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Procedia - Social and Behavioral Sciences 164 (2014) 237 – 241

Procedia  
Social and Behavioral Sciences

International Conference on Accounting Studies 2014, ICAS 2014, 18-19 August 2014, Kuala Lumpur, Malaysia

## Sustainable development: A Malaysian perspective

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### Abstract

Sustainable development is all the rage. Malaysian firms too have been quick to jump into the bandwagon, especially with regards to their corporate social responsibility (CSR) initiatives. However, sustainable development has been increasingly interpreted from a strictly Western-centric value system. This may pose challenges to Malaysian firms as they adopt sustainable practices into their operations. Four key issues are presented and discussed, particularly in relation to Malaysian's socio-economic landscape. Following that, this paper calls for a return to the fundamentals of sustainable development, which is unfettered to value suppositions and instead focused on more pragmatic reasons. To that end, this paper proceeds to make recommendations of a more suitable approach in embracing sustainable development in Malaysia that would bring about a virtuous cycle of enrichment for the business sector as well as the society.

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Peer-review under responsibility of the School of Accountancy, College of Business, Universiti Utara Malaysia.

*Keywords:* Sustainable development; corporate social responsibility; Malaysia

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### 1. Introduction

A male office worker unwraps a bar of chocolate and starts to munch on it. His co-workers however, watch in horror as – unbeknownst to him – the chocolate bar is actually a severed finger of an orang-utan. These are the graphic scenes of a worldwide multimedia campaign initiated by the non-governmental organisation (NGO), Greenpeace (Coombs & Holladay, 2012). Their aim is to convince consumers to boycott products that use palm oil. There have been similar campaigns in the past and others are sure to follow. All on the pretext of championing

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sustainable development practices. At stake here, is the future of 800,000 Malaysians and their families, whose livelihood depends on palm oil (OBG, 2012). Not to mention the potential loss of a key revenue source and the following impact on Malaysia's aspirations to become a developed nation.

The objective of this paper therefore, is to revisit the concept of sustainable development in Malaysia. It begins with an introduction to the concept and definition of sustainable development. Followed by a discussion on the pervasive practice of firms, both locally and abroad, in embracing sustainable development as the basis for their Corporate Social Responsibility (CSR) initiatives. Then, four key issues to sustainable development that are incompatible with Malaysia's socio-economic milieu are presented and critically discussed. Finally, the authors recommend that Malaysian firms adopt a more pragmatic approach to sustainable development, one that is principally focused on wealth creation.

## **2. Sustainable development**

### *2.1. Concept and definition*

'Sustainable Development' as a term and concept, came into the mainstream global agenda following a report published by the World Commission on Environment and Development in 1987 (Lele, 1991). Commonly referred to as 'The Brundtland Report' after its chairperson, it was the first overview of the world's economic, social and political aspects (Redclift, 2005). It defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Commission, 1987). In essence, the Brundtland Report calls for a concerted approach by all nations to strike a balance between development and the preservation of global resources. It is said that the appeal of sustainable development lies in its potential to address the shortcomings of the current business model which ignores morality and the environment (Gladwin, Kennelly, & Krause, 1995).

### *2.2. Sustainable development and CSR*

Although initially conceived to operate on a macro scale, sustainable development has found its way down to the corporate level (Garriga & Melé, 2004). Today, managers consider sustainable development as an essential component to their corporate strategy when formulating their CSR programs (Kiron et al, 2012). Moon (2007) attributes this to the socialisation of markets in the past two decades. Where firms are either under pressure from NGOs and the media, or have to fill-in for governments, in addressing social and environmental issues. So much so that both the terms sustainable development and CSR are often used interchangeably (van Marrewijk, 2003). In Malaysia, the Bursa Malaysia for example, uses the term 'sustainability' on its corporate website and its reports in reference to CSR (Bursa Malaysia, 2014). To further integrate sustainable development into business, there have been calls for firms to extend the conventional 'bottom line' accounting, which shows overall net profitability, to a 'triple bottom line' that includes economic, social and environmental aspects of the firm (Elkington, 1999). This is commonly referred to as the 'profits, people and planet' or '3Ps' approach.

## **3. Critical issues**

Since its inception however, sustainable development appears to have taken on an increasingly Western-centric interpretation (Banerjee, 2003) and this may not augur well for Malaysia. As a developing economy comprised of a Muslim majority population as well as other ethnic communities, a Western-centric interpretation to sustainable development poses several issues. Especially when it is adopted as the basis for CSR. As after all, the very basis for CSR is to address issues that arise out of the relationship between firms and society (Okoye, 2009). The following are four such issues that need to be re-examined from Malaysia's socio-economic perspective when adopting the concept of sustainable development.

### 3.1 *Conceptual ambiguity*

There are scores of available definitions to sustainable development, many with mutually exclusive elements. Rendering it malleable enough to suit specific agendas (Hopwood, Mellor & O'Brien, 2005). Even the Brundtland Report – by far the most popular definition – is unclear as to what exactly is to be sustained and what is to be developed (Lele, 1991). Moreover, the Brundtland Report calls for the preservation of today's resources to meet the needs of future generations. This has led some scholars to narrowly define sustainable development as economic growth without resource depletion (Bandy, 1996). And it is such interpretations that have diverted the concept of sustainable development from its original spirit (Mebratu, 1998). Leaving developing nations such as Malaysia at a disadvantage, as it is repeatedly reprimanded for developing its natural resources (Jenkins, 2010).

### 3.2 *Human rights*

Human rights has emerged as an essential component to sustainable development (Gladwin, Kennelly, & Krause, 1995). It makes its way in obliquely via 'social justice', which features prominently in the Brundtland Report (Meckled-Garcia, 2011). Generally, the Universal Declaration of Human Rights (UDHR) passed by the United Nations in 1948, serves as the standard as to what constitutes human rights (United Nations, 1948). And that presents a problem. Especially in the case of a Muslim-majority nation such as Malaysia. For the UDHR assumes a monocultural perspective of the world. This has prompted Muslim countries to adopt the Cairo Declaration of Human Rights in Islam instead, as their standard for human rights (Bielefeldt, 1995). Even scholars in the west have argued that human rights, as advocated by the UDHR, is a strictly western construct and therefore limited in its applicability (Pollis & Schwab, 2006). Yet the UDHR remains the gold standard by which human rights are evaluated by organisations such as the World Bank (Neighbour, 2014). So, by embracing sustainable development, do Malaysian firms accede to the supposed universality of the UDHR? Take the case of same-sex marriages for example. It may be permissible – even laudable – by Western human rights standards. But is it acceptable in Malaysia? And by rejecting it, is Malaysia then deemed to be "unsustainable"?

### 3.3 *Political*

A Western-centric interpretation of sustainable development assumes equal responsibility for environmental degradation, while sweeping aside differences in resource utilisation. Developed countries consume more than two-thirds of the world's natural resources, yet that is largely ignored (Banerjee, 2003). Instead, developing countries such as Malaysia are often blamed for deforestation and habitat destruction (Jenkins, 2010). Take for example, the boycott initiated by Greenpeace mentioned at the beginning of this article. It is even more absurd, considering that the orangutan's natural habitat is on the islands of Borneo and Sumatra only, not the Malaysian peninsular (Meijaard & Wich, 2007). A boycott of palm oil products therefore, would deprive hundreds of thousands of people in the industry based in Peninsular Malaysia from making a living, for no apparent reason. In truth, more than 80% of the world's deforestation and environmental degradation is actually due to cattle farming in North America, Western Europe and Australia (Steinfeld et al, 2007). Yet the authors were hard-pressed to find any campaigns calling for the boycott of the cattle industry in the West.

### 3.4 *Social activism*

Sustainable development has also opened the floodgates for social activism. Today, NGOs feature prominently in matters pertaining to a firm's business (Lele, 1991). Resulting in firms' operations being politicised as they attempt to appease various demands imposed on them (Jensen, 2010). Of course, there is no denying the good that NGOs have contributed the world over. However, from the perspective of sustainable development, there are two pertinent issues. The first is the issue of accountability (Hasmath & Hsu, 2008). Any group of people, representing any cause – real or otherwise – can form an NGO. However, it is almost impossible to make them accountable for

their actions. And the second is the issue of funding. NGOs, as in the case of any other organisation, require funds to operate. A large extent of these funds emanate from the west, and they are provided with strings-attached (Petras, 1999). More often than not that involves the lobbying of matters that are beneficial to the funders.

#### 4. Recommendation

There is no need to ‘throw the baby out with the bath water’, as it were. In spite of the above issues, sustainable development remains a good basis for CSR practices of Malaysian firms. Only, the concept has to be realigned to its original spirit. Free from the fetters of Western-centric value systems that were shown above to have been imposed to the concept. The answer lies in economic empowerment. As sustainable development was conceptualised – first and foremost – to create wealth for the masses and bring about a virtuous cycle between business and society (Brundtland, 1987). The report also emphasised on the right of the peoples of the world to exercise their rights on their available resources towards that end. Interestingly, wealth creation, or in other words the economic factor, also serves as the foundation to CSR. Regardless whether it is justified on normative or instrumental grounds, scholars agree that the economic factor is fundamental to CSR practices (Friedman, 1970; Carroll, 1979; Wood, 1991). This is congruent with the Malaysian view of CSR as well. As both the Silver Book, the Malaysian Government-linked companies’ manual for social responsibility (PCG, 2005) and the Vision 2020 blueprint lay emphasis on wealth creation for firms in a manner that benefits the surrounding society (Sharma, 2013). Therefore, the authors contend that it is the economic factor that Malaysian firms should give emphasis to, in embracing sustainable development practices.

To that end, the authors recommend the ‘Shared Value’ approach, as the guiding principle for Malaysian firms in adopting sustainable development practices. ‘Shared value’ is defined as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates” (Porter & Kramer, 2011). The following are its three key advantages:

- Strategic: the underlying principle is that CSR is an activity that contributes to a firm’s competitive advantage. Therefore, “the essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value – that is, a meaningful benefit for society that is also valuable to the business” (Porter & Kramer, 2006).
- Symbiotic: rather than solving the tensions between a firm and its surrounding society on a piece-meal basis, shared value takes a virtuous cycle approach to CSR. In that it aims to create a mutual interdependence between a firm and the society, where benefits gained by the society from a firm’s CSR, enrich the firm’s competitive context and vice versa.
- Seamless: shared value is configured into a firm’s value chain, encompassing creating, producing, selling, delivering, and supporting its products. This way, all parties involved in a firm’s operations come to benefit.

#### 5. Conclusion

Sustainable development promises a holistic form of progress for the nation. One where both the business sector as well as the society can benefit from. However in embracing it, Malaysian firms need to be wary of not falling for a strictly Western-centric view of the concept. As that would present challenges, if not obstacles, vis-à-vis Malaysia’s socio-economic landscape. Rather, as catalysts of the nation’s growth and development, it is best that Malaysian firms adopt a more pragmatic and practical basis for their CSR. That which brings to focus the original spirit of sustainable development – prosperity for the nation and its people.

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