

PERCEPTION OF EMPLOYEES ON CORPORATE SUSTAINABILITY IN AFFECTING CUSTOMER CONFIDENCE AND LOYALTY: A CASE STUDY IN MALAYSIAN INDUSTRIES

Kartina Johan^{1*}, Faiz Mohd Turan¹, W. N. Syahirah W. Lanang¹

¹Faculty of Manufacturing Engineering, Universiti Malaysia Pahang, 26600 Pekan, Pahang, Malaysia

*For correspondence; Tel. + (60) 126813531, E-mail: kartina@ump.edu.my

ABSTRACT: This paper aims to study the perception of the employees of industries in Malaysia on their companies in applying corporate sustainability as a concept in creating an ethical brand that strengthen consumer confidence and loyalty. A structure survey instrument is developed to study the employees' perception on the company's sustainable business practices in their companies. The targeted respondents are employees from various companies in Malaysia. The data obtained are analyzed and commented using spreadsheet analysis on the frequency and relative importance value. The results show good perception on their company's sustainable business practices in becoming an ethical brand with the shared values' of Malaysia being a country which supports Sustainable Development Goal initiatives (SDGs). The study also shows employees' perception on reasons for businesses to incorporate sustainability concepts in their operations are in line with the Triple Bottom Line (TBL) principles with profitability as the strongest perceived reason. The findings indeed support future research in transforming Malaysia's own domestic economy to a more sustainable direction.

Keywords: Corporate sustainability, Sustainable Development Goals (SDGs), Triple Bottom Line (TBL) principles, United Nation Development Plan (UNDP), Sustainable Development (SD)

1. INTRODUCTION

Corporate sustainability is becoming a mainstream concept globally, including in new and unexpected ways in the emerging, developing and post-centralized economies. Businesses that integrate sustainability into their operations are expected to be in positions of long term strength in terms of consumer confidence and loyalty. This is based on the perspectives from United Nations [1] that a new paradigm in development thinking can be shifted by fully recognizing the central role of business. In this 21st century companies are expected to be engaged in global development agenda such as Sustainable Development Goals (SDGs) through business model and practices as more Governments now advance corporate sustainability as a complementary solution to world problems. It is expected that businesses that integrate sustainability into their operations will gain customer confidence and strengthen the loyalty. This kind of gain in brand equity comes with the assumption that the consumers has an ethical view of the world or has the same 'shared global values' in which society aims for economic, social and environmental goals.

For developing countries such as Malaysia, often people adopted the conventional view where there are important trade-offs in pursuing economic, social and environmental goals. For example, it is conventionally believed that a society can aim to be rich, or it can aim to be equal but aims for more equality, it will end up less rich. It is feared that in such developing countries, the idea of an ethical brand i.e good sustainable business practices is far less important than getting goods sold at affordable prices even at the price of compromising the impact to social and environment. In short in Malaysian context, these are the following questions that this study aims to answer:

- (a) Do customers intend to buy goods from brands that are known to have good sustainable business practices?
- (b) Do the employees from such companies themselves have good perceptions on the company's sustainable business practices or corporate sustainability policy?

- (c) Do the employees in Malaysia think corporate sustainability implementations carry benefits in building the global society based on the three pillars principles (Triple Bottom Line)?

The research aimed to analyse the perceptions from the employees themselves since they are the directly involved in activities executed based on the company's corporate sustainability policy. In this study the researchers assumed that implementation of corporate sustainability policy or sustainable business practices is the company's effort accountable for creating an ethical brand to the consumers which at the same time answering the call of Sustainability Development Goals (SDG) for socially inclusive and environmentally sustainable economic growth.

2. REVIEW OF THE LITERATURE

The United Nations Development Plan (UNDP) has initiated Sustainable Development Goals (SDGs) in 2000 which aim to end hunger and poverty in 2030. World leaders are creating a future where everyone has enough food, and can work and where living on less than \$1.25 a day is a thing in the past [4]. Sustainability Development Goals (SDGs) is a set of goals defined to guide the world's economic diplomacy in the coming generation [1]. The concept of Sustainable Development Goals (SDGs) was born at the United Nations (UN) conference on Sustainable Development, Rio+20 in 2012. The objective was to produce a set of universally applicable goals that balance the three dimensions of sustainable development: environment, social and economic. This movement calls for businesses and investors from private sectors to continue their contributions to the achievement of these global goals through the post-2015 global development agenda in which engagement of businesses and inventors towards sustainable development goals is being outlined [1]. This post – 2015 agenda is crucial because the deadline of Millennium Development Goals (MDGs) was due in 2015 and there were still challenging goals yet to be achieved. Therefore, in this post 2015 agenda, governments and UN are working hard to set

global priorities for the post 2015 period. Steps for such business engagement towards the global goals are shown in Table (1) [1].

Table (1) Steps on how to engage business and investors towards sustainable development goals

Global corporate sustainability movement, based on universal principles and accountability measures
Accountable corporate commitments aligned with global development goals
Global issue platform
Industry sector initiatives
Implementation mechanisms and networks that facilitate partnerships and collective action
Business-led sustainability networks at the country level
Initiatives on private finance

Sustainable development (SD) can be understood as a way to understand the world as a complex interaction of Economy, Social and Environmental and political system [1]. According to the Brundtland Report [2] a series of measures should be taken by countries to promote sustainable development and among them, stand out: limiting population growth; guarantee of basic resources; biodiversity preservation; reduction of energy consumption. This meta-cultural framework of sustainable development emerged in an international context of bringing sustainability in a very unequal world, where the needs of poor countries are placed in a two-way interaction context. The framework basically urges us to have a holistic vision of what a good society should be. In achieving sustainable development (SD) the world citizen must be able to identify the shared global values to which the world should aspire. For companies, the sustainable development has become a dominant and essential principle. Companies began to adopt the sustainability principles in their organizations since 1990s [6]. The first activities are related to the implementing of the eco-efficient activities and green innovations and subsequently the adoption of social responsibility practices and reporting.

Today we have entered a new era where sustainable development is a central concept for our age. A sustainable corporation should create profits for its shareholders while protecting the environment and improving the lives of those with whom it interacts; it should operate so that its business interests and the interests of the environment and society intersect. This is aligned with Triple Bottom Line principles [3] coined by John Elkington in 1998, which suggests that the corporation’s success should not be measured only by the financial terms, but also by the environmental and social objectives.

Global society is also interconnected as never before. Therefore, the stakeholders are now having more global perspectives on how goods are being manufactured. A piece of device manufactured in Malaysia for instance is also partially manufactured in Vietnam for one of its component and in Germany for another piece of component. Therefore, a brand labeled as ‘made in Malaysia’, from the perspective of sustainability development actually means ‘made in mother

earth’. The manufacturing industries ideally should operate on the same ‘shared values’ in order for the manufacturers and business to continue producing and marketing the goods that carry the same ‘shared quality’ of which in this study perceived as having an ethical brand. Imagine if the customers who share the same ‘shared global values’ believed that purchasing goods of ethical brand from these companies are vital to the future of this world, then ultimately all business and manufacturing sites will be driven to produce goods while adopting sustainable business practices as the driving policy. This is due to the fact that businesses can provide transformative solutions co-existence with the ability to have profound impacts on areas including energy and climate, water, agriculture and food, corruption and gender equality [1].

3. METHODOLOGY

This study’s major aim is to investigate the employees’ perception on their companies in applying corporate sustainability as a concept in creating an ethical brand that strengthen consumer confidence and loyalty. The survey of this study was administered to employees from various types industries in Malaysia (see Figure 1) and was distributed randomly. High perception is expected from the respondents as most of them are direct employees (see Figure 2).

The survey is composed by 11 questions based on 2 themes i.e. Theme 1 is ‘corporate sustainability as a concept in creating an ethical brand that strengthen consumer confidence and loyalty’ and Theme 2 is ‘reasons for businesses to incorporate sustainability concepts in their operations’. Ratings were made through theme 1 using 5-point Likert scale with possible responses ranging from totally agree to totally disagree [5]. The questions also carry the theme of SDG which view the world with holistic approach [2]. For theme 2, respondents are asked about the reasons for businesses to engage corporate sustainability in their operations. The responses are then clustered as operational definition of the Triple Bottom Line (TBL) principles according to the three pillars i.e. society, economy and environment (see Table 2)

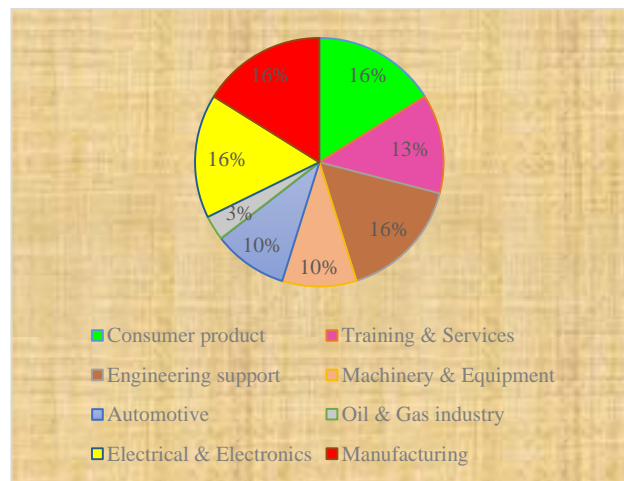


Fig (1) Profile of the industries

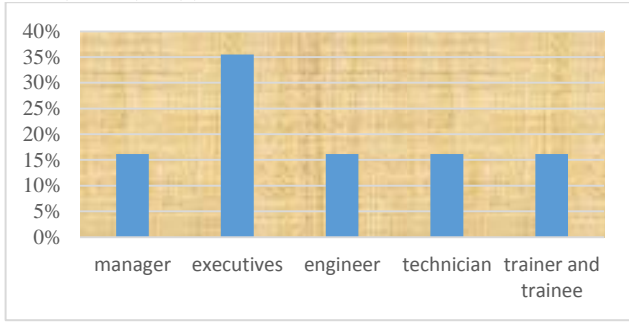


Fig (2) Distribution of respondents

Table (2) Operational definition of the expectations as elements of Triple Bottom Line (TBL) principles

Elements	Pillars	Operational definition
Triple Bottom Line (TBL) principles	Economy	To reduce cost
		To enhance reputation
		To differentiate
		To satisfy customer needs
		To attract capital investment
		To capitalize on new opportunities
	Environment	To preserve resources
	Society	To comply with legislation
		To attract quality employees
		To meet stakeholder expectations
		To increase transparency

4. RESULTS AND DISCUSSIONS

Theme 1: 'corporate sustainability as a concept in creating an ethical brand that strengthens consumer confidence and loyalty'

Survey responses were manually scored (totally disagree =1, disagree =2, do not care/do not know=3, agree=4, totally agree=5) and entered into Excel spreadsheet. Questions on applying corporate sustainability in creating an ethical brand that strengthens consumer confidence and loyalty is shown in Table 2. To show an overview of responses to the first theme 'corporate sustainability as a concept in creating an ethical brand that strengthens consumer confidence and loyalty' distribution of responses for all the related questions is plotted in Figure 3. The detail scores are shown in Table (3a) and (3b). The set of data in this theme is then presented in cumulative percentage (see Figure 4) where the responses of totally disagree, disagree and do not care are summed up as cumulative percentage and grouped as 'disagree' whereas the responses in agree and totally agree is grouped as 'agree' cumulatively. It is observed that > 80% in te cumulative percentage agree to the ethicality of their brand with regards to corporate sustainability practices (see Figure 5).

Table (3a) Responses to 'corporate sustainability as a concept in creating an ethical brand that strengthen consumer confidence and loyalty' (Question 1-5)

Question	Q1	Q2	Q3	Q4	Q5
totally disagree	3.2%	3.2%	3.2%	3.2%	3.2%
disagree	3.2%	0.0%	3.2%	6.5%	6.5%
do not know	9.7%	3.2%	0.0%	16.1%	9.7%
agree	67.7%	58.1%	74.2%	51.6%	58.1%
totally agree	16.1%	35.5%	19.4%	22.6%	22.6%

Table (3b) Responses to 'corporate sustainability as a concept in creating an ethical brand that strengthen consumer confidence and loyalty' (Question 6-11)

Question	Q6	Q7	Q8	Q9	Q10	Q11
totally disagree	6.5%	3.2%	3.2%	3.2%	3.2%	3.2%
disagree	9.7%	3.2%	3.2%	9.7%	16.1%	6.5%
do not know	19.4%	16.1%	19.4%	16.1%	6.5%	16.1%
agree	48.4%	71.0%	61.3%	51.6%	61.3%	54.8%
totally agree	16.1%	6.5%	12.9%	19.4%	12.9%	19.4%

To express the magnitude of the employees' perception in relation to the highest scale of the response, i.e. totally agree, a relative importance score (11) is calculated by multiplying the total number of respondents (31) with 5 which is the score given to 'totally agreed' response. The responses from each question in Table 2 is manually scored (totally disagree =1, disagree =2, do not care/do not know=3, agree=4, totally agree=5) and divided by the highest relative importance score and recorded as a percentage (see Figure 4). An average value is then taken from these values to give a mean response (see Table 6). The results show that the highest mean of response in relation to highest relative importance score is the response 'agree' (47.9) to the theme 'corporate sustainability as a concept in creating an ethical brand that strengthen consumer confidence and loyalty' (see Table 6).

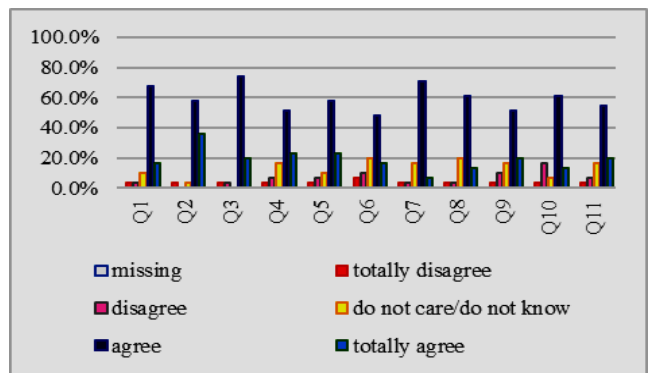


Figure (3) Distribution of responses for Theme 1

Theme 2: 'reasons for businesses to incorporate sustainability concepts in their operations'

To identify what the employees perceive as points do you think are the reasons for businesses to incorporate

sustainability concepts in their operations questions are thrown to the respondents.

are clustered based on the elements of the Triple Bottom Line principle (Table 4) it is observed that the reasons are heavily biased to the Profit element (see Figure 7).

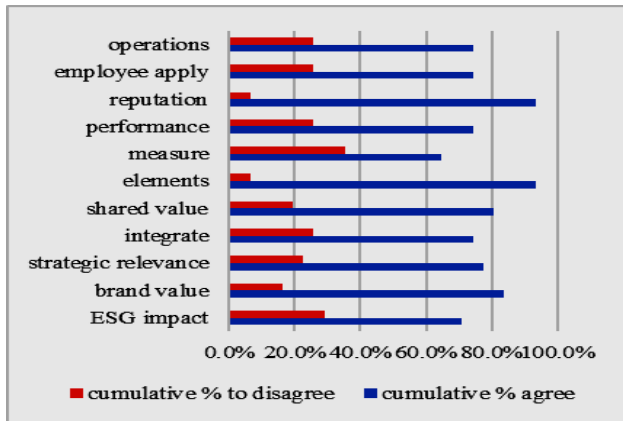


Figure (4) Cumulative of percentage of response for Theme 2

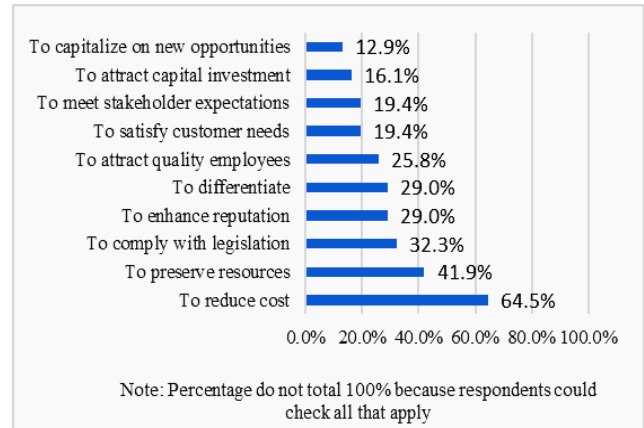


Figure (6) Reasons for businesses to incorporate sustainability concepts in their operations

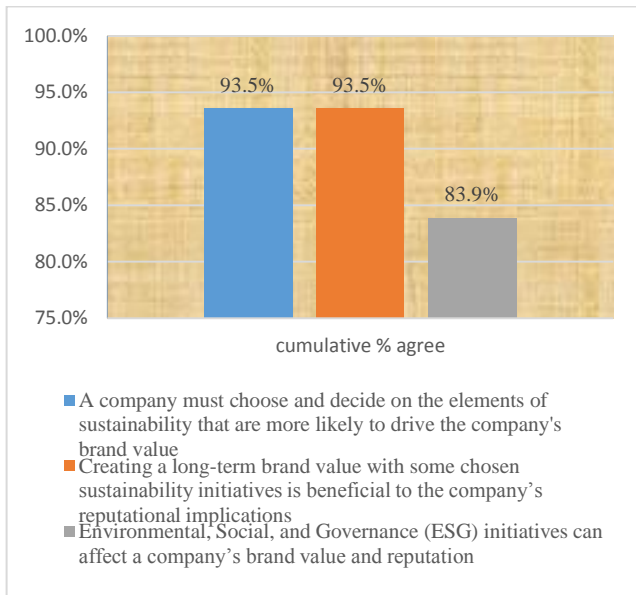


Figure (5) Top 3 questions with cumulative of percentage of response to 'agree' > 80%

Table (4) Company's perceived ethical branding from employees in mean of percentage of response in relation to highest relative importance score

Response	Mean of response in relation to highest relative importance score
totally disagree	0.7
disagree	2.5
do not care/do not know	7.2
agree	47.9
totally agree	18.5

Based on the results shown in Figure 6, a majority of respondents reported that they perceive 'to reduce cost' is the reason (64.5%). A little less than half (41.9%) perceive 'to preserve resources' as the reason and around one third (32.3%) chose 'to comply with legislation'. If those reasons

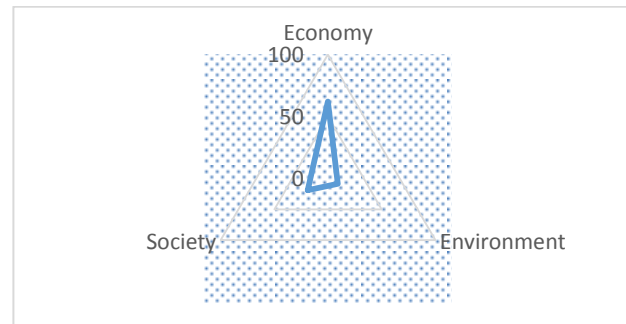


Figure (7) Reasons for businesses to incorporate sustainability concepts in their operations clustered as TBL elements

5. CONCLUSION

There are three main conclusions that can be made from the study. Firstly, more than 80% of the respondents in cumulative percentage agree to the ethicality of their brand with regards to sustainable business practices. This suggests that employees in Malaysia in this study do see that elements of sustainability initiatives are important to drive the company's brand value and reputation. This is hoped as motivation for companies to adopt corporate sustainability as fundamentals for their strategic plan.

Secondly, in terms of the reasons for businesses to incorporate sustainability concepts in their operations, it is interesting to see that majority of the respondents perceive economic reasons i.e. cost as the prime reason for businesses to incorporate sustainability concepts in their operations.

Thirdly, by clustering all the reasons for incorporating sustainability concepts into the three elements of the Triple Bottom Line (TBL) principle, economic reason is the most highly perceived reason for implementing sustainability initiatives among the employees. This suggests that perhaps in Malaysia sustainability-driven initiatives can be associated with some cost-down initiatives as a baseline for corporate sustainability.

After considering all the results, in general employees in Malaysia do have good perception on corporate sustainability

in creating an ethical brand that has impact on strengthen consumer confidence and loyalty. This positive finding may transform brand creation process by considering corporate sustainability as a brand apart from other commercial aspects. This will also further inculcate the sustainability awareness culture among the engineers to encourage them considering sustainability concepts right from the product development phase i.e. concept and design. The product developed from this sustainability-driven thinking can be an education mediator to the consumers as businesses, especially in this 21st century can provide transformational changes in the society. This will further educate the Malaysian society to appreciate sustainability-branded products as it a brand that carry not just money-worth value to consumers, but also carry the bigger message to the world in building the global society as described in Sustainable Development Goals (SDGs) by the United Nations (UN)

Additionally, since profit is observed to be a highly perceived reason for incorporating sustainability initiatives in company practices, perhaps more knowledge and education need to be introduced among employees to convey the real message of corporate sustainability. The profit-oriented thinking that is known to be highly dominant in businesses need to be re-educated to a sustainability-oriented thinking in order to support the Sustainable Development Goals (SDGs) which aim to end hunger and poverty in 2030

The research has limitations as follows: First, it is a preliminary study generated only to a small number of industries in Malaysia plus the survey is thrown randomly without considering whether there are already sustainability initiatives being incorporated in the company policy of the

employees who took part in the survey. Secondly, it does not also consider the level of knowledge in sustainability-based initiatives among the respondents thus the interpretation of corporate sustainability by the respondents are generalized in this study. Further research especially in manufacturing companies and their incorporation of sustainability concepts in product development is highly desired.

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*For correspondence; Tel. + (60) 126813531, E-mail:kartina@ump.edu.my