

Barriers to Purchasing Social Responsibility Activities in Northern Malaysia: A Focus on Labour and Health & Safety

Loo Saw Khuan^{a*}, Elisha Nasruddin^b

^a*Wawasan Open University, 54, Jalan Sultan Ahmad Shah, Penang, Malaysia*

^b*Universiti Sains Malaysia, Gelugor, Penang, Malaysia*

Abstract

This qualitative transcendental phenomenological study describes purchasing managers' lived experiences with regard to barriers of purchasing social responsibility (PSR) activities, specially focused on labour and health & safety. In-depth interviews were conducted with 16 purchasing managers working in electrical and electronics multinational corporations located in northern Malaysia. Five essences describe the purchasing managers' experiences on PSR barriers. These essences are: purchasing social responsibility was contrary to purchasing managers' primary objectives; lack of authority to enforce PSR activities; resource constraint to implement PSR activities; PSR activities were uncommon for suppliers; and purchasing managers perceived PSR activities as not important. This study assists the purchasing managers to have more understanding of barriers to PSR activities. It is also useful for the review and support of top management in multinational companies in order to remove the barriers. Future research could cover other countries in Asia, other business industries or other dimensions of PSR activities.

Keywords: Purchasing social responsibility, barrier, lived experience, labour, health & safety

1. INTRODUCTION

Stakeholders expected companies to practice corporate social responsibility (CSR). However, due to the current trend of globalisation and outsourcing, companies purchase materials from many suppliers in different parts of the world. In addition, many global brands do not own any manufacturing operations as they outsource the manufacturing to their contracting companies. Hence, companies' image and their own CSR programme will be affected if their suppliers fail in any aspects of environmental or labour issues. As such, companies are obligated to monitor their suppliers' CSR.

Purchasing function or professionals in companies have the highest level of interfaces with and influences on suppliers and they are capable of playing the most important role in suppliers' CSR. The involvement of the purchasing function in the CSR of suppliers is known as, purchasing social responsibility (Carter & Jennings, 2000). Purchasing activities include supplier audit, supplier selection, supplier contracts, supplier training, supplier incentives and supplier partnership. However, when the environmental and social standards are incorporated in these purchasing activities, they are called as purchasing social responsibility activities. The purpose of PSR activities is to improve suppliers' labour, health and safety. There were surveys on CSR, which mentioned about a low level of PSR in Malaysia (CSR-Asia, 2008; B. Malaysia, 2007). However, there are not many researches, which explore the barriers for this low level of PSR in Malaysia.

Labour issues were reported in the supply chain of South East Asia, which included Malaysia (Bormann et al., 2010; Jiang, 2009; Welford & Frost, 2006). The labour issues reported were sub-standard living quarters, excessive working hours and late payment of wages. Thus, purchasing managers in this region are required to pay more attention on suppliers' labour, health and safety.

*Corresponding author. Tel.: +6-012 4747611; Fax: +6-04-2269323
E-mail: skloo@wou.edu.my

2. LITERATURE REVIEW

2.1 Purchasing social responsibility

The involvement of purchasing function in corporate social responsibility (CSR) was called as purchasing social responsibility (Carter & Jennings, 2000, 2004). Other researchers also called PSR as socially responsible buying (Maignan, Hillebrand, & McAlister, 2002), socially responsible purchasing (Leire & Mont, 2010; Worthington, 2009; Worthington, Ram, Boyal, & Shah, 2008), supply social responsibility (Novak, 2004), ethical sourcing (Johnson, 2004; Lillywhite, 2007; Roberts, 2003), corporate social responsibility in purchasing (Maria, 2010; Salam, 2009) or socially and environmentally responsible procurement (Hoejmose & Adrien-Kirby, 2012). However, this research adopts the term of PSR originated from Carter & Jennings (2004). The dimensions of purchasing social responsibility are diversity, environmental, safety, ethics, human rights and philanthropy (Carter & Jennings, 2000, 2004). The PSR research conducted in United States covered the dimensions, drivers, barriers and outcomes of PSR (Carter, 2004, 2005; Carter & Jennings, 2000, 2004). PSR empirical researches have been conducted in Hong Kong/Pearl River Delta and Thailand (Antonio, 2011; Lillywhite, 2007; Salam, 2009). PSR research conducted in Hong Kong /Pearl Delta River covered PSR dimensions, benefits and barriers. PSR research in Thailand covered PSR drivers. Not many PSR researches were done in Malaysia though there was a research conducted by (Loo & Nasruddin) on PSR activities with focus on labour, health and safety. However, the findings from the above researches were different by regions and countries, and thus more PSR researches are required to cover different countries, such as Malaysia.

2.2 Purchasing social responsibility activities

Purchasing social responsibility activities are the incorporation of social and environment standards in the processes of supplier audit, supplier selection, supplier monitoring, contract signing, training and education, rewards and partnership. Maria (2010) used the term PSR activities for conceptual research in H & M and IKEA. Different researchers may call it in different terms. These are also called as activities in social responsible purchasing (Maria, 2010), socially responsible buying practices (Maignan & McAlister, 2003), supplier measurement (Novak, 2004), sourcing initiatives or ethical sourcing programs (Johnson, 2004). However, in this research, they will be called as purchasing social responsibility (PSR) activities.

Supplier audit refers to the procedures which internal or external auditors systematically check whether a supplier is complying with the requirements stated in a given code of conduct (Lund Thomsen, 2008). The purchasing functions of IKEA and Marks & Spencer conducted CSR audits for all suppliers at least once a year (Johnson, 2004; Leire & Mont, 2010). PSR activity considered potential suppliers' labour, health and safety as important criteria for supplier selection (Andersen & Skjoett-Larsen, 2009; Leire & Mont, 2010; Mamic, 2005; Xu, Kumar, Shankar, Kannan, & Chen, 2013). IKEA would not proceed with supplier selection process for any supplier who showed negative attitude in supplier code of conducts (Andersen & Skjoett-Larsen, 2009). Mont and Leire (2008) stated that it is advisable to attach environmental and social requirement to every procurement contract with suppliers. Amaeshi, Osuji, and Nnodim (2008) mentioned that training to supplier training was effective for achieving of PSR. This is in line with Andersen and Skjoett-Larsen (2009) and Maria (2010) who mentioned that training of suppliers' key personnel is crucial for PSR activities. On top of this, informal CSR trainings were given to suppliers during purchasing functions' continuous suppliers visits (Andersen & Skjoett-Larsen, 2009). Purchasing companies could provide incentives to suppliers who continuously meeting the CSR standards (Amaeshi et al., 2008). The incentives could be in the form of long term contracts or enlarged purchase orders (Andersen & Skjoett-Larsen, 2009). Supplier partnership included gathering information of labour practice, setting goals and strategies with suppliers to improve labour conditions. It also includes informing suppliers in advance on changes of labour requirements, peaceful coordination with suppliers to resolve any conflict in labour conditions, and help suppliers if they lack resources to maintain fair labour practices (Park-Poaps & Rees, 2010).

There was a research on PSR activities in Malaysia, which mentioned that supplier audit was quite a common PSR activities but it was only conducted for critical suppliers (Loo & Nasruddin). In addition, the research also mentioned that supplier selection only required basic compliance from suppliers and only short supplier training was given to suppliers. However, the research did not find the higher level of PSR activities such as supplier incentives and partnership. As such, the research showed that PSR activities in Malaysia are incomprehensive. However, there is lack of research to study the barriers, which hinder the comprehensiveness of PSR activities.

2.3 Labour and health & safety

Labour standards include freely chosen employment, child labour avoidance, working hours, wages & benefits humane treatment, non-discrimination and freedom of association. Health & safety standards include occupational safety, emergency preparedness, occupational injury and illness, industrial hygiene, physical safeguarding, machine safeguarding, sanitation, food and housing (EICC, 2012).

There were reports of labour issues in Malaysia which included unacceptable accommodation condition for migrant workers in some companies (Bormann et al., 2010; Nike, 2007-9). In addition, there were other labour issues reported in Malaysia such as work permit issues, freedom of association issues and wages issues for migrant workers (B. C. Malaysia, 2009). There were migrant issues of overcrowded sleeping quarters, lack of hygiene, work permit issues, unequal treatment, wage discrimination, non-payment of wages, long working hours, no freedom of association and together with other health, safety and human right issues in Malaysia (Amnesty, 2010; E. Devadason, 2011; E. S. Devadason & Meng; Kanapathy & Office, 2008; B. C. Malaysia, 2009; Wahyono). It was reported that the Malaysia policies failed to address the root causes of foreign labour migration. There was a big gap between policy intent and policy implementation. The policy was heavily skewed towards controlling the supply of migrant labour but not the enhancement of supply and demand (Kanapathy & Office, 2008). Case study research in Jabil Circuits and Flextronics also mentioned about the similar substandard living conditions because it was normal for 12 persons to be settled in one apartment with an average size of 70-80 square meters. In the worst scenario, some Nepal male workers had to sleep under the open air apartment corridors (Bormann et al., 2010). Thus there is a need for PSR activities research to focus on labour and health & safety.

2.4 Barriers to purchasing social responsibility

So far, there is lack of research, which focuses on barriers to PSR activities, specifically on labour and health & safety. This section will discuss previous researches on barriers to PSR, in general as well as barriers to supplier code of conduct. The literature on PSR barriers are discussed based on purchasing function or purchasing managers' perspective. However, barriers for supplier code of conduct are discussed based on the perspective of suppliers, CSR managers or factory managers.

So far, different types PSR barriers were found in different countries (Antonio, 2011; Carter & Jennings, 2000; Oksana & Charlotte, 2009). PSR barriers in United States included difficulty in coordinating activities or objectives of supply chain members or internal functions, resistance by supply chain members and lack of product availability or sources (Carter & Jennings, 2000). There were internal and external PSR barriers found in Sweden, which included low level of social standards, high level of corruption in some countries which supply materials, difficulties for all suppliers to fulfil the code of conduct, difference in culture and management and lack of resources in PSR audits. There were lack of resources in term of time and manpower to conduct PSR audits (Oksana & Charlotte, 2009). PSR barriers in Hong Kong and Pearl River Delta were related to communication with uneducated workers, cost of compliance, conflicts among different codes of conduct and sub-contracting (Antonio, 2011). Due to the above differences in PSR barriers across countries, there is a research gap to study these barriers in other countries. Hence, this research is to fulfil the research gap of studying PSR activities barriers in Malaysia. Besides this, Antonio's (2011) research was a single case study and the result may not be able to generalise in other companies. In the addition, the above three researches were PSR in general without focusing on any specific dimension of PSR. Carter & Jennings (2000) mentioned that the barriers occurred in one dimension of PSR would likely to exist with other dimensions. Nevertheless there was a conceptual research mentioned that a company could be quite proactive in one dimension of PSR but be reactive in another dimension (Maignan & McAlister, 2003). Hence, the barriers may also vary in different dimensions of PSR.

In fact there was a research in Malaysia on green supply chain which found out that the barriers were cost of adoption and lack of capabilities (Eltayeb & Zailani, 2009). Besides this, there was another research mentioned about resources and technical barriers in green supply chain of Malaysia (Wooi & Zailani, 2010). However, there is no research emphasize on PSR barriers in labour and health & safety standards. Thus this research is to focus on barriers of PSR activities in labour and health & safety to find out whether there are similar with green purchasing in Malaysia context. In addition this research is to focus on PSR activities rather than PSR in general.

There were researches on barriers related to supplier code of conduct focused on the perspectives of suppliers (Egels-Zandén, 2007; Jiang, 2009; Yu, 2008), factory managers and CSR managers (Welford & Frost, 2006). In fact the barriers vary in different researches except cost compliance was the most common barriers in all these researches of supplier code of conduct. Cost compliance is a most common barrier for supplier code of conducts

Cost of compliance happened in code of conduct of Asian supply chain (Welford & Frost, 2006). Besides this, Reebok's supplier, toys suppliers and apparel industry in China faced the barrier for cost of compliance in supplier code of conducts (Egels-Zandén, 2007; Jiang, 2009; Yu, 2008). There are more economic incentives for suppliers or their employees not to comply with labour standards because labour standards compliance involve cost and makes suppliers less competitive and employees losing their jobs (Egels-Zandén, 2007). Suppliers were responsible to meet code of conduct without any support from customers. They were required to bear the cost of CSR monitoring in their factories. In addition, suppliers were asked to correct the problems identified in the audits and then to bear the cost of follow-up audits (Jiang, 2009). Barriers of CSR in Asian supply chains included lack of resources, lack of skills, lack of awareness of stakeholder demand, inefficient production techniques, low CSR agenda, mismatch of demand between procurement managers and CSR managers (Welford & Frost, 2006). From suppliers' perspectives, the barrier of supplier code of conduct was purchasing function's priority was not placed on labour standards but pricing, delivery and quality (Yu, 2008).

3. METHODOLOGY

3.1 The method

This research adopts qualitative transcendental phenomenological approach from Moustakas (1994). The research used semi-structured, audio recorded and transcribed interview to investigate the central phenomenon that involves purchasing managers' lived experiences with regard to barriers to PSR activities, focus on labour and health & safety.

This research is conducted in qualitative approach because the research topic of barriers to PSR activities on labour and health & safety standards is a very new research topic in Malaysia context, and little is known about this. Thus, qualitative methodology is most suitable to address this new research problem in Malaysia, which we do not know the variables and need to explore. Qualitative methodology is most suitable to explore the complete detail of this new topic by directly interacting with participants, and allowing them to share their stories.

This research chooses Phenomenology because it is the most suitable method compared with other qualitative methods. Ethnography is not suitable for this research as it involves extensive fieldwork and direct observations of various social settings (Moustakas, 1994). Ethnography studies a group that shares the same culture and thus it is not suitable for this research on PSR activities (Creswell, 2007). Grounded theory is not appropriate as this research is not to generate theory from the data collection. Hermeneutics is also not suitable because it focuses on consciousness just like ethnography and grounded theory (Moustakas, 1994). It involves in-depth inquiry into text and relating its parts to the whole (Neuman, 2011). Heuristics is also not appropriate because it is a scientific search through methods and process which requires a passionate, discipline commitment to remain with a question intensely and continuously until it is illuminated (Moustakas, 1994). Case study approach is not chosen for this research as case study approach emphasizes on event, programs, activities or more than one individual (Creswell, 2007) rather than individual experience in an organisational phenomenon as required in this research. Due to mixed findings of PSR from different regions and countries (Antonio, 2011; Salam, 2009), the phenomenological method is suitable for this new research topic in Malaysia as it helps the researcher to put aside the assumptions about the phenomenon and see it afresh (King & Horrocks, 2010). Furthermore, most of the previous researches in PSR activities in other countries did not focus on purchasing managers' actual lived experiences (Andersen & Skjoett-Larsen, 2009; Johnson, 2004). It is because the previous case studies might cause the researchers to focus on the case as a company or unit rather than lived experience of managers involved in PSR activities.

There are two approaches of phenomenology consist of hermeneutic phenomenology from Van Manen (1990) and transcendental or psychological phenomenology from Moustakas (1994). Hermeneutic phenomenology from Van Manen (1990) focuses on interpreting the lived experiences. Transcendental phenomenology focuses on setting aside prejudgments regarding the phenomenon being studied. Transcendental phenomenology focuses less on researcher's interpretations but focuses more on participants' description of experiences (Creswell, 2007). This research adopts the approach of transcendental phenomenology from Moustakas (1994). The justification to adopt transcendental phenomenology is to take the fresh perspective toward the new research topic rather than to interpret it (Creswell, 2007).

There are four processes in phenomenological research which consists of epoche, phenomenological reduction, imaginative variation and synthesis (Moustakas, 1994). This research applied all these four processes. This research involved the first process of "epoche" as mentioned by Moustakas (1994) so that it will be completely open, receptive and naïve in listening to research participants' description of their PSR activities focus on labour

and health & safety. It means refrain from judgment and abstain from ordinary way of perceiving things. The second process is phenomenological reduction. This process calls for suspension of judgment as to the existence or nonexistence of an experience's content. It is an attempt to place the common sense and scientific knowledge about the phenomena with parentheses in order to achieve an unprejudiced description of the phenomena essence (Kvale, 1996). The third process of imaginative variation is "to seek possible meaning through the utilisation of imagination, varying the frames of reference, employing polarities and reversals, and approaching the phenomenon from divergent perspectives, different positions, roles, or functions" (Moustakas, 1994, pp. 97-98). The final step is synthesis of meanings and essences. "It is the intuitive integration of the fundamental textural and structural descriptions into a unified statement of the essences of the experience of the whole phenomenon" (Moustakas, 1994).

3.2 Research question

The data was collected from participants by using open-ended questions. Main research question guiding this study was "What is the experience of purchasing managers with regard to barriers to PSR activities on labour and health & safety?"

3.3 The sample

The population of this research comes from purchasing managers of electrical and electronics companies in northern region of Malaysia. The research scope focused on electrical and electronics (E & E) industry in northern region of Malaysia because this E & E industry is the biggest industry, contributing to almost 45% of total exports in Malaysia for 2011 and 2012 (MITI, 2012). The sampling frame was obtained from the Federation of Malaysian Manufacturers (FMM) directory 2013, investPenang Directory from Internet website managed by Invest-in-Penang Berhad and Kulim Hi-Tech Park from Internet websites. The researcher selected the purchasing managers from the Electrical and Electronic companies listed in these three directories. Purposive sampling was done in this research to select respondents (purchasing managers) working in companies, which use supplier code of conduct as a tool to manage suppliers' labour and health & safety. Purposive sampling was chosen because not all companies in Malaysia could fit in this new research topic as stated above (Silverman, 2005). On top of this the time constraint will not allow the researcher to conduct in-depth interview for every existing examples (Silverman, 2005). Purposive sampling is most suitable for this phenomenology research as the researchers intentionally select individuals and sites to understand the central phenomenon and (Creswell, 2012). Purposive sampling requires all participants to have experiences of the phenomenon that are being investigated (Creswell, 2007). The participants were selected from electrical and electronics companies in Penang but the participants should have at least a year experience in PSR of labour and health & safety standard.

All the participants in the study were employed as purchasing managers in electronics and electrical (E & E) multinational companies. There were eleven male participants and five female participants. All of the participants were in the age group of 40-49 except two participants who were in the age group of 30-39. There were participants in the range of 15-20 years working experience in purchasing function, two participants were in the range of 10-15 years working experience and another two participants were in the range of 5-10 years working experience in purchasing function. Thus the participants were matured with many years of working experience. There were eleven participants (68%) worked in American E & E multinational companies, two participants (13%) worked in German based E & E companies, two participants (13%) worked in Japanese based E&E companies and one participant worked in Swiss based E & E companies (6%). Majority of participants came from American multinational companies because most of them fulfilled the purposive sampling criteria of having experience in PSR activities for more than a year. However, not many purchasing managers from other types of companies who manage to fulfil these criteria.

3.4 Data collection and analysis

The data was collected based on phenomenological interviewing. Phenomenological interviewing is a specific type of in-depth interviews. The purpose of phenomenological interview is the study of lived experience and describe the meaning of a phenomenon that several participants share (Marshall & Rossman, 2006). The data was collected in six months period from January until June 2014. Each in-depth interview lasted about 30 minutes.

The data analysis in this qualitative phenomenological research used Moustakas (1994)'s modification of the van Kaam method. Data analysis was done throughout the research process and it was completed six months after data collection was completed. The audio taped interviews were transcribed verbatim. The participants were asked to

verify the transcripts. The transcripts were also used as reference for the subsequent interviews. Each transcript was imported into Nvivo 10 software and significant statements in every transcript were extracted. The Nvivo 10 was used to arrange, classify and analyse the transcription. The researcher read each response as soon as possible after the interview to avoid changes of the perception due to time passage. The significant statements were identified and formulated into invariant constituents and then into themes, which provided complete description of experiences.

After the interviews and transcription were completed, the following seven steps were used to analyse the data as stated (Moustakas, 1994, p. 120): listing and preliminary grouping; reduction and elimination; clustering and thematising the invariant constituents; final identification of the invariant constituents and themes; constructing individual textural description for each participant based on the relevant validated invariant constituents and themes; constructing for each participant an individual structural description based on textural description and imaginative variation; and constructing for every participant a textural-structural description of the meanings and essences of the experience. From the individual textural-structural description, this study developed a composite description of the meaning and essences of the experience, representing the group as a whole.

4. RESULTS AND DISCUSSIONS

4.1 PSR activities were contrary to primary objectives of purchasing managers

Most of the participants experienced barrier of low priority in PSR activities as compared to their primary objectives as purchasing managers. Their primary objectives as purchasing managers' were to focus on material price, delivery and quality. The participants purchased materials or components from suppliers. Thus their priority was to ensure that suppliers sent the materials with the best price, best quality and best delivery. That means price, quality and delivery of suppliers were far more prioritised than labour and health & safety of suppliers. However, suppliers' improvement in labour and health & safety may affect participants' primary objectives of material price, delivery and quality. For instance, setting minimum wage for workers increased material price, and reduced working hours affected material delivery and quality. In fact, the participants shared the experience that by imposing minimum wage might cause suppliers to reduce other benefits to workers such as retrenchment, reduction of annual leaves and medical leaves. Subsequently this would affect material delivery and quality. Participants also shared the experience that upgrading suppliers' migrant living quarters would increase material price. Thus, purchasing managers rated the preferred suppliers as those who provided best price, delivery and quality rather than high level of labour and health & safety standards. Due to this, the participants experienced barrier to PSR activities, which was contrary to their primary objectives as purchasing managers. This finding on barrier, which is contrary to participants' primary objective is consistent with Yu (2008)'s study on code of conduct on Reebok's supplier in China.

Their excerpts are listed below:

P 1 said: *"Unless our quality or delivery is affected, otherwise we do not care about their labour. Cost is our priority for supplier selection but not labour or health and safety."*

P2 said: *"My priority is on delivery, quality and pricing."*

P4 said: *"Purchasing managers aim to get best price, quality and delivery. Visit supplier when there is delivery issue only."*

P5: *Two years ago I totally did not understand or emphasize on this, I only focused on price delivery and quality."*

P6 said: *"Emphasize on more tangible result, cost saving and quality. Mostly implements yearly assessment, not a lot of effort. Only 5% of my time is spent on PSR activities, not a major task but needs to do."*

4.2 Lacked of authority to enforce PSR activities

More than quarter of the participants experienced barrier of lack of authority to enforce PSR activities. Some of participants were lacked of authority to enforce PSR activities because they were not assigned to make final

decision in purchasing. They did not have final say pertaining to supplier selection, supplier qualification, supplier evaluation and price negotiation. Instead this final decision of purchasing was assigned to corporate headquarters or regional office in other countries. However, the participants were only assigned with purchasing function of material delivery, material quality and inventory management. Due to this, the participants lack of authority to penalise or terminate current suppliers and disqualify potential suppliers for labour violations because the final decision in purchasing lied with the regional office or corporate headquarters. Suppliers might not follow the participants' requirement in PSR activities because suppliers knew that the participants did not determine their business potential or opportunities.

The barrier for lacking of authority found in this research is a unique finding, which was not found in previous research.

The following are the excerpts of the interviews:

P2 said: *"Difficult to control, not under our control."*

P4 said: *"Sourcing dept which takes care of PSR is located in Shanghai and Singapore."*

P7 said: *"Material price handled by Japan No authority to switch or change suppliers, it is mostly done by Japan. Mostly focuses on supplier delivery. I cannot terminate suppliers without working with headquarters."*

P16 said: *"Newly set up company. A lot of things are controlled by headquarter."*

4.3 Resource constraint to implement PSR activities

More than one third of participants experienced lack of resources to involve in PSR activities. The resources specified by participants included budget, time and manpower. The participants mentioned that they would have more involvement in PSR activities if they were allocated with additional manpower for this purpose. In fact the issue of time and manpower were related because when purchasing managers were given more manpower, then they can have more time to involve in PSR activities. They were lack of manpower to get involved in PSR activities which included supplier site audits, training and supplier self -assessments.

The participants were lack of budget to cater material price increase as result of suppliers' improvement in labour and health & safety. For example, suppliers would have to increase material price due to minimum wages or improvement of migrant living quarters. However, the participants were not given budget to approve the material price increase imposed by suppliers. This finding for lacking of budget was quite similar with the cost of adoption that found in the previous research on green supply chain in Malaysia (Eltayeb & Zailani, 2009). However, the difference is this research focused on labour and health & safety rather than green supply chain. This lack of budget also similar with cost compliance found in the researches on code of conduct of Asian supply chain (Welford & Frost, 2006), Reebok's supplier in China (Egels-Zandén, 2007) and PSR in Hong Kong/Pearl River.

For those participants who worked in electronic manufacturing services companies, their lack of resources was even more serious. The reason being that they were given very tight resources in order to be competitive in fulfilling the requirements of current customers and potential new customers who were original equipment manufacturers. Their resources were always spent on sourcing new suppliers, sourcing new items and price negotiations. Thus, they could not have sufficient manpower to focus on PSR activities.

The overall lack of resources found in this research aligned with the previous research on green supply chain in Malaysia (Wooi & Zailani, 2010) and PSR studies in Sweden (Oksana & Charlotte, 2009).

The following are the excerpts of the interviews:

P2: *"No resources as a contract manufacturing company."*

P4 said: *"Time allocation is not enough to visit supplier"*

P10 said: *"Not given manpower to involve in PSR activities, I could do more if given manpower and resources."*

P13 said: *“Another barrier is due to too many suppliers, 1700 of them.”*

P15 said: *“The challenge is the resources.”*

4.4 PSR activities focused on labour and health & safety were uncommon for suppliers

The participants experienced the barrier that PSR activities were not common for most of their suppliers. The suppliers mentioned that most of their other customers did not request them to improve their labour and health & safety. Therefore, suppliers gave the reason that labour requirement was uncommon, unfamiliar and non-value added for them to follow. Some of the suppliers mentioned that they had their own labour requirement and thus they need not or cannot follow participants' requirement as stated in supplier code of conduct. Besides this, the participants experienced the reluctance from suppliers by giving reason that adhering to labour law was more than sufficient. The suppliers felt they were not required to follow the participants' labour requirements, which were stricter. In addition, participants experienced some suppliers who were reluctant to share the confidential information pertaining to their wages and working hours. Due to this, it was difficult for purchasing managers to initiate and implement these PSR activities on those suppliers.

The following are the excerpts of the interviews:

P7 said: *They said they do not need to follow our code of conduct, they are major suppliers and they cannot comply with each customer. Suppliers said they have complied with the local law but our requirement is stricter than local law.*

P9 said: *“Suppliers said other customers do not ask for labour and health & safety standards.”*

P14 said: *“Challenges is new, a lot of people need not to fulfil. Suppliers do not have labour policy. Suppliers said why my company so strict, others not so.”*

4.5 Purchasing managers perceived PSR activities as not important

Purchasing managers perceived PSR activities as not important because they did not depend on most of their suppliers. This perception became a barrier for purchasing managers to involve in PSR activities. They did not place high volume orders to any single supplier and they were not major customers to any of their suppliers. Actually, they just spread their risk among all their suppliers so that none of the suppliers would be too important for them. Due to this, they were not concerned if suppliers fail in labour and health & safety. In case suppliers fail seriously in labour requirement, they could just cancel orders or terminate purchase contract with the related suppliers. They could then easily find any replacement suppliers.

Purchasing managers also perceived PSR activities as not important if their products could not be identified in suppliers' factories. The reason being if any labour violations happened to the suppliers, they would not be held responsible and media would not reveal their relationship with the suppliers. Due to this perception, it became a barrier for purchasing managers to involve in PSR activities.

Purchasing managers perceived PSR activities as non-value added to their companies and suppliers in long term. In addition, PSR activities were not set as one of their key performance indicators and this caused them to perceive them as non-value added. This perception of non-value added for PSR activities is a barrier for them to have active involvement in PSR activities.

The following are the excerpts of the interviews:

P1 said: *“We do not depend on supplier design. We do not release IP to suppliers. Our products could not be identified in suppliers' manufacturing lines. We are not the major customer for any of our suppliers. We do not put all the eggs in one basket. We do not depend on any particular supplier.”*

P2 said: *“Do not care about suppliers' workers. Do or not do we do not know. Suppliers go to an Internet link to sign as new vendors, to ensure they understand the requirement of not using labour. I do not audit, only make sure suppliers aware of this.”*

P9 said: “Suppliers commented that labour and health & safety standards were non-value added for them.

P8 said: “Do not take responsibility to enforce it. It does not add value to involve in suppliers’ labour standards.”

5. CONCLUSION

This research contributes to qualitative phenomenological approach by being the first few PSR researches to be conducted in this approach. It is because most of the previous researches in PSR or PSR activities in particular were done in either quantitative methods or qualitative case studies. This research also contributes to the knowledge of purchasing social responsibility (PSR) by being the first few researches, which focused on barriers to PSR activities with specialisation on labour and health and safety in Malaysian context.

The barriers found in this research are very useful for company stakeholders’ review in order to assist and support purchasing managers to overcome these barriers. For example, corporate headquarters and top management of companies could support PSR activities by allocating purchasing managers with more resources and authority. They can also include PSR activities as a key performance indicator so that purchasing managers could perceive them as important activities. Customers could support PSR activities by having cost sharing with participants’ companies. Alternatively, customers could absorb price increase due to improvement of labour, health and safety. Government as regulator of labour law could provide tax rebate and incentives for companies to practice PSR activities.

The findings of these barriers are useful for purchasing managers who are practising PSR activities in order to overcome them. They are also useful for purchasing managers who have yet to implement PSR activities to be aware of these barriers in order to get prepared to overcome them before the real implementation.

This research is limited to electrical and electronics industry in Northern Malaysia, future research could be conducted in other industries and other locations. Future research could be conducted in quantitative method in order to cover more companies and to test the variables of PSR activities. This research focuses on labour and health & safety standards of PSR activities but future research could cover other dimensions of PSR such as diversity and ethics.

REFERENCES

- Amaeshi, K. M., Osuji, O. K., & Nnodim, P. (2008). Corporate Social Responsibility in Supply Chains of Global Brands: A Boundaryless Responsibility? Clarifications, Exceptions and Implications. *Journal of business ethics*, 81(1), 223-234. doi: 10.1007/s10551-007-9490-5
- Amnesty, I. (2010). Trapped: The exploitation of migrant workers in Malaysia.
- Andersen, M., & Skjoett-Larsen, T. (2009). Corporate social responsibility in global supply chains. *Supply Chain Management: An International Journal*, 14(2), 75-86.
- Antonio, K. W. L. (2011). The implementation of social responsibility in purchasing in Hong Kong/Pearl River Delta: A case study. *Strategic Outsourcing: An International Journal*, 4(1), 13-46.
- Bormann, S., Krishnan, P., Neuner, M., Rassbach, B., Sanghi, S., Latza, J., & Hund, D. B. (2010). Migration in a Digital Age.
- Carter, C. R. (2004). Purchasing and social responsibility: a replication and extension. *Journal of Supply Chain Management*, 40(4), 4-16.
- Carter, C. R. (2005). Purchasing social responsibility and firm performance: the key mediating roles of organizational learning and supplier performance. *International Journal of Physical Distribution & Logistics Management*, 35(3), 177-194.
- Carter, C. R., & Jennings, M. M. (2000). Purchasing’s contribution to the socially responsible management of the supply chain. *Center for Advanced Purchasing Studies, Tempe, AZ*.
- Carter, C. R., & Jennings, M. M. (2004). The role of purchasing in corporate social responsibility: a structural equation analysis. *Journal of Business Logistics*, 25(1), 145-186.
- Creswell, J. W. (2007). *Qualitative inquiry & research design: Choosing among five approaches*: Sage Publications, Inc.
- Creswell, J. W. (2012). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research*.
- CSR-Asia. (2008). The State of CSR Disclosure in Asia 2008. *CSR Asia Business Barometer*.
- Devadason, E. (2011). Policy Chaos Over Migrant Workers in Malaysia. *East Asia Forum, January 11th*.
- Devadason, E. S., & Meng, C. W. A Critical Appraisal of Policies and Laws Regulating Migrant Workers in Malaysia.
- Egels-Zandén, N. (2007). Suppliers’ Compliance with MNCs’ Codes of Conduct: Behind the Scenes at Chinese Toy Suppliers (Vol. 75, pp. 45-62): Springer Science & Business Media B.V.
- Eltayeb, T., & Zailani, S. (2009). Going green through green supply chain initiatives towards environmental sustainability. *Operations and Supply Chain Management*, 2(2), 93-110.
- Hoejmoose, S. U., & Adrien-Kirby, A. J. (2012). Socially and environmentally responsible procurement: A literature review and future research agenda of a managerial issue in the 21st century. *Journal of Purchasing and Supply Management*(0). doi: 10.1016/j.pursup.2012.06.002

- Jiang, B. (2009). Implementing supplier codes of conduct in global supply chains: Process explanations from theoretic and empirical perspectives. *Journal of business ethics*, 85(1), 77-92.
- Johnson, M. (2004). Marks & Spencer implements an ethical sourcing program for its global supply chain. *Journal of Organizational Excellence*, 23(2), 3-16.
- Kanapathy, V., & Office, I. L. (2008). *Controlling irregular migration: The Malaysian experience*: ILO.
- King, N., & Horrocks, C. (2010). *Interviews in qualitative research*: Sage Publications Ltd.
- Kvale, S. (1996). *Interviews: An introduction to qualitative research interviewing*: Sage Publications, Inc.
- Leire, C., & Mont, O. (2010). The implementation of socially responsible purchasing. *Corporate Social Responsibility and Environmental Management*, 17(1), 27-39.
- Lillywhite, S. (2007). Ethical Purchasing and Workers' Rights in China: The Case of the Brotherhood of St Laurence. *Journal of Industrial Relations*, 49(5), 687.
- Loo, S. K., & Nasruddin, E. Purchasing Social Responsibility Activities in Malaysia: A focus in Labour, Health, and Safety.
- Lund Thomsen, P. (2008). The global sourcing and codes of conduct debate: five myths and five recommendations. *Development and Change*, 39(6), 1005-1018.
- Maignan, I., Hillebrand, B., & McAlister, D. (2002). Managing Socially-Responsible Buying:: How to Integrate Non-economic Criteria into the Purchasing Process. *European Management Journal*, 20(6), 641-648. doi: 10.1016/s0263-2373(02)00115-9
- Maignan, I., & McAlister, D. T. (2003). Socially Responsible Organizational Buying: How Can Stakeholders Dictate Purchasing Policies? *Journal of Macromarketing*, 23(2), 78-89. doi: 10.1177/0276146703258246
- Malaysia, B. (2007). Corporate Social Responsibility in Malaysian PLCs, 2007 Status Report, An Executive Summary.
- Malaysia, B. C. (2009). Migrant Workers Rights Multi Stakeholder Roundtable Discussion.
- Mamic, I. (2005). Managing global supply chain: the sports footwear, apparel and retail sectors. *Journal of business ethics*, 59(1), 81-100.
- Maria, B. (2010). Benchmarking tool for improved corporate social responsibility in purchasing. *Benchmarking: An International Journal*, 17(3), 340-362.
- Marshall, C., & Rossman, G. B. (2006). *Designing qualitative research*: Sage Publications, Inc.
- MITI. (2012). from http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.article.Article_f0f32c99-c0a8156f-42084208-2078ad41
- Mont, O., & Leire, C. (2008). Socially responsible purchasing in supply chain: the present state in Sweden and lessons from the future. *Swedish Environmental Management Council, Stockholm*, 90.
- Moustakas, C. E. (1994). *Phenomenological research methods*: Sage Publications, Inc.
- Neuman, W. L. (2011). *Social Research Methods: Qualitative and Quantitative Approaches*. 2000 (Seventh ed.): Allyn and Bacon, Needham Heights, MA.
- Nike, I. Corporate Responsibility Report FY07-09. (2007-9). Corporate Responsibility Report FY07-09. 73.
- Oksana, M., & Charlotte, L. (2009). Socially responsible purchasing in supply chains: drivers and barriers in Sweden. *Social Responsibility Journal*, 5(3), 388-407.
- Park-Poaps, H., & Rees, K. (2010). Stakeholder Forces of Socially Responsible Supply Chain Management Orientation. *Journal of business ethics*, 92(2), 305-322. doi: 10.1007/s10551-009-0156-3
- Roberts, S. (2003). Supply chain specific? Understanding the patchy success of ethical sourcing initiatives. *Journal of business ethics*, 44(2), 159-170.
- Salam, M. A. (2009). Corporate social responsibility in purchasing and supply chain. *Journal of business ethics*, 85, 355-370.
- Silverman, D. (2005). *Doing qualitative research: A practical handbook*: Sage Publications Ltd.
- Van Manen, M. (1990). *Researching lived experience: Human science for an action sensitive pedagogy*: Suny Press.
- Wahyono, S. (2005/2006). The Protection of Migrant Workers' Rights: Experiences in Malaysia and Learning from the Philippines. *Are We Up to the Challenge?*, 1.
- Welford, R., & Frost, S. (2006). Corporate social responsibility in Asian supply chains. *Corporate Social Responsibility and Environmental Management*, 13(3), 166-176.
- Wooi, G. C., & Zailani, S. (2010). Green supply chain initiatives: investigation on the barriers in the context of SMEs in Malaysia. *International Business Management*, 4(1), 20-27.
- Worthington, I. (2009). Corporate Perceptions of the Business Case for Supplier Diversity: How Socially Responsible Purchasing can 'Pay'. *Journal of business ethics*, 90(1), 47-60.
- Worthington, I., Ram, M., Boyal, H., & Shah, M. (2008). Researching the drivers of socially responsible purchasing: a cross-national study of supplier diversity initiatives. *Journal of business ethics*, 79(3), 319-331.
- Xu, L., Kumar, D. T., Shankar, K. M., Kannan, D., & Chen, G. (2013). Analyzing criteria and sub-criteria for the corporate social responsibility-based supplier selection process using AHP. *The International Journal of Advanced Manufacturing Technology*, 1-10.
- Yu, X. (2008). Impacts of corporate code of conduct on labor standards: A case study of Reebok's athletic footwear supplier factory in China. *Journal of business ethics*, 81(3), 513-529.