

CORPORATE SOCIAL RESPONSIBILITY IN MALAYSIA HOUSING DEVELOPMENT – THE DEVELOPER’S PERSPECTIVE

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ABSTRACT

The focus of this paper is on corporate social responsibility from the perspective of housing developers in Johor Bahru, Malaysia; particularly how they believe socially responsible practice can benefit project marketability. One-to-one interviews with housing developers were conducted to explore their perceptions, level of commitment and limitations to implementing CSR. An observational study of housing development trends from 1985 to 2004 was performed to identify major changes, predominantly from the aspect of CSR application, and to validate the interviews. Research findings showed that for the past five years, developers in Johor Bahru placed more emphasis on CSR elements; most developers committed to implement CSR; not only to improve marketability, but also to achieve the objective of sustainable housing development.

Keywords: Corporate social responsibility, housing development, housing developer

INTRODUCTION

With the evolution of the global economy into a borderless and increasingly integrated world, the concept of corporate social responsibility (CSR) has gained growing recognition and significance. The new patterns of partnership among business corporations, the regulatory authorities and society have placed intense pressures on business to meet society’s rising expectations and requirements. As a consequence, businesses have come to perceive CSR as a value-adding strategy, enhancing corporate reputation and, importantly, financial performance.

Likewise, in recent years, CSR has started to attract public attention in Malaysia. And to stay competitive, many large corporations integrate CSR elements into their business strategies. As suggested by Carroll (2000), to become a corporate citizen, besides meeting economic objectives, a corporation has to be socially responsible. By being socially responsible, not only will corporate reputation be improved, but it will contribute to improved financial performance (Carroll, 1979).

CSR requires companies to acknowledge they should be publicly accountable not only for their financial performance, but also for their social and environmental record (CBI, 2008). More broadly, the value of CSR includes the extent to which companies should promote human rights, democracy, community improvement and sustainable development. This definition applies aptly in the context of housing development in Johor Bahru, where developers chose to be socially responsible and address social concerns as a result of pressing issues such as an alarming crime rate and the need to practise sustainable development.

Due to increased public expectations for businesses to be socially responsible, this paper explored the relevance of CSR in housing development from the developers' perspective in Johor Bahru. The focus is on how they believed socially responsible practices can benefit project marketability. As house buyers become more affluent and discerning, housing developers must not only build houses, but are expected to assume broader social responsibilities. Price is not the only factor of consideration; house buyers are looking for housing projects that offer a living environment conducive to well-being.

This paper focuses on the housing developers' views on CSR practice, principally, how they believe it can enhance financial performance. A qualitative method by way of case studies was used to explore the relevance of CSR practice in housing development in Johor Bahru. One-to-one interviews and an observational study were conducted. The purposes were to investigate the developers' commitment and readiness to practise CSR, and to study the trend of housing development to incorporate CSR elements.

LITERATURE REVIEW

According to Frederick (1994), the idea of CSR began to take shape in the 1910s when business representatives and executives started to speak of the needs of corporate directors to act as trustees for the interest of all stakeholders. However, the history of corporate philanthropy stretches back to the 19th century, and was accompanied by a growing belief that business and society were organically linked; therefore, there is an obligation to provide "service" beyond profits (Heald cited in Frederick, 1994). From the outset, scholars have recognised that corporations are not merely instrumental for the production of goods and services; they are forces that affect an entire society in diverse and complex ways (Epstein, 1999).

Bowen (1953) set forth an initial definition of the social responsibilities of businesses: 'CSR refers to the obligations of businesses to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society'.

In line with the above definition, CSR means decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest that enhance total socio-economic value (Davis, 1960; Frederick, 1960). Thus, some socially responsible business decisions can have a good chance of bringing long-term economic gain to the firm (Davis, 1960).

According to Carroll (1999), the landmark contribution to the concept of CSR came from the *Committee for Economic Development* (CED) in its 1971 publications. The CED asserts that 'business functions by public consent and its basic purpose is to serve constructively the needs of society to the satisfaction of society' (cited in Carroll, 1999). Businesses are being asked to assume broader responsibilities to society than ever before and to serve a wider range of human values. Along these lines, businesses are expected to contribute more to the quality of human life; the extent of CSR implementation will depend on the quality of management, as well as how they respond to the changing expectations of the public (Carroll, 1999).

Lantos (2001) clarifies the concept by distinguishing three types of CSR:

- ethical (avoiding societal harm);
- altruistic (doing good works at possible expense to stockholders); and
- strategic (good works that are also good for business).

He argues that for any organization, ethical CSR is obligatory; however, for a publicly-held business, altruistic CSR is not legitimate; therefore, companies should limit philanthropy to strategic CSR. Strategic CSR is commonly implemented by firms owing to its ability to create a win-win situation in which both the corporation and one or more stakeholder groups benefit. As suggested by Carroll (1999), strategic CSR is done to accomplish strategic business goals because good deeds are good for a business as well as society.

Conversely, there are scholars who perceive CSR as a destructive idea that may jeopardize the business return of a corporation. Friedman (1970) argues that the only responsibility of business is to make as much money as possible for stockholders. He says that the corporation is an economic institution and should thus specialize in the economic sphere. A manager who uses a firm's resources for non-profit social purposes, is said to be diverting economic efficiency and levying an illegal tax on the organization (Friedman, 1970).

In contrast, there are scholars who argue that there is a positive link between CSR and business economic performance (Maignan and Ferrell, 2001; Trevino and Nelson, 1999; Balabanis, Phillips and Lyall, 1998; Waddock and Grave, 1997; Drucker, 1984; Carroll, 1979). Extending this rationale, Novak (cited in Lantos, 2001) asserts that CSR will improve profitability because of favourable publicity, enhanced employee morale, and reduced government intervention in corporate affairs. In addition, a firm perceived as socially responsible may face relatively fewer labour problems, or customers may be more favourable to its products (Balabanis, Phillips and Lyall, 1998).

In Malaysia, CSR has been given more emphasis by businesses in recent years (Md Zabid and Saadiatul, 2002). The Deputy Prime Minister of Malaysia encouraged businesses to embrace CSR to raise ethical standards in business decision making; corporations should consider not just their own economic well-being, but also the interest of society and the environment (Najib, 2004).

To compete successfully, businesses of the 21st century need to be perceived by their stakeholders as socially responsible (Idowu, 2005). A stakeholder view suggested that sustainable firm performance can be enhanced by management of favourable relations between firms and their various stakeholders (Post, Preston and Sach, 2002). As the awareness of CSR gains ground in the market economy, the societal marketing concept, which embraces the essence of stakeholder theory, is widely used by socially responsible corporations.

According to Kotler and Armstrong (2004), advocates of the societal marketing concept believe that a corporation should determine the needs, wants, and interests of target markets; it should then deliver superior products and services to customers in a way that maintains, or improves the consumer's and society's well-being. This concept called on business to balance the three considerations in setting marketing policies: company profits, customer wants, and society's interests.

In the housing industry, developers need to identify what the target market wants, to deliver superior products to customers, and to anticipate the likelihood of market response. However, these tasks have to be done profitably. In line with the *National Development Policy* of the *Malaysia Second Outline Perspective Plan*, housing developers must pay adequate attention to the protection of the living and natural environment to maintain the sustainability of the country's development (Singh, 1994).

Some housing developers in Malaysia, in order to be competitive in price, chose to compromise on the quality of products by using inferior building materials, poor designs, and substandard work. However, house buyers have become more informed and discerning. Therefore, to stay competitive, developers adopted strategies to be more socially responsible. Further, house buyers were not only looking at the price factor, they considered elements such as the entire living environment, infrastructure and developer reputation (Nanyang Siang Pau, 21 December 2003). As a result, some

developers in Johor Bahru not only attempted to improve product quality, but also looked at other value adding elements to incorporate in their development.

Holmes (2002) defines property-related CSR as primarily connected to environmental sustainability, as well as elements of ethical and social responsibility. While Adair and Lay (2003) point out that related CSR property in the UK tends to focus on environmental issues, particularly in creating environmentally sustainable new buildings and controlling energy usage, they nevertheless place less emphasis on the social and community aspects. In general, property related organizations view CSR as auxiliary to financial objectives. Consequently, CSR is carried out with the purpose of generating a better corporate image and reputation, with an expectation of enhanced profit.

The quality and desirability of the physical environment are also emphasized in housing developments (Betts and Ely, 2005; Ring and Boykin, 1986; Twichell, 1947). Such environmental factors include crowding of the land by buildings, mix of business and industrial uses with residence, proximity to major traffic, adequacy of sanitary services, and availability of essential community facilities.

In residential developments, projecting a positive brand image can give a developer more leverage than any other asset (New Straits Times, 16 October 2004). Market surveys in Malaysia revealed that, other than price and location, many buyers rate a developer's reputation as the most important factor. The report said good image and reputation can distinguish a developer from its competitors, engendering customer loyalty, and thereby allowing the company to occupy a unique position in the mind of a customer (New Straits Times, 23 October 2004).

Sustainable housing development means meeting the housing needs and demands of the present generation without compromising the interest of future generations (Chiu, 2004). A simultaneous consideration of both the present and the future in the built environment should be the starting point in implementing sustainable development (Oladapo and Olotuah, 2007). Consequently, the trend of increased demand for sustainable development has affected the approach of developers towards housing developments in Malaysia. Thus, to improve the quality of life over the past five years, more greenery, landscaping, parks, gardens and lakes were incorporated in new housing developments in the study area.

According to the New Straits Times (11 December 2004), housing developers should implement CSR by giving maximum consideration to the environment, providing social amenities, sports and recreational facilities. A summary of CSR elements in property development is given in Table 1.

Table 1: Summary of elements of CSR in property

CSR Elements	Examples
- Environmental sustainability	- Landscaping, sustainable timber supplies, environmentally-friendly materials, sustainable building designs
- Social amenities	- Recreational facilities, parks, play grounds, sport facilities, meeting places, schools
- Safety of houses and surrounds	- Safety of ingress and egress, and building materials
- Quality of the environment	- Development density, proximity of public transportation, mix with industrial and commercial development
- Sound infrastructure	- Quality roads
- Quality product	- Quality finishes and design

HOUSING DEVELOPMENT IN THE STUDY AREA

From 1985-2004, housing developments in Johor Bahru underwent substantial change. The significant transformation indicates that the preferences and requirements of buyers changed from a basic shelter to a home within a quality living environment.

Housing schemes were first introduced near Johor Bahru town-centre in the 1960s. The housing schemes, mainly of terraced houses, semi-detached houses, and detached houses, were within a three kilometre radius of the town-centre. As Johor Bahru developed, the housing schemes moved towards the outer bounds of the city to cater for the increased population.

In the early years, housing schemes merely comprised of houses with minimum finishes. However, for the past five years, the housing market in Johor Bahru has transformed due to an alarming crime rate and the presence of a few new housing developers. These new players introduced extra features into housing schemes. These elements changed the expectations and requirements of house buyers, and exerted pressure on other developers to be responsive to the changing market needs.

The continued economic growth also improved the well-being of the society. The awareness of CSR is closely associated with the level of education and wealth of society; the more developed a society is, the higher the expectation for corporations to

be socially responsible (McWilliams and Siegel, 2001). As a result, buyers are not merely looking at the basic features of the housing product per se, but also aspects which improve their quality of living.

CONCEPTUAL FRAMEWORK AND RESEARCH QUESTIONS

Demand for businesses to address social concerns grows; businesses which are not socially responsible can lose significant competitive advantage (Cleghorn 2004; Dirks, 2004; Lewis, 2003; Waddock and Graves, 1997; Drucker, 1993; Davis, 1973, 1960). Because of the problems of housing over-supply, the rising crime rate, and the increasing public awareness of CSR, it is timely to explore the relevance of its practice; particularly how the developers believed it can improve financial performance.

This research provided answers to the following questions:

1. What are the perceptions of housing developers, their commitment and limitations to implement CSR?
2. How relevant are the elements of CSR to different types of housing development?

RESEARCH METHODOLOGY

A qualitative approach was adopted in this research because CSR in property is a relatively new research topic; thus, an exploratory approach was used to understand its relevance from the developers' perspective (Hair, Babin, Money and Samouel, 2003). Also, a qualitative study is the most effective approach to gain an understanding of the perceptions of interviewees. As opposed to quantitative studies which are widely used in well-established research areas, case studies are used to understand social phenomena (Yin, 2003). An exploratory study is undertaken when little is known about a situation or when no information is available on how similar problems or research issues have been resolved in the past (Cavana, Delahaye and Sekaran, 2001). Therefore, an exploratory case study was chosen because the research questions have not been widely explored.

As an aid to verification in qualitative studies, triangulation is commonly used by researchers to examine the consistency of findings (Cavana, Delahaye and Sekaran, 2001). Yin (2003) says that a major strength of case study data collection is the opportunity to use many different sources of evidence. In this study, an observational study was designed to validate the interviews and investigate the implementation of CSR in housing development from 1985-2004.

Data collection comprised two stages. First, to conduct interviews with selected housing developers to investigate perceptions, commitments, and limitations in implementing

CSR. Second, to study the development trend of the past 20 years and to observe the latest development features.

A judgmental sampling method was adopted. As suggested by Kitchin and Tate (2000), judgmental sampling (also known as purposive sampling) is the most subjective sampling method; sample elements are selected, based on a judgment derived from the researcher's prior experience. In an interview survey, respondents may be selected on the basis of the types of response they are likely to give, as well as the responses the interviewer seeks (Kitchin and Tate, 2000).

Thus, one-to-one interviews were conducted with selected housing developers. These included companies that had developed many successful projects in the past 20 years, and new players who significantly influenced the Johor Bahru market in recent years. Selection was based on the significance of projects on the local market, regardless of any incorporation of CSR elements.

Further, a structured open-ended interview was adopted because the focus of the research was on how developers believed CSR could improve project marketability; thus what CSR elements were geared towards the house buyers.

The research instrument used in the interviews was developed through a literature review, discussion with developers and property consultants, and later revised after pilot testing. A qualitative approach, by way of content analysis, was used to analyse the data. The content analysis was conducted using NVIVO software. The software helps to code and categorize large volumes of narrative text. Nevertheless, as the software merely assists to categorize and organize data, the researcher must identify themes and sub-themes.

To establish the development trend for the past 20 years, particularly with regard to CSR practice, and to validate the consistency of research findings from the interviews, the second set of data involved physical observation of housing projects. An observational checklist was used in the field study. The objective was to have a clearer understanding of market preferences; besides observing the physical elements displayed by the various housing projects.

Due to time and resource constraints, this research involved eight housing developers and 32 housing projects. However, these developers were representative as they significantly influenced the housing market. All respondents were of senior manager level in development companies and remained anonymous in this paper.

Four housing developers were identified based on the following criteria:

- Developed housing projects since 1980s. This was to look at the pattern of housing development over the past 20 years;

- Had successfully developed established housing projects. This was relevant as these projects must to a certain extent have influenced the house buyers' behaviour in Johor Bahru; and
- Remained active in the housing sector. This criterion looked at how developers adapted to new development challenges.

The other four developers were selected based on the success of ongoing housing projects. This was important to ensure that these housing schemes were influencing house buyers' preferences.

DATA ANALYSIS AND INTERPRETATION

Analysis of the observational study

Housing projects commenced before 1985 displayed minimal features; what developers built fulfilled the basic requirements of house buyers and provided a basic shelter. At the time, social issues were only addressed by the government. Buyers were less affluent and as a result, did not demand quality living environment (see Table 2).

Table 2: Summary of development trend from the aspect of CSR elements

Projects before 1985	Projects from 1985 to mid 1990s	Projects from mid 1990s to 2004
<ul style="list-style-type: none"> - Only minimal features and facilities as required by law - Low quality work and finishes - House buyers were content with the products offered 	<ul style="list-style-type: none"> - Better quality houses - Better facilities improved the living environment 	<ul style="list-style-type: none"> - Two streams of housing development (well received by the market) One with basic features, another with extra features and facilities - The new concept came with more trees and greenery, well-equipped recreational parks, club house with sport facilities, quality landscaping and children’s play ground, security features such as gated and guarded features, wider roads, better house design and layout, and quality finishes. - House buyers were more selective

From the mid-80s to the mid-90s, developers incorporated facilities to improve the quality of the environment. In the same period, buyers started looking for better quality houses and a more favourable living environment. Many projects achieved overwhelming responses despite higher selling prices.

In other words, consumers were willing to pay for better quality houses and living environment. One developer said that the economy was on an upward trend and the property market was booming, thus consumers had extra cash and were willing to pay for the premium. So, the “extras” or the elements of CSR (see Table 2) were very much correlated to the level of affluence of the society. This phenomenon corresponded with the argument that one of the determinants of consumer demand for CSR is the disposable income (McWilliams and Siegel, 2001).

From the mid-90s to 2004, the presence of new property developers and new development concepts created strong demand and considerably changed the local housing market. Most new projects launched during the last five years included features

and facilities (see Table 2) that offered buyers a comfortable living instead of a concrete shelter.

In summary, due to market competition and changes in consumer preferences, developers incorporated extra features in their housing projects. These extra features, partly subsidised by developers to satisfy buyers' expectations, were beyond what the laws require, and qualify as elements of CSR.

The purpose of providing these CSR elements was to meet the increasing demand of more discerning buyers and to improve the company's financial performance. This was in line with the argument that what type of product a business provided was determined by both the organization and society's expectations. Because it can be a major source of competitive advantage, corporate reputation can be one of the most important intangible resources of a business (Hall, 1992). Interviewees generally believed that the inclusion of CSR features in their projects would improve corporate image and in return, enhance product marketability.

Analysis on developer interviews

The results of qualitative analysis using NVIVO software will now be discussed with specific reference to issues of CSR.

Perceptions on CSR

There were two schools of thought on developer's perceptions of CSR. One group of developers was of the opinion that in housing development, CSR means to provide more than what was required by the laws. The other group opposed this view and argued that a corporation was socially responsible by providing features or facilities as prescribed by the laws and regulations.

Five of eight developers believed that CSR means providing better features than what was prescribed by laws. They practised this by providing more features and facilities to improve the living environment. These developers argued that meeting minimum government rules and guidelines was not socially responsible, because developers have no choice but to abide by the laws, otherwise they would not provide those facilities. These views are in line with Davis's (1973) definition of CSR which says that social responsibility begins where legal compliance ends.

However, three developers were of the view that meeting government planning requirements was CSR as the laws and regulations had already taken care of social concerns such as mandatory provision of low-cost houses. They believed that providing more features than was required by the laws were the extra social responsibilities assumed by other developers. These developers recognised that their counterparts are more socially responsible.

CSR is still considered by many businesses as the job of government (Boehm, 2002). This view corresponds to Friedman's (1970) contention that the only responsibility of business is to use its resources to increase profits; so long as it stays within the rules of the game. Two developers argued that as the government was the tax collector, to which developers paid various development contributions and taxes, the government should provide all facilities to enhance quality of life.

One developer who did not agree with the idea of providing extra features, argued that selling houses at lower prices, compared to other developers, was socially responsible, as the low price helped the less affluent own property. With basic house features selling at attractive low prices, sales results showed this developer had done very well.

Implementation of CSR

Interviews and field observation revealed that the five developers who supported CSR had provided more features or facilities than required by the laws (see Tables 2 and 3). For example, some developers had also organized community activities to promote community living.

The three developers who did not support CSR, provided minimal facilities and features as prescribed by the laws. Nevertheless, due to market competition and less than satisfactory sales performance, one developer integrated some CSR features in their new housing project. For instance, they provided security features, good design, and quality finishes to new houses.

We concluded that those developers who believed in CSR tend to provide more facilities and features to satisfy house buyers, while those who had faith in shareholder theory only developed basic units and implemented competitive pricing in marketing.

Management perceptions of CSR

All developers interviewed found that meeting profit targets was the most important objective in business. Trevino and Nelson (1999) suggest economic responsibility is a business's primary function in producing goods and services that fulfil consumers' needs. It is primary because, without making acceptable profits, and being financially viable, the other aspects of social responsibility become impossible (Trevino and Nelson, 1999).

Table 3: Developers’ perceptions, commitment and limitations in CSR implementation

- Perceptions of CSR	<p>CSR provided more features than required by the laws and regulations.</p> <p>CSR improved corporate reputation and project marketability.</p> <p>CSR complied with the laws and regulations.</p>
- CSR implementation	<p>Most developers provided extra features and facilities.</p> <p>CSR features included environment conducive for living, more greenery, land-scaping, recreational parks, play grounds, security with gated and guarded features, patrol services, sport club facilities, good infrastructure such as wider roads, community activities to bring the residents together, attractive house design and layout.</p> <p>Site observation confirmed CSR features were incorporated in housing projects.</p>
- Limitations	<p>Developers who supported CSR were willing to sacrifice profit to implement CSR. However, they shared the concern that the cost of CSR had an impact on the selling price. Although house buyers were offered better features and facilities, the higher price affected sales, particularly when the general economy was less favourable.</p>

Analysis showed that in the group responsive to CSR, all the companies had strong support from senior management. Their senior management believed that CSR was an effective strategy to improve company reputation which turned into better product marketability. In addition, they were committed to achieving the objective of sustainable housing development. One developer said that the only constraint to practising CSR was the state of the national economy; if the economy was not doing well, consumers would not pay the premium for higher valued products. However, another developer said that CSR was very important to their management, and they emphasized customer satisfaction, and provided a ‘green and clean’ living environment.

One of the developers who did not support CSR claimed they were good corporate citizens as they were selling houses at the lowest price, and this was better than incorporating extra features because the developers eventually passed on the extra cost to the buyer. The observational study showed this developer only built basic houses and the product quality was below market average.

However, as a result of the strong competition and over-supply, senior management of one company had no choice but to incorporate additional features in their new housing project. This company began to use environmentally friendly material to improve ventilation. The company also provided security facilities to house buyers.

In summary, most developers in this study shared the notion that being socially responsible especially in the aspects which were visible to the house buyers improved reputation and sales performance.

Limitations of CSR implementation

All five developers in favour of CSR shared the view that implementation cost money. Four developers believed that involvement took 3-5% of project profit. One developer pointed out that the limitation of CSR practice was the higher cost and the impact on the selling price.

The developers interviewed acknowledged they factored in the extra cost by selling houses at a higher price and anticipated greater sales in return. This was in-line with the argument that strategic CSR is done to accomplish strategic business goals, and it would improve the company's financial performance in the longer term (Carroll, 1979).

Drucker (1993) says that the new concept of CSR no longer asks what the limitations of business are; it demands business to take responsibility for social issues and problems. In recent years, the rising crime rate in Johor Bahru had become a problem to the residents. Therefore, besides incorporating additional features in their projects, developers endeavoured to solve this problem by providing security facilities.

Two developers who did not support CSR kept to the government's minimum requirements. Even though provision of low-cost housing was mandatory, these developers claimed they were socially responsible by complying with the law. This view contrasted with Davis's (1973) definition of CSR which says that social responsibility should be providing more than legal requirements.

Sethi (2003) suggests that socially responsible conduct is desirable, and it is the external market competition that defines the extent of a corporation's socially responsible conduct. To stay competitive, one developer who did not support CSR adopted strategies to cater for the market preferences.

One senior manager pointed out that CSR practice was subject to the types of property developed, the income level of the target group, and the location of the housing project. For instance, CSR elements were valued only by the affluent target groups; whereas for low-income buyers who could only afford a basic unit, all extra features were considered luxury.

CSR implementation in the future

All the developers interviewed shared the view that being socially responsible gave a company an edge in the market. All agreed that by providing extra features and better quality houses, the developers enjoyed better market reputation. Except for two interviewees, CSR was deemed an effective approach for product differentiation to create an advantage over competitors.

Developers who supported CSR indicated that future implementation would be structured towards providing more greenery and an environment conducive for well-being. They will provide more places and facilities for people to meet, and organize community activities to promote community living. One interviewee believed that innovative house design and impressive project layout are additional elements of CSR which could improve product marketability. They attempt to design housing projects that encourage communication and interaction among the residents.

As these marketing strategies were designed to surpass competitors, some developers were reluctant to elaborate further on their detailed plans. However, the interviews revealed that besides providing the necessary security features these measures are geared to further improve the living environment.

Strategies to improve project marketability

Except for the two developers who did not support CSR, most developers shared the view that CSR can improve project sales performance. Their strategies were summarized below:

- Provide more greenery, parks and recreational facilities;
- Provide gated and guarded facilities, and patrol services;
- Bring residents together by creating a friendly neighbourhood; and
- Provide attractive house design and layout.

The marketing strategy of the other two developers was pricing. They were selling houses at lower prices and sales performance proved one of them was successful. They argued that extra features were only intended for higher priced property. This was in line with the argument that both the type and extent of the needs to be fulfilled, and the agent who is expected to satisfy these needs, will depend upon the social group's needs and the degree to which the members of society believe such needs are not fulfilled (Angelidis and Ibrahim, 2004).

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agent who is expected to satisfy these needs, will depend upon the social group's needs and the degree to which the members of society believe such needs are not fulfilled (Angelidis and Ibrahim, 2004).

DISCUSSION

The observational study confirmed significant changes in housing developments in the study area. Facing the problem of over-supply, housing developers incorporated CSR elements in their projects to improve competitiveness. This was in-line with the argument that to be competitive in today's market economy, businesses need to be socially responsible and sensitive to the interest of the various stakeholders which includes caring about the environment, sustainable development, and society in general (Idowu, 2005).

Research Question 1: What are the perceptions of housing developers, their commitment and limitations to implement CSR?

There were two schools of thought on CSR. Five developers said that CSR meant businesses should provide more than what was required by the laws; three argued that CSR meant providing features or facilities prescribed by the laws. The developers who supported CSR viewed it as a strategic tool to fulfil their obligation as a corporate citizen, and to improve project marketability.

The observational study confirmed that those developers who supported CSR incorporated various features in their housing projects (see Tables 2 and 3). The elements identified corresponded to the items identified in the literature review (see Table 1); except for gated and guarded amenities which reflected the need for security features due to the alarming crime rate in Johor Bahru.

The management of those companies in favour of CSR were committed to engage in more CSR practices. They believed these efforts not only helped achieve the objective of sustainable housing development, but also improved corporate reputation and financial performance. However, one developer raised the concern that CSR elements increased development costs, and thus made prices less competitive.

Research question 2: How relevant are the elements of CSR to different types of housing development?

The interviews and the observational study revealed that CSR elements were important in housing developments. Over the past five years, developers had started integrating CSR elements in housing projects, particularly elements that directly benefited house buyers.

Analysis showed there were generally two groups of housing projects developed in the study area. One group of developers provided houses with ample recreational features; the other group built houses with basic features and infrastructure.

Field observation and interviews confirmed that CSR practice was associated with houses in the middle to upper ranges of prices. These house buyers tended to be better informed and demanding. As a result, they expected developers to be socially responsible and to provide more than what was prescribed by the laws.

Even though developers were willing to sacrifice a portion of their profit to offer buyers a better living environment, part of the additional costs were borne by the buyers. Therefore, houses that catered to low-income groups did not have the extra features of higher-priced houses.

CONCLUSION

The research provided an understanding of the trend of housing development in Johor Bahru over the past 20 years, particularly, the inclusion of CSR elements. Interviews with developers revealed their perceptions of CSR, the level of commitment and limitations in incorporating CSR in their projects. This helped to envisage the future trend of CSR implementation in the study area.

Most developers agreed with the notion that strategic CSR could improve financial performance. Their management supported CSR policies and were committed to being socially responsible not only for marketing purposes, but also to attain the objective of sustainable housing development. However, the use of environmentally-friendly materials and sustainable building designs was not widely practised in Johor Bahru. Only one interviewee incorporated better insulation to reduce energy consumptions.

Elements of favourable CSR were also identified from site observations and developer interviews. These elements of CSR were geared towards the interests of houses buyers to achieve better sales. In addition, the research findings contributed to the CSR literature by giving insights on the relevance of CSR in housing development, particularly from the developer's perspective in Johor Bahru.

A study of perception does not reflect how socially responsible the respondents are in the work-place (Peterson, Rhoads and Vaught, 2001). Hence, a limitation of this study was that it may be biased because developers tended to express their support of CSR.

In the interviews, the developers gave verbal commitment to being socially responsible, but the issue of how socially responsible they would be in their actual projects was not known. Therefore, field observation was designed to confirm such CSR practice.

Due to the characteristics of the property market, which was localised in nature, the findings of this research were confined and applicable to the study area. Generalization was limited and confined to Johor Bahru as the recommendations appropriate to the study area may not relate to other locations.

However, a conclusion which can be drawn from the research was that as the property market becomes competitive, and when consumers are more discerning and affluent, developers were expected to go beyond their economic agenda and be socially responsible. In this regard, buyers expected developers to provide more than what was prescribed by law (Davis, 1973). This phenomenon can be generalised to housing development in other localities. Nevertheless, the elements of CSR included in housing projects will differ from one locality to another, subject to consumer preferences.

Considering that buyers' perceptions of CSR is of utmost importance in influencing purchase decisions, another paper was written to address this concern. To complement the research findings of this study, it is recommended that future researchers conduct surveys to study buyer perceptions of CSR. What elements of CSR interest house buyers? How much are they willing to pay for the premium? How do they view CSR for different types of properties? These studies would be important guides to developers formulating socially responsible activities to satisfy house buyers' needs, and at the same time improve their financial performance.

Finally, as the research findings revealed, most developers agreed that CSR elements improved project marketability. However, further quantitative research to study the relationship between CSR and sales performance was found to be necessary.

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