

Corporate Social Responsibility and Offshore Outsourcing: Electrical and Electronics Firms in Malaysia

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Abstract: Offshore outsourcing (OO) of business activities from North to South does not only relocate investments and jobs, it has also brought about new business demands on suppliers' activities and their social and environmental impact. The objectives of the study are firstly, to explore whether OO activities of Malaysian firms (herein referred to as contracting firms) matter in corporate social responsibility (CSR) practices, and secondly, to examine whether government policy and support matters in the CSR practices of the contracting firms. The focus is on Malaysian based local or foreign (sub) contractors in the electrical and electronics industry. The findings of the study indicate, firstly, that the level of CSR practices is positively influenced by the degree of OO activities. In addition, the size of the company's workforce and degree of foreign ownership also have a significant impact on the firms' CSR practices, while no apparent relationship is found with firms' profitability and leverage. Secondly, it appears that the government plays an important role shaping the perception, rhetoric and organization of CSR activities by firms. However, most contracting firms do not recognize any support for CSR upgrading from the government or local institutions.