

The role of corporate social responsibility in uplifting the income of b40 households: A multigroup analysis

Badariah Haji Din^{1*} Muzafar Shah Habibullah
² Abdul Rahim Anuar³

^{1,3}College of Law, Government and International Studies, Universiti Utara Malaysia, 06010 Sintok, Malaysia

²Putra Business School, Universiti Putra Malaysia 43400 Serdang, Selangor, Malaysia

Abstract

The main objective of our study is to estimate the effect of corporate social responsibility of Farmers' Organization on the income of B40 households by multi-group analysis. The results of our study show both B40 income group 1 (G1) and Group 2 (G2) indicate that CSR is significantly contribute to income creation; adoption of ICT; community and social based enterprises and also effected on the government support. However, for the construct of education and training, G1 income group produces a insignificant result, while G2 income group shows a significant relationship. When government support perform as a mediator in the model, the relationship of CSR on education and training; and on community and social based enterprises show significant result for both groups (G1 and G2). Overall, the role of CSR by Farmers' Organization has been successful in improving the economic welfare of paddy estate participants in both group of income under B40 households. However, for the long-term, there should be a shift in the CSR paradigm run by Farmers' Organization. In the context of rice estate projects, financial incentives, subsidy assistance, and advisory services provided by Farmers' Organization can be said to be practically comprehensive. All of these are meant to generate income for paddy growers from poor to low income status, and from low to high income status.

Keywords: Corporate Social Responsibility (CSR), Partial Least Square Structural Equation Modeling (PLS-SEM), Farmers' Organization, Multigroup Analysis

Introduction

At the macro level discussion, government sector are expected to play the roles as the driver of CSR initiatives by the corporation for the benefit of the society (Moon; 2004, Fox, Ward & Howard; 2002). The expectation of the government sectors roles in CSR implementation can also be regarded as reciprocity efforts by the sector towards the initiatives by the business corporation in contributing to development of community. Thus, the sector is expected to provide enabling environment to assist and encourage the business corporation to undertake CSR effort as one of the business strategy in the country. The enabling roles plays by the government sector would refers to four key roles that are mandating, facilitating, partnering and endorsing the CSR initiatives by the corporation's (Fox et al. 2002). However, at the micro level discussion, the roles are reflected in the CSR partnership strategy which are known among others as public-private partnership CSR strategy. The aim of the partnership are to share resources, knowledge and capability between business corporations and the government agency. According to Kolk et al. (2008:267), in the private-public partnership strategy the business corporation would tend to link the CSR project with the core activities in order for the corporation to provide knowledge, expertise and some funding. On the other hand. the government sector involves would be responsible to reduce the risk of failure of the project through financial support and facilitate to bring the community and companies together to expose the community to the market and network building. By combining organizational resources through partnership strategy, it is hoped that the project would benefit each partner as well as the society at large (Seitanidi & Crane; 2008).

Generally, CSR involves in achieving commercial success in ways that honour ethical values and respect people, communities, and the natural environment and CSR is supposed to be win-win situation (Porter & Kramer, 2006). The companies make profits and society get benefits. But, in reality world, who really wins? If there is a benefit to society, which in many cases is doubtful, is this outweighed by losses to society in other areas of the company's operation and by gains the corporation is able to make as a result? CSR has ulterior motives. Study from Chan (2006) showed that over 80 per cent of corporate CSR decision-makers were very confident in the ability of good CSR practice to deliver branding and employee benefit. To take the example of simple corporate philanthropy, when corporations make donations to charity they are giving away their shareholders money, which they can only do if they see potential profit in it. This may be because they want to improve their image by associating themselves with a cause, to exploit a cheap vehicle for advertising, or to counter the claims of pressure groups, but there is always an underlying financial motive, so the company benefits more than the charity. Brands (2003), thirty hospitality and travel brands listed in the Fortune Corporate Reputation Index were found to have a strong positive correlation between CSR and profitability. Hence, realizing the constraints of corporate sectors in playing the roles as agent of development due to its nature of profit motives as reported by Brands (2003), thus the CSR partnership strategy with the involvement of the government agency is encouraged to assist in the development of the community.

In addition, based on study by Chan (2000) of the 40 Malaysian companies examined, 36 companies (90 per cent) made some social and environmental disclosures. Environmental disclosures averaged 3.75 per cent. This represented 13.3 per cent of all social and environmental disclosures and was the third most commonly reported theme after human resource management and community issues. This indicates that the level of corporate social responsibility reporting in Malaysian companies is still low. According to a study by ACCA Malaysia in 2004, there was only 43 per cent of companies had reported to some extent in the social performance while 26 per cent were pending to do so in future and most CSR commitment was expressed in terms of charity (Mallenbaker, 2006).

Too many of the CSR programs are simply public relations campaigns that do not necessarily have anything to do with how the business is operated (Porter & Kramer, 2006). Other CSR programs involve business as usual without concern for social issues and then charitable donations made to causes deemed worthy (Jones, Comfort, & Hillier, 2006). Companies are feeling pressure from activists, customers, employees, and governments to be socially responsible, and while they understand the need to report on their CSR activities, many of their CSR efforts are not yet integrated into their core business activities (Jones, Comfort, & Hillier, 2006).

Literature Reviews

In explaining the engagement of the Farmers' Organization CSR programmes towards B40 households community, our study will rely on stakeholder theory. The stakeholder theory makes a distinction between the narrow and the wide concept of the essence of stakeholders. The narrow concept defines the relevant groups that directly influence the key economic interests of a corporation. It emphasizes the significance of sustaining the moral relations between the corporation and stakeholders and represents the core of the normative stakeholder theory. The wide concept is based on empirical reality where corporations actually influence interests of others and are dependent on someone. This concept is the core of the descriptive stakeholder theory. Both concepts are based on two assumptions: First, stakeholders are individuals and groups that influence the corporation and are dependent on the corporation, and secondly, corporation either creates expenses for them and/or brings benefits, which is the same way they influence the corporation.

The following definitions of the stakeholder essence verify this: "stakeholders are those who are dependent on the firm and/or can influence the achievement of the firm's goals" (Jones et al., 2007), stakeholders are individuals or groups that have or demand ownership rights or interest in the corporation and its activities (past, present and future). The rights or interests are the results of transactions or actions undertaken by the corporation and they can be legal or moral, individual or collective" (Clarkson, 1995); "stakeholder is every entity that influences the organization and is influenced by it. Stakeholders work: formally and informally, individually and collectively, positively and negatively" (Murray And Vogel, 1997, p. 142); "stakeholder theory shows that each business decision influences a wide range of people, by bringing revenue to some and expenses to others" (Desjardins, 2009).

On the other hand, CSR roles in community development are critical and for Malaysia this may be part of the solution of helps for speedy inclusive growth. CSR commitment through community engagement acted as alleviator of poverty, creating the jobs and wealth that can provide people with economic opportunities through employment and supply chain opportunities. Based on these characteristics of CSR, responsibility of the community is the main component (Kotler & Lee, 2005, Bursa, 2006) and due unique network of corporate the Malaysia 11th Plan put forward the government intention for elevating the livelihood of the B40 households by tapping on CSR programs.

In our study, the development of CSR model of Farmers' Organization (Figure 1) is rely on the operationalization of the stakeholder theory and the 11MP focus area. The 11MP focus area outlined four focus area in enhancing inclusiveness towards an equitable society which includes Focus area A: Uplifting B40 households towards a middle-class society; Focus area B: Empowering communities for a productive and prosperous society; Focus area C: Transforming rural areas to uplift wellbeing of rural communities; Focus area D: Accelerating regional growth for better geographic balance; Focus area E: Enhancing Bumiputera Economic Community (BEC) opportunities to increase wealth ownership. In 11 Malaysia Plan, efforts to raise the income and wealth of B40 households will include enhancing accessibility to higher education and skills training, reducing school dropouts, enhancing integrated entrepreneurship support, developing community and social-based enterprises as well as increasing ownership through investment programmes.

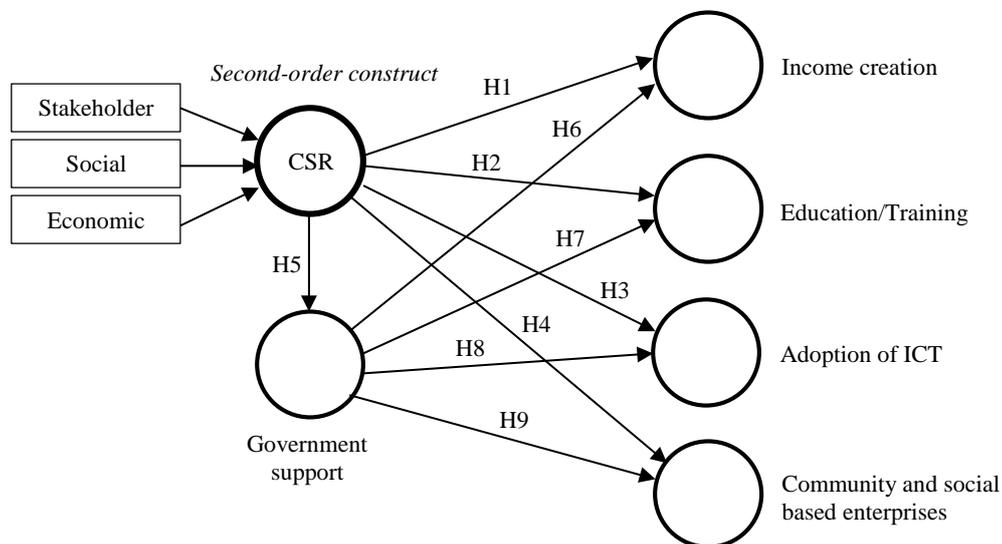


Figure 1. Theoretical Framework

The Eleventh Malaysia Plan (11MP), 2016-2020, is the final phase of the journey towards realizing Vision 2020. Vision 2020 envisions Malaysia as a fully developed country along all dimensions - economically, politically, socially, spiritually, psychologically, and culturally - by the year 2020. Emboldened by the great strides made in the last half decade, the Eleventh Plan reaffirms the Government's commitment to a vision of growth that is anchored on the prosperity and wellbeing of its people. The Eleventh Plan is a strategic plan that paves the way for Malaysia to deliver the future that the people desires and deserves. It represents the

Government's commitment to fulfilling the aspirations of the people. The Eleventh Plan is based on the theme "anchoring growth on people" and has six strategic thrusts and six game changers that will transform ideas into reality, and address in concert the goals set out in Vision 2020 so as to catapult Malaysia towards the end state of being an advanced economy and inclusive nation. In the 11MP, 2016-2020, the Government will continue to focus on enhancing inclusiveness and equitable opportunities for all Malaysians. Strategies aim to increase the overall household income of B40 households towards improving the quality of life and wellbeing of the people. Income inequality is expected to improve further with the Gini coefficient reducing to 0.385 in 2020. The focus will be on addressing the needs of identified target groups, prioritizing conditional and outcome-based support, whether economic or social. Assistance and subsidies not linked to productivity will be reduced in favour of programmes focused on creating improved wealth ownership and increasing education and skill levels.

According to Mid-Term Review of the Ninth Malaysia Plan, Eleventh Malaysia Plan, and Financial Report (2016) divided four groups of households: The B40 Group are those earning less than RM3,900 per month, The M20 Group are those earning between RM4,001 and RM8,300 per month; The T20 Group are those earning more than RM8,300 per month; and The BR1M Group are those earning less than RM4000 and eligible for financial assistance from the Federal Government.

Research Objectives

The main objective of our study is to estimate the effect of corporate social responsibility on the income of B40 households by multi-group analysis. The B40 households divided into two categories, the first category of respondents with income below RM1,000 (G1) and the second category of respondents with income between RM1,001 to RM3,900 (G2). To be inline with the 11MP, our study also aim to examine the effect of the engagement of CSR by Farmers' Organization towards uplifting the income level and wealth creation of B40 households community (mean monthly household income of the bottom 40 per cent households income group), reducing school dropouts and enhancing accessibility to higher education and skills training, increasing the productivity of B40 households community through adoption of modern technology, information and communications technology and developing community and social-based enterprises.

Research Methodology

The method of the present study is regarded as empirical research, where the objective is more typically by use data on CSR programmes towards B40 households. To be empirically tested the research questions are transformed into a theoretical model, consisting of theoretical constructs (latent variables), causal relationships and measured (observed) variables. The goodness of fit of the CSR theoretical model estimate by Partial Least Square - Structural Equation Modeling (PLS SEM) approach.

The approach of our study is based on the perception on the benefit which received by B40 household community from the Farmers' Organization CSR programmes. The respondents refers to the B40 households that engage with Farmers' Organization CSR programmes, which in this context the unemployed person whom are also the beneficiaries or the recipients of the CSR programmes.

This study used a survey technique to test the model (see Figure 1), and the items measured using 5-point likert scale. The structured questionnaire distributed to B40 households in north region which was cover Kedah and Penang. The number of sample identified based on the table Krejcie & Morgan (1970).

The questionnaire has divided into six sections. Section A is demography or respondent's profile, Section B is the dimension or construct of CSR includes CSR programmes, stakeholder dimension, social dimension, and economic dimension and section C is construct on CSR outcomes includes B40 income/wealth ownership, enhancing accessibility to higher education and skills training, reducing school dropouts, enhancing integrated entrepreneurship support, developing community and social-based enterprises while section D involve on the others government agencies support as the intervening variable. All these measurement items will be transformed into the measurement and structural model and finally, the data will be estimated by Smart PLS 3.0

Data Analysis and Results

Descriptive analysis

Table 1 describes the profile of respondents in two groups (group 1 and group 2), where 21.3% (71) is the category of respondents with income below RM1,000 (G1), and 78.7% (263) is the category of respondents with income between RM1,001 to RM3,900 (G2).

Table 1.
Profile of Respondents

Characteristics	Frequency		Percentage (%)	
	B40 G1	B40 G2	B40 G1	B40 G2
Gender				
Male	63	235	88.7	89.4
Female	8	28	11.3	10.6
Age (Years)				
20 – 30	0	10	0	3.8
31 – 40	6	35	8.5	13.3

41 – 50	16	60	22.5	22.8
51 – 60	26	87	36.6	33.1
61 and above	23	71	32.4	27.0
Ethnic				
Malay	70	261	98.6	99.2
Chinese	1	1	1.4	0.4
Indian	-	-	-	-
Others	0	1	0	0.4
Religion				
Islam	70	261	98.6	99.2
Buddha	1	2	1.4	0.8
Hindu	-	-	-	-
Christian	-	-	-	-
Others	-	-	-	-
Marital status				
Single	2	8	2.8	3.1
Married	66	247	93.0	94.6
Divorced	0	2	0	0.8
Widowed	3	4	4.2	1.5

Assessment of measurement model (reflective)

Our model consisted two types of measured constructs, which are reflective and formative measured constructs. Hence, two differences measurement assessment were conducted to assessed both types of constructed model. For the assessment of reflective measurement model, we evaluated the indicators reliability, internal consistency reliability, convergent and discriminant validity of the constructs for both categories of groups (G1 and G2). The result of the assessment as shown in Table 2.

Table 2.

Assessment result of the measurement model (reflective)

Constructs/items	Outer loadings		Composite reliability		AVE	
	B40 G1	B40 G2	B40 G1	B40 G2	B40 G1	B40 G2
Government support (GS)			0.891	0.879	0.672	0.647
GS2	0.848	0.833				
GS3	0.882	0.800				
GS4	0.810	0.858				
GS6	0.731	0.720				
Income creation (IC)			0.930	0.935	0.691	0.707
IC1	0.822	0.801				
IC2	0.607	0.800				
IC3	0.871	0.886				
IC4	0.877	0.848				
IC5	0.900	0.831				

IC6	0.873	0.875				
Education/training (EDU)			0.944	0.926	0.736	0.676
EDU1	0.838	0.815				
EDU2	0.874	0.798				
EDU3	0.849	0.844				
EDU5	0.840	0.815				
EDU7	0.871	0.811				
EDU8	0.843	0.849				
Adoption of ICT (ICT)			0.903	0.875	0.701	0.636
ICT2	0.810	0.808				
ICT3	0.818	0.773				
ICT4	0.918	0.858				
ICT6	0.798	0.749				
Community and social (CS)			0.936	0.898	0.711	0.595
CS1	0.820	0.791				
CS2	0.891	0.799				
CS3	0.922	0.792				
CS4	0.772	0.777				
CS5	0.754	0.677				
CS6	0.887	0.784				

For the indicators reliability, there are two indicators show factor loadings below 0.70, which is IC2 (0.604) for G1 income; and CS5 (0.677) for G2 income (see Table 2). As has been suggested by Hair, Hult, Ringle and Sarstedt (2017), the loadings between 0.40 to 0.70 should be considered for removal only if the deletion leads to increase the validity and reliability above the threshold. Referring to the composite reliability (CR), convergent validity (AVE) and discriminant validity (Table 3) for the both G1 and G2 incomes. The values of CR for all constructs are above 0.70, AVEs are above 0.50 and the HTMT correlation ratios are below 0.85. This indicates that both models (G1 and G2) have the validity and reliability above the threshold. Hence, the indicators of IC2 for G1 income; and CS5 for G2 income could be retained. Hence, from the assessment, it safe to considered that we have established the reflective measurement model for both B40 income groups.

Table 3.

Discriminant validity (HTMT ratios)

Constructs	B40 G1				B40 G2			
	GS	IC	EDU	ICT	GS	IC	EDU	ICT
IC	0.209				0.127			
EDU	0.695	0.111			0.492	0.182		
ICT	0.467	0.259	0.366		0.297	0.315	0.348	
CS	0.762	0.416	0.681	0.645	0.523	0.387	0.622	0.643

Assessment of measurement model (formative)

As had been stated earlier, our model also consists a formative measured construct (CSR). This construct is a second-order construct that was developed from the two stages approach method on three reflective first-order constructs (latent variables score), which are the stakeholder dimension, social dimension and economic dimension. Thus, the assessment of measurement model should apply the formative procedure of evaluation. According to Hair et al. (2017), three criteria should be evaluated to assess the formative measured construct. The first criteria are assessing the convergent validity of the construct. Second is testing the collinearity issue for each indicator of the construct, and the third procedure is assessing the significance or relevance of the indicators.

For assessing the convergent validity, we conducted the redundancy analysis of the CSR construct. The redundancy analysis was conducted for both categories of groups (G1 and G2). The result of redundancy analysis shows that the path coefficient for both groups are above the threshold of 0.70, where the coefficient value of G1 income is 0.909, and G2 income is 0.863. This indicated that both groups have established the convergent validity for the CSR construct. Next, we assess whether the level of collinearity would affect the construct indicators weight estimates. We find that the highest variance inflation factor (VIF) is the indicator of stakeholder dimension for G1 income with the VIF value of 2.908; and for G2 income, are on the social dimension indicator with highest VIF value of 2.279 (see Table 4). These values clearly are below the value of 5, suggesting the collinearity is not at the critical level.

Table 4.
 Assessment result of the measurement model (formative)

Formative Indicators	B40 G1				B40 G2			
	Outer Weights	Outer Loadings	Outer Weights <i>p</i> Value	VIF	Outer Weights	Outer Loadings	Outer Weights <i>p</i> Value	VIF
Stake.dim	-0.361	0.666	0.179	2.908	0.241	0.824	0.009**	2.078
Soc.dim	0.566	0.862	0.009**	2.052	0.440	0.906	0.000***	2.279
Eco.dim	0.822	0.916	0.000***	2.739	0.448	0.898	0.000***	2.044

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

Next, we testing the weights' significant for each indicator through bootstrapping procedure. The results show that most of the indicators weights are significant for both groups (G1 and G2), except for stakeholder dimension that nonsignificant for G1 income (see Table 4). However, this indicator exhibit statistical significant loading above the 0.50 threshold, where the outer loading for the stakeholder dimension is 0.666, providing support for their absolute contribution to the construct. Therefore, we retained the not significant, but relevant indicator for the formative measurement model for G1 income.

Prior to performing multigroup analysis (MGA) for comparing the perspectives on CSR for B40 (G1 and G2 income), the acceptability measurement invariance should be established.

According to Henseler, Ringle and Sarstedt (2016) comparison between groups in structural equation modeling can be misleading unless the researcher established the invariance in their measures. Thus, we performed measurement invariance of composite model (MICOM) analysis that had been suggested by Henseler et al. (2016) in order to establish the measurement invariance of the CSR model.

In MICOM, three-step process must be performed to assess the measurement invariance. The first step is configural invariance assessment, second is the composite invariance assessment and the last step is assessment of equal mean and variances. Step one (configural invariance) and step two (composite invariance) are a compulsory requirement to speak that we have established the partial measurement invariance. Thus, the standardized coefficient of the structural model can be compared across groups. If the partial measurement invariance has been established and in step three (also established the composite equal mean and variance), hence, we can speak that full measurement invariance is established and the data of different group could be pooled (Henseler et al., 2016). In accordance with the MICOM procedure, we have established the partial measurement invariance (see Table 5). Thus, the requirement for comparing the standardized coefficient across group could be performed.

Assessment of structural model and multigroup analysis

Table 6 indicates the result of hypotheses testing on the constructs relationship for both groups (G1 and G2). Apart from the relationship between the constructs of the groups, the table also shows the standardized coefficients comparison between the groups (G1 vs G2) through the Henseler's MGA (PLS-MGA). In PLS-MGA, if the p value are smaller than 0.05 ($p < 0.05$) or larger than 0.95 ($p > 0.95$), then it is considered that the groups have a significant difference (Sarstedt, Henseler, & Ringle, 2011).

Table 5.
 Result of invariance measurement testing using permutation

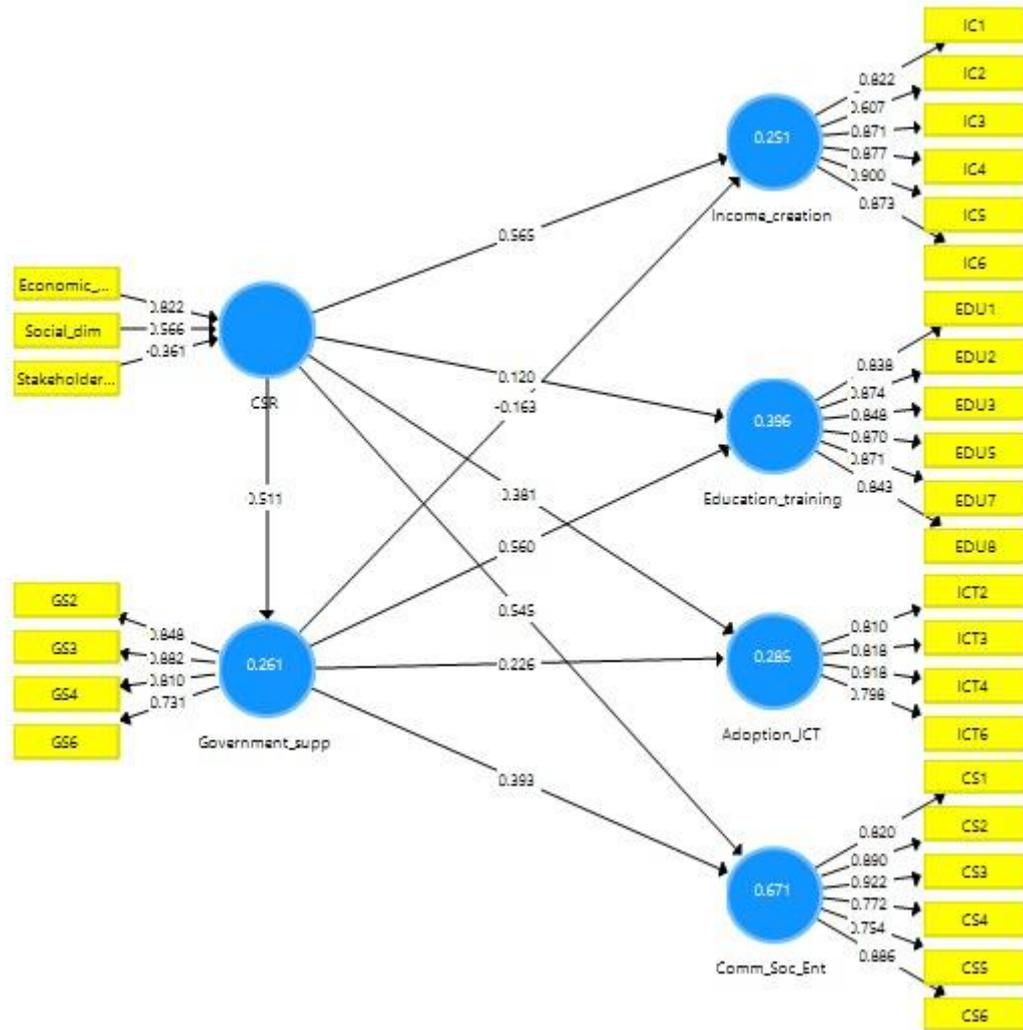
Constructs	invariance	c = 1	Confidence interval established		invariance	Differences		Confidence interval	values	mean	Differences		Confidence interval	Equal established	interval
			variances	variances		variances	variances								
CSR	Yes	0.969	[0.905, 1.000]	Yes	-0.501	[-0.222, 0.221]	No	0.384	[-0.450, 0.365]	No	Partial				
GS	Yes	0.995	[0.986, 1.000]	Yes	-0.335	[-0.219, 0.222]	No	0.293	[-0.381, 0.309]	Yes	Partial				
IC	Yes	0.999	[0.998, 1.000]	Yes	-0.299	[-0.225, 0.223]	No	0.089	[-0.334, 0.273]	Yes	Partial				
EDU	Yes	0.999	[0.997, 1.000]	Yes	-0.181	[-0.218, 0.224]	Yes	0.267	[-0.332, 0.282]	Yes	Full				
ICT	Yes	0.991	[0.976, 1.000]	Yes	-0.450	[-0.221, 0.217]	No	0.537	[-0.366, 0.324]	No	Partial				
CS	Yes	0.999	[0.996, 1.000]	Yes	-0.406	[-0.224, 0.222]	No	0.410	[-0.458, 0.388]	No	Partial				

Table 6.
 Result of hypothesis testing

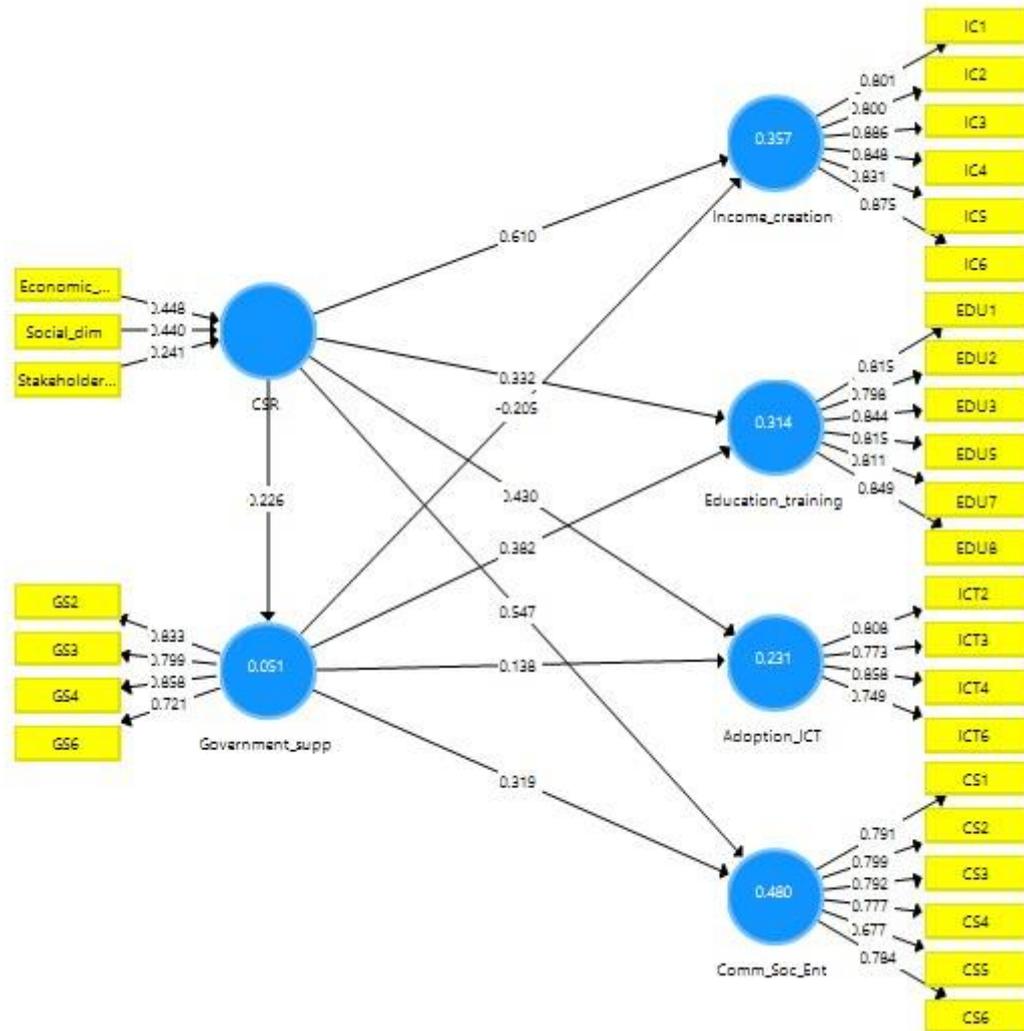
Hypothesis	relationship	Path coefficient G1	Path Coefficient B40 G2	Path Coefficient differences	p-values MGA	Supported
H1	CSR → IC	0.565***	0.610***	0.045	0.590	No
H2	CSR → EDU	0.120	0.332***	0.212	0.940	No
H3	CSR → ICT	0.382**	0.430***	0.048	0.600	No
H4	CSR → CS	0.545***	0.547***	0.002	0.490	No
H5	CSR → GS	0.511***	0.227**	0.284	0.032**	Yes
H6	GS → IC	-0.163	-0.205***	0.042	0.371	No
H7	GS → EDU	0.560***	0.382***	0.177	0.078	No

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

H8	GS → ICT	0.226	0.138*	0.088	0.270	No	PLS-MGA: * $p < 0.05$ or $p > 0.95$; ** $p < 0.01$ or $p > 0.99$; *** $p < 0.001$ or $p > 0.999$
H9	GS → CS	0.394***	0.319***	0.075	0.228	No	
H10	CSR → GS → IC	-0.083	-0.046	0.037	0.667	No	
H11	CSR → GS → EDU	0.286**	0.087**	0.199	0.019**	Yes	
H12	CSR → GS → ICT	0.116	0.031	0.084	0.132	No	
H13	CSR → GS → CS	0.201**	0.072**	0.129	0.021**	Yes	



a) B40 G1 income



b) B40 G2 income

CSR Direct effect

From the result, both perspectives of B40 income groups (G1 and G2) indicated that CSR is significantly contributed to income creation (IC); adoption of ICT; community and social based enterprises (CS) and also effected on the government support (GS). However, for the education and training (EDU), G1 income group produces a nonsignificant result, while G2 income group shows a significant relationship. If compare the B40 perspectives across the income groups (G1 vs G2), there are no significant differences regarding the perspectives about the CSR programme on the four constructs (IC, EDU, ICT, and CS), except on the government support (GS), where $p < 0.05$. Based on the result, G1 income group have more strong perspective that CSR could effect on government support than G2 income group with the path coefficient difference of 0.284.

Government support direct effect

For the effect of government support (GS) on education and training (EDU), and community and social based enterprises (CS), both groups (G1 and G2) show significant relationship with $p < 0.01$. For government support (GS) on income creation (IC), G1 income group shows a negative nonsignificant relationship, while G2 income groups shows a negative significant relationship (-0.205), $p < 0.001$. However, comparison of government support (GS) on income creation (IC) across the groups (G1 vs G2) show a nonsignificant difference with the path coefficient difference of 0.042. For government support (GS) on adoption of ICT, G1 income group show a nonsignificant result, while G2 income produces a significant relationship (0.138), $p < 0.05$.

Government support: Mediator role

When government support (GS) perform as a mediator in the model, the relationship of CSR on education and training (EDU); and on community and social based enterprises (CS) via government support (GS) show significant result for both groups (G1 and G2) with $p < 0.01$. However, the effect of CSR on income creation (IC) via government support (GS) show a nonsignificant result for both income groups (G1 and G2). Similar result also attained on the effect of CSR on adoption of ICT via government support (GS), where both income groups (G1 and G2) show nonsignificant relationship. When compare across groups (G1 vs G2), the significant differences are on the indirect effect of CSR on education and training (EDU); and on community and social based enterprises (CS) with $p < 0.05$. For G1 income group perspectives, government support (GS) produces better for education and training (EDU) compare to G2 income perspective with path coefficient different of 0.199. It also goes for indirect effect of CSR on community and social based enterprise (CS), where government support (GS) performed as better mediator for G1 income groups compare to G2 income group with path coefficient different of 0.129.

Conclusions

The objective of the present analysis is to determine the effect of CSR and the government support as a mediator on the four target constructs, namely income creation, education/training, adoption of ICT and community and social based enterprises for two group income (G1) and (G2) of B40 households. The results show both CSR and government support had a significant effects on all four target constructs for both group G1 and G2. However, the interesting finding is on the result of government support produces negative impact on income creation. When the government support is treated as a mediator, its performed as a competitive partial mediator. Hence, this findings proved that the government support could performed as a mediator, but it will produces different effect on the different types of outcome.

The other government support agencies such as those played by Farmers' Training Foundation (*Yayasan Pelajaran Peladang*), BERNAS, Farmer Management Institute (*Institut Pengurusan Peladang*), FAMA, MADA/IADA, and Agro Bank—do not have positive impact on income generation of paddy estate participants, as compared to its impact on education and training, adoption of ICT, and community and social enterprises. This is because these relevant

third-party agencies only provide general assistance to farmers (including paddy estate participants). If paddy estate participants fail to secure financial assistance from these third-party agencies, they will have a negative perception of the services provided by these third-party agencies. Compared with the case of the Farmers' Organization, their services are more specific and direct to paddy estate participants to improve their welfare. The estate participant is a registered Farmers' Organization member. Therefore, they are entitled to benefits under the Farmers' Organization, and among them is the mini-paddy estate project.

In short, Farmers' Organization directly interacts with and assists paddy estate participants in relation to income generation. They provides financial assistance and advisory services to paddy estate participants from all levels, including planting, harvesting, and marketing. They also interacts directly with paddy estate participants to resolve the problems faced by paddy estate participants. Overall, the Farmers' Organization has succeeded in improving the economic welfare of paddy estate participants in the B40 category. However, for the longterm, there should be a shift in the CSR paradigm run by them. In the context of rice estate projects, financial incentives, subsidy assistance, and advisory services provided by Farmers' Organization can be said to be practically comprehensive. All of these are meant to generate income for paddy growers from poor to low income status, and from low to high income status.

Overall, CSR by Farmers' Organization has a positive impact on rice estate participants in terms of income creation, education and training, adoption of ICT, and community and social based enterprises. The prolonged reliance on financial incentives and subsidies may impose a long-term burden on Farmers Association if available resources are limited. Therefore, in the long-run, Farmers' Organization needs to focus more on community capacity building, while still maintain existing financial incentives and delivery systems.

In the context of income generation, a third party needs to play the role as a complementary mediator and not as a competing mediator to the main stakeholder, which is the Farmers' Organization. Therefore, the related third party needs to coordinate financial assistance programmes with the Farmers' Organization in order to identify the type of specific support that is suitable with the economic background of participants, so as to aid them in generating their income. This will enhance further the delivery system by Farmers' Organization and the third party agency, in order to avoid any wastage of capital resources and the overlapping or redundancy of work.

Good community capacity building CSR can strengthen human resource development and promote productivity, increase resilience, and eradicate the violent cycles of inter-generation poverty, and ultimately develop a community's economy through a self-sufficient economy. The social protection system through community capacity building CSR is also one of the agenda and goals in World Bank sustainable development that needs to be achieved under the 2030 Agenda for Sustainable Development and Sustainable Development Goals for all its member countries, including Malaysia.

The B40 paddy farmers in general, and paddy estate participants in particular, need to change their attitude, and improve their self-efficacy and capacity building to increase their productivity and income to a higher level. This is to shed off the subsidy mentality and encourage the development of a self-sufficient economy. This change of mind set is necessary as it is the government's current policy to eliminate future subsidies in stages in the agricultural

sector, since these subsidies are a great burden to the government. On the whole, it is arguable that the financial assistance scheme provided by Farmers' Organization is comprehensive, because it covers a variety of dimensions that comprise basic use and investment. However, paddy estate farmers need to take the initiative of changing their attitude by participating in self-efficacy and capacity-building programmes to increase productivity, and by shifting their income to a higher level and solve the inter-generation poverty trap.

ACKNOWLEDGEMENT: Funding for this project comes from the MOHE Research Grant FRGS Code SO 13256.

References

1. Adapa, S. (2013) Corporate Social Responsibility in Malaysian Banks Offering Islamic Banking, *Management*, Vol. 3 No. 7, 2013, pp. 434-439.
2. Aras, G. and Crowther, D. (2009), *The Durable Corporation*, Gower Publishing, Farnham.
3. Arvidsson, A., Bauwens, M. and Pietersen, N. (2008), The crisis of value and the ethical economy. *Journal of Futures Studies*, 12, No.4, pp.15-35.
4. Becker, J., Klein, K., & Wetzels, M. (2012). "Hierarchical Latent Variable Models in PLS-SEM: Guidelines for Using Reflective-Formative Type Models". *Long Range Planning*, 45, No.5, pp.359-394.
5. Beesley, M.E. and Evans, T. (1978), *Corporate Responsibility: A Reassessment*, Croom Helm, London.
6. Blowfield, M. and Murray, A. (2008), *Corporate Responsibility: An Introduction*, Oxford University Press, Oxford.
7. Campbell, J.L. (2007), "Why would corporations behave in socially responsible ways?", *Academy of Management Review*, 32, No.3, pp. 23-32.
8. Carroll, D. (1991), "The pyramid of corporate social responsibility: toward the moral management of organisational stakeholders", *Business Horizons*, 34, No. 4, pp. 2435.
9. Clark, S. (2006). "Corporate social responsibility: A marketing tool for major hotel brands". *HSMIAI Marketing Review*, 23 No.1, pp.42-45.
10. Crane, A. and Matten, D. (2007), *Business Ethics*, 2nd ed., Oxford University Press, Oxford.
11. Dahl, R. (1972), "A prelude to corporate reform", *Business and Society Review*, 1, No 2. pp. 17-23.
12. Daily Mirror (2010), "Fury at £4m bonuses for Lloyd's bank four", *Daily Mirror*, 27 March, available at: www.mirror.co.uk/news/top-stories/2010/03/27/fury-at-4mbonuses-for-lloyds-bank-four-115875-22141610/
13. Davis, K. (1973). "The case for and against business assumption of social responsibilities". *Academy of Management Journal*, 4, No.2, pp. 312-322.
14. Elkington, J. (1991), *Cannibals with Forks*, Capstone Publishing, Chichester.
15. Fox, T., H. Ward, & B. Howard (2002). *Public sector roles in strengthening corporate social responsibility: a baseline study*, World Bank Washington, DC.
16. Fox, T. (2004). "Corporate Social Responsibility and Development: In quest of an agenda". *Development*, 47, No. 3, pp. 29-36.
17. Frederick, W.C. (2006), *Corporation, Be Good*, Dog Ear Publishing, Indianapolis.
18. Freeman, R.E. (1984), *Strategic Management: A Stakeholder Approach*, Pitman Publishing, London.
19. Freeman, R.E. (2008), *Ethical Issues in Business: A Philosophical Approach*, 8th ed., Prentice Hall, Upper Saddle River, NJ.
20. Friedman, M. (1970), "The social responsibility of business is to increase its profits", *The New York Times*, 13 September.

21. Hair, J. F. J., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)*. Sage Publications, United Kingdom.
22. Hamilton, S. and Micklethwait, A. (2006), *Greed and Corporate Scandal*, PalgraveMacmillan, Basingstoke.
23. Hawken, P. (1994), *The Ecology of Commerce: A Declaration of Sustainability*, HarperBusiness, New York.
24. Henseler, J., Ringle, C. M., & Sarstedt, M. (2014). "A new criterion for assessing discriminant validity in variance-based structural equation modeling". *Journal of the Academy of Marketing Science*, 43, No.1, pp.115–135.
25. Kolk A (2005) "Environmental reporting by multinationals from the Triad: convergence or divergence". *Management International Review*, 45, No.1, pp.145–167.
26. Nitzl, C., Roldan, J. L., & Cepeda, G. (2016). "Mediation analysis in partial least squares path modeling: Helping researchers discuss more sophisticated models", *Industrial Management and Data Systems*, 116, No.9, pp.1849–1864.
27. O’Riordan, L. and Fairbrass, J. (2008), "Corporate social responsibility (CSR): models and theories in stakeholder dialogue", *Journal of Business Ethics*, 83, No. 4. pp.67-87.
28. Porter, M., & Kramer, M. (2002). *Corporate philanthropy*. Harvard Business Review. Harvard.
29. Porter, M., & Kramer, M. (2006). "Strategy & society: The link between competitive advantage and corporate social responsibility". *Harvard Business Review*, 84, No.12, pp.78-92.
30. Rajak, D. (2006), "The gift of CSR: power and the pursuit of responsibility in the mining industry", in Visser, W., McIntosh, M. and Middleton, C. (Eds), *Corporate Citizenship in Africa*, Greenleaf Publishing, Sheffield.
31. Ringle, C. M., Wende, S., & Becker, J.-M. (2015). *SmartPLS 3*. SmartPLS GmbH.
32. Sabapathy, J. (2007), "Ethical consumption", in Visser, W. et al. (Eds), *The A to Z of Corporate Social Responsibility*, John Wiley & Sons, Chichester.
33. Smith, A. (1776), *An Inquiry into the Nature and Causes of the Wealth of Nations*, University of Chicago, Chicago, IL. Stieb, J.A. (2009), "Assessing Freeman’s stakeholder theory", *Journal of Business Ethics*, 8, No.3, pp.45-58.
34. *The Eleventh Malaysia Plan (2015)*. Pencetakan Nasional. Kuala Lumpur
35. *The Tenth Malaysia Plan (2010)*. Pencetakan Nasional. Kuala Lumpur
36. Visser, W. (2005), *Business Frontiers*, ICFAI University Press, Hyderabad.
37. Visser, W. (2010), "CSR 2.0: the evolution and revolution of corporate social responsibility", in Pohl, M. and Tolhurst, N. (Eds), *Responsible Business: How to Manage a CSR Strategy Successfully*, John Wiley & Sons, Chichester.
38. Werhane, P. (Eds), *Ethical Issues in Business: A Philosophical Approach*, 7th ed., Prentice Hall, Upper Saddle River.
39. Abdulrazak, S.R. and Fauziah Sh. Ahmad. (2014). *The Basis for Corporate Social Responsibility in Malaysia*. *Global Business and Management Research: An International Journal*. Vol. 6(3),

40. Sarmila, M.S., Ramli, Z.1, Lyndon, N., Azima, A.M. Suhana, S., Rosniza A. and Selvadurai S. (2015). Pembangunan usahawan tani melalui inisiatif Tanggungjawab Sosial Korporat (CSR): Satu kajian kes. *GEOGRAFIA Online™ Malaysian Journal of Society and Space*. 10 (3), 134-147
41. Shaffer R, Deller S and Marcouller D (2006) Rethinking community economic development. *Economic Development Quarterly* 20 (1), 59-74.
42. Philips R and Pitmann R.H. (2009) A framework for community and economic development. In: Philips R, Pitman R (eds) *An introduction to community development*, pp. 3-15. Routledge, London.
43. Kotler P, Lee N (2005) *Corporate social responsibility: Doing the most good for your company and your cause*. John Wiley & Sons Inc., New Jersey
44. Shirley, C, Suan, A , Leng, C, Maurice O.A.O. and Fei, N. 2009. Corporate social responsibility reporting in Malaysia: An analysis of Website reporting of Second Board companies listed in Bursa Malaysia', *SEG Review*, vol. 2, no. 2, pp. 85-98.
45. Rahizah Abd Rahim, Farah Waheeda Jalaludin and Kasmah Tajuddin. (2011). *Asian Academy of Management Journal*, Vol. 16(1), 119–139