activities reviewed against the CSR criteria in Table 2 will be presented accordingly.

Community

Although some companies (including SP Setia, Sunway City, and Sime Darby) spent considerably more time, money, and effort than their counterparts on community activities, all ten developers have displayed generosity in building a sustainable community (See Table 4). All companies were involved in some form of community activities ranging from philanthropic contributions to the poor, supporting healthcare programmes and research, building community halls and schools, to supporting sports and cultural events. For example, Sunway City’s Jeffrey Cheah Foundation has given out more than $22 million dollars (66 million ringgit) in scholarships to thousands of deserving Malaysian students in various fields of study. For sporting activities, Sime Darby’s support for sport includes identifying and nurturing local sports personalities by providing training programmes so that the national aspiration for producing world class sports personalities becomes a possibility.

Another developer, SP Setia established its own charity foundation in 2000 to render assistance to underprivileged individuals and charitable bodies in areas of education, general and medical welfare; and has raised $13.6 million (40.79 million ringgit) over the past ten years. There were also programmes organised by property companies to increase public awareness on environmental issues such as by organising greening activities on World Environment Day.
Table 4: Disclosure of CSR practice by Malaysian property developers

<table>
<thead>
<tr>
<th></th>
<th>Community</th>
<th>Environment</th>
<th>Workplace</th>
<th>Marketplace</th>
</tr>
</thead>
<tbody>
<tr>
<td>SP Setia</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sime Darby Properties</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sunway City</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sunrise</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IGB Corp</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>IOI Properties</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>I &amp; P Group</td>
<td>✓</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
</tr>
<tr>
<td>Bandar Raya Developments</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mah Sing Group</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IJM Land</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Note: ✓ reported in the annual report and websites; x not reported

Environment

Environmental issues have been frequently reported in Malaysian newspapers in recent years, these include environmental deteriorations associated with property development such as soil erosion and an alarming level of pollution. The Malaysian government has urged property developers to practice sustainable development to create a better living environment for the present and future generations. As a result, various guidelines have been introduced by the government to protect the environment; these include the introduction of the Green Building Index Malaysia (GBI) in January 2009 to promote sustainable development, besides other pre-existing guidelines, on open space allocation. Analysis indicated that a few developers have taken the lead role in getting their projects certified under GBI, and some had their projects certified by the Singapore Green Mark. Among the developers which were active in pursuing green developments were SP Setia, Sime Darby Property, Sun Rise, Sunway City, and Mah Sing Group. For example, the Sime Darby’s Idea House is a carbon-neutral residence that was designed to improve energy efficiency and reduce the consumption of natural resources.

Many property companies were keen to get their projects certified by GBI. SP Setia, for example, aimed to be the first developer in the country to develop a fully green integrated project. With its 240 acres integrated commercial hub in Setia Alam, the company aimed to have all its buildings, including the retail centre, Setia City Mall, GBI certified. This would be the first and only mall to be included in the GBI pilot accreditation scheme.

Although Mah Sing Group has not been awarded with any sustainability certification, it has been implementing many strategies to make its projects environmentally sustainable. For example, for some of its projects, certified Green Mark professional, Green Mark manager and GBI facilitator were engaged during the design phase to ensure building design and enhancement of building performance for Green Mark certification and implementation, and to reduce building’s environmental impact over its functional life cycle. Also, many of its projects were assessed by Singapore’s Construction Quality Assessment System to minimise its carbon footprint.

Provision of parks and tree-planting were also on the main agenda of many property developers in promoting a sustainable environment. IJM Land, for example, has its projects designed with emphasis on its ‘greenstreet’ concept which offers a spectacle of lush greenery and beautifully landscaped lakes and parks complete with leisure amenities. Besides that, IJM also has its eco-themed practices in place, such as building designs for
maximisation of natural lighting and ventilation in reducing electricity consumption; utilisation of green building materials; promoting and maintaining eco-friendly measures for waste reduction.

Supply chain management has also been given an emphasis in protecting the environment. IOI Properties, for example, gave preference to vendors whose products and manufacturing processes are environmentally-friendly. In addition, there were many other environmental initiatives reported by property developers included in this study, these include: providing more green space and lush landscaping to their projects; organising community events to raise environmental awareness; environment protection through forest conservation and restoration of rivers and mangrove plants; and programmes to protect endangered species.

**Workplace**

Many property companies acknowledged the importance of human resources in helping them to succeed. SP Setia, for example, recognised that its employees are the key to the group’s success, “Team Setia remains the Group’s most valuable asset in making us who we are today” (SP Setia, p. 17). Therefore the company has made it a priority to invest in employees, such as providing a succession plan and training to groom future leaders of the company. SP Setia’s three times recognition as Malaysia’s Top Ten Employers confirms its best practice at the workplace.

Continuing education, training and development were found to be an important area of human resources for most property companies. Sunway City, for example, has been implementing constant engagement with all employees to understand their needs and to develop programmes that meet their requirements. The company has a wide range of talent management programmes, including a clear career development plan for employees to motivate them to make positive contributions to the business. Another property developer, Sunrise has developed programmes such as the “Emerging Leaders Programme” and “Young Executive Scheme” to ensure that their employees are given excellent work exposure and attain invaluable skills. Bandar Raya Development also reported its continued training programs for employees in building a strong team.

Many other companies also reported their commitment to provide a healthy and safe working environment for their employees. Among these companies were IJM Land, Mah Sing Group and IOI Properties. Other workplace initiatives demonstrated included work-life balance; rewards and recognition, scholarship for further education; and diversity and fairness at workplace. Sime Darby, for example, upheld the principles of respecting human rights, equality and fairness through non-discrimination on the basis of gender, race, religion or impairments not relevant to employment.

**Marketplace**

All the property developers included in this study reported on their governance and ethical business operations as part of their approach to be socially responsible. Some companies addressed these issues briefly while others provided a greater level of details. For example, IGB Corp, Bandar Raya Developments, and IJM Land did not present much detail but only reported that the companies were committed to achieving high standard of corporate governance.

On the other hand, Sunway City, a winner of the Industry Excellence Award at the 2nd Malaysian Corporate Governance Index 2010, provided more explanation of their responsible action in the marketplace. Sunway City believed having good business relationships with suppliers is pivotal in ensuring that the business model is properly conducted in a transparent manner, and so the companies chose suppliers that are aligned with its core values of promoting good corporate behaviour. Also, Sunway City was the only company which reported a clear procurement policy. The company advocated that the conduct of negotiation with suppliers must be fair by using a clearly defined framework. It is important that employees who are engaged in the procurement process must always observe high ethical standards in order to conduct business with an unbiased and honest approach.

In a similar vein, while working with consultants and suppliers, Sime Darby Property and IOI Properties gave preference to the use of environmentally friendly material. They acknowledged the importance of supply chain management in building sustainable development.

Ethical business conduct is important for sustainable business operations. To foster and maintain an environment where employees can act appropriately without fear and retaliation, Sime Darby Property has a whistle-blowing policy in place to address the group’s commitment to integrity and ethical behaviour.

To protect the interest of customers, SP Setia, for example, which has won many awards as one of the Top Ten Corporate Governance organizations in Malaysia, remained steadfast in delivering promise its customers by providing innovation driven products with the highest quality and good customer service.
CSR practice based on other criteria

Table 5 presents the CSR practice of property developers based on six criteria: sustainability awards/Green certifications, Separate CSR/sustainability report, green project details, separate CSR section in annual report, CSR/sustainability section on website, and clear company policy on CSR.

Sustainability awards/ Green certifications

Only four property developers have received sustainability awards/green certifications for their projects. Sime Darby Property, for example, was awarded the 2010 Frost & Sullivan Malaysian Green Builder of the Year. The Sime Darby Idea House also received the Cityscape Best Developer award in the Green Development (Future) Category from Cityscapes Singapore in the same year.

In terms of green certifications, many projects of Sunway City and Sunrise have received Green Mark Certification awards from Singapore. With the introduction of Malaysia GBI in 2009, SP Setia aimed to have all the buildings in its fully green integrated project in Setia Alam certified by GBI.

Separate CSR/sustainability report

As CSR reporting is still in its infancy stage in Malaysia, only one company, IOI Properties, had its own standalone corporate responsibility report. The report was in fact prepared by its parent company, IOI Corporation, which had included CSR initiatives of IOI Properties in the report.

Green project details

There were five property developers which reported the details of their green projects in this study. Mah Sing Group, for example, reported on the green features of its projects, Legenda@Southbay in Penang. To be environmentally friendly, the project was designed with rainwater harvesting catchment system, a centralised solar hot water system, sun shade louvers, natural cross ventilation layout and an allowance for abundant natural lighting.

Another noteworthy green development was Sime Darby Property’s Idea House, a carbon-neutral house in a tropical climate. It is a socially, economically and environmentally responsive prototype dwelling that would provide an insight into future tropical living. Aspects that have been given emphasis in this project include: the landscape, building form, orientation, solar energy, rain/grey water management, natural ventilation, and topographic responsiveness.

Separate CSR section in annual report

Since 2007, all publicly listed companies have been required by Bursa Malaysia to disclose their CSR activities in their annual reports; as such all property developers, except three, have a separate CSR section in their 2010 annual reports. Some companies have a detailed account of their CSR initiatives, for example, 24 pages for Sunway City, and 12 pages for Mah Sing Group. On the other hand, some companies only have a few pages on their CSR reporting; for example, IJM Land has three pages; and Bandar Raya Developments with four pages.

Instead of a separate CSR section in its annual report, IGB Corp only used one-third of a page to report its sustainability practice in its letter to the shareholders.

Since I & P Group was not a publicly listed company, there was no annual report available on the website. For Sunrise, for it was acquired by another public listed company, UEM in 2010, as such no details of Sunrise’s CSR activities were reported in UEM’s 2010 annual report.

CSR/sustainability section on website

Website reporting is becoming mainstream in disclosing a company’s CSR initiatives. There were only two companies which did not have a CSR/sustainability section on their websites (see Table 5). Some companies have a good coverage of CSR activities on their websites, these include Setia, Sime Darby Property, and Sunway City. On the contrary, IGB Corp and Bandar Raya developments did not include any CSR activities on their websites.
Table 5: Disclosure of CSR practice by property developers based on other criteria

<table>
<thead>
<tr>
<th>Company</th>
<th>Sustainability awards/ Green certifications</th>
<th>Separate CSR/sustainability report</th>
<th>Green project details</th>
<th>Separate CSR section in annual report</th>
<th>CSR/sustainability section on website</th>
<th>Clear company policy on CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>SP Setia</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sime Darby Property</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sunway City</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sunrise</td>
<td>✓</td>
<td>x</td>
<td>✓</td>
<td>x**</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IGB Corp</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x ***</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>IOI Properties</td>
<td>x</td>
<td>✓*</td>
<td>x</td>
<td>✓</td>
<td>✓ ****</td>
<td>✓</td>
</tr>
<tr>
<td>I &amp; P Group</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x****</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bandar Raya Developments</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Mah Sing Group</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IJM Land</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

* Its parent companies, IOI Corporation has a separate corporate responsibility report that includes reports on IOI Properties
** Sunrise was acquired by another public listed company UEM in 2010, as such no details of Sunrise’s CSR activities was reported in UEM’s annual report 2010
****CSR was mentioned briefly in the ‘letter to shareholders’, but no separate CSR section in the annual report
***** No annual report was found on either the website of I & P or PNB (I & P’s parent company)
***** CSR activities by IOI Properties was found on its parent company, IOI Corporation’s website
Clear company policy on CSR

The majority of the property developers included in this study have a clear company policy to practice CSR. SP Setia, for example, has a clear mission to be a responsible corporate citizen as outlined in its mission statement:

“We aim to provide superior customer service and satisfy customer needs through a culture of excellence to enhance shareholders’ value. At the same time, to be a caring and responsible employer mindful of our social responsibility.” (SP Setia, 2010)

This clearly demonstrates the company’s determination to incorporate social and environmental initiative in meeting its economic objectives.

Another company, Sime Darby, is commitment to work towards fulfilling its CSR objectives by adopting best environmental practices and ensuring environmental sustainability in all operational activities.

Summary

While most property developers included in this study displayed their commitment to CSR, there were a few companies which have not made CSR mainstream in their business operations. Table 6 presents the CSR practice ranking for the top ten property developers in Malaysia. These companies were classified in three categories: “leading”, “average”, and “room to improve”. The rankings were determined based on the CSR initiatives reported by the companies in their annual reports and corporate websites.

Table 6: CSR practice ranking based on social and environmental sustainability practice

<table>
<thead>
<tr>
<th>Leading companies</th>
<th>SP Setia, Sime Darby Property, Sunway City, Sunrise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>IOI Properties, Mah Sing Group</td>
</tr>
<tr>
<td>Room to improve</td>
<td>IGB Corp, I &amp; P Group, Bandar Raya Developments, IJM Land</td>
</tr>
</tbody>
</table>

As shown in Table 6, SP Setia, Sime Darby Property, Sunway City and Sunrise were taking the leading role in CSR practice. These companies have demonstrated their CSR initiatives in both social and environmental perspectives.

In line with the literature (see Prathaban, 2005; Zulkifli and Amran, 2006), there was an apparent focus on philanthropic activities reported by all companies; this may be because it is the philanthropic initiatives that receive the most publicity from the media and this helps to improve corporate reputation and popularity.

Confirming previous studies (see Bursa Malaysia, 2007; Thompson and Zakaria 2004), another area that has received substantial disclosure was human resources, where the majority of property companies mainly reported their various strategies to reward and retain their employees.

Although environmental issues have been poorly addressed by Malaysian companies (Thompson and Zakaria 2004); to help combat global warming, the four leading companies were in the forefront in promoting sustainable development by having their projects certified by GBI and Green Mark. As well, examination of these companies’ disclosures confirmed their claims to be responsible to their employees, suppliers, business associates and the community at large. However, there are still areas that should be improved compared to global best practice especially in regards to environmental responsibility. For example, systems need to be in place to track the carbon footprints, water usage, energy consumption, and greenhouse gas emissions of their business operations.

In terms of marketplace responsibility, results revealed that although all companies claimed to observe strict corporate governance, minimal details were disclosed. Most property companies were committed to deliver a quality product to their customers, however very little information was provided. Likewise, more needs to be done in their supply chain management in promoting a sustainable living environment.
CONCLUSION

The majority of the property developers have their own approach to being a socially responsible citizen and there were variations in their CSR initiatives and their reporting process. Most of the disclosures were found on the corporate websites and annual reports, but some were found in their project briefs and newsletters. The area that received the most attention was philanthropic activities, followed by human resource initiatives. Although environmental practices were reported by the majority of property companies, only the leading developers took the effort to have their projects certified by sustainability rating agencies.

With the growing recognition of the Malaysian government on the importance of sustainability in the property industry, property companies in Malaysia should therefore be more thorough in implementing various strategies to minimise their environmental footprint. Put simply, there is still room for improvement by Malaysian property developers to be more socially responsible, particularly in addressing environmental concerns. Therefore, future research on a comparative study with property companies from developed countries, such as the UK and Australia, would be useful in identifying best practice to further develop the sustainability agenda in Malaysia.

REFERENCES


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