CORPORATE SOCIAL RESPONSIBILITY ENVIRONMENT IN MALAYSIA: LESSONS LEARNED FROM THE EFFECTIVENESS OF THE CSR PROGRAMME BY AXIATA GROUP

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Abstract: Corporate Social Responsibility (CSR) is one of the important elements for an organization to sustain in business. The evolution of CSR and its implementation since it was introduced in Malaysia until now has changed rapidly. There are many opportunities that can help the organization in conducting CSR to achieve the dual purpose of meeting the organizational goal and helping society. Organizations that carry out CSR face many challenges. Among the challenges they face include not being able to fully disclose some social issues that their CSR work is involved in, and the lack of measurable outcome of whether they achieved the standard of doing the CSR. On top of that, the theories and practices of CSR in other countries may not be applicable to Malaysia because of the difference in beliefs, norms, culture, and socio-economy. This paper attempts to show the effectiveness of how companies in Malaysia can conduct effective CSR programmes through evidence collected and compile from published data on the Axiata Group, in which the organization received several CSR Awards for being able to conduct many CSR programmes in the different countries where it conducts its business. This paper concludes with the recommendations to an organization that would like to emulate the success of Axiata CSR programmes or to meets their own CSR goals with their own CSR model.

Keywords: Management, Organizational Behaviour, Corporate Social Responsibility
Introduction

According to the traditional theory of the firm, the only responsibility of companies is to maximize profits. By maximizing profits, companies are serving the best interest of society (Aishah Bidin, 2008). However, in order to serve the public interest and to maximise their profits, companies would be subjected to general legal constraints in force at any particular time such as the rules of employment law, consumer law or environmental law. Company law and corporate governance can be used as an instrument of broad social policy to construct a ‘corporate conscience’ or to make the organization more responsive to its social environment besides maximizing profit. The role of the company therefore is to provide a set of rules and regulations conducive to profit maximization-by strengthening the profit motive within the existing legal framework and reinforced it with the active role of shareholders within the corporate governance system. Thus, being socially responsible companies can be viewed as an excellent management strategy to demonstrate the mass of diverse theoretical and ideological approaches to sustaining public interest while maximizing profits.

While the corporate social responsibility (CSR) concept emerged in the 1960s evidenced by the evolution that started in the early 1950s, the primary focus on business was still on the responsibilities towards society and doing good deeds only. This continued until early 1960s when key events, people and ideas were instrumental in characterizing the social changes that marked a significant emergence of CSR concept during this decade. This led to business managers applying the traditional management functions when dealing with CSR issues in the 1970s, and by 1980s, business and social interest became a priority that firms became more responsive to their stakeholders. During the 1990s, the idea of CSR eventually became almost universally approved and CSR progress was coupled with strategy literature. Finally, in the 2000s, CSR became definitively an important strategic issue (Jellinek, 2018). With this evolution, CSR became the topic of great interest and discussion among academicians, stakeholders and also the society at large (Norajila Che Man, 2011) to the extent that CSR is now important enough for business to sustain in the industry. This movement then led to various definition of CSR as its meaning depends on a range of factors that include culture, religion, and legal or government framework. One particular definition of CSR that comes close to the idea of this paper is where CSR is defined as the assumption of responsibility of companies whether voluntary or by virtue of statute in discharging socio-economic obligations to society (Rühmkorf, 2015).

In Malaysia, CSR was introduced as early as the year 2000, pioneered by the Non-Governmental Organizations such as the Federation of Malaysian Consumers Association, Consumers Association of Penang and the World-Wide Fund for Nature (WWF) of Malaysia as Malaysia progressed itself as a developing country. In 2002 the Association of Chartered Certified Accountants (ACCA) initiated the first CSR reporting awards for Malaysian Companies named Malaysia Environmental and Reporting Awards (MESRA). In 2009, the name was changed to Malaysia Sustainability Reporting Awards (MaSRA) to reflect changes in the international CSR development, from responsibility to sustainability (Abdul Hamid, Fathilatul, Ruhaya, & Md Salleh, 2014). However, these awards are given based on the different purpose as defined by the different bodies. As there are varying standards of CSR activities through these different awards, there is no specific measurement of CSR standards for companies in Malaysia to refer to. As such, this paper attempts to show the effectiveness of how companies in Malaysia can conduct effective CSR by reviewing the effectiveness of Axiata Group in carrying out its CSR activities as one of the leading award recipients in the telecommunication industry. This study will then provide an understanding on how companies
can adopt some of the effective CSR activities that Axiata has carried out into their own business sustainability model.

**The Evolution of CSR in Malaysia**
CSR in Malaysia is still at infancy stage (Amran et al, 2013). Malaysian companies are reported to be lagging when compared to the best practices found internationally. Philanthropy seems to be the most common form of CSR with Malaysian companies donating over 82 million ringgits to charitable organizations between July 2003 to December 2004 alone (Pratabhan & Abdul Rahim, 2005). As these companies continue to progress in their business, CSR is now seen as very important given that the development and progress of a corporate institution depends largely on other factors besides business profits. Support given to various community groups such as consumers, workers, capital owners, non-user groups as well as the general public are helping in improve the performance and progress of a corporate institution. It is now a social responsibility business to overcome problems and issues related to social and political goals. In other words, the business should be the saviour and trouble-shooter in society. This is further proven in a paper written by Rosamaria & Robert (2011) that CSR practices can help organizations maintain a good stakeholder relationship management.

The commitment of an organization to operate economically and take into account the social environment surrounding them is of utmost important to organizations today. An organization should not only be concerned of profit but needs to take into account the social and welfare benefits of the surrounding community. Hence, CSR is being extended and emphasized by the government to the private sector in helping to ensure the welfare of society is always preserved.

**Opportunities and Challenges**
CSR is one of the practices that is contributing profit and giving recognition to the organization. Government-linked corporations (GLC) in particular, are very supportive in incorporating CSR activities into their business development in order to sustain their business. A study revealed that GLCs have a significant high policy adopted for their business practices as it is important as a strategy towards sustainable business development. CSR practices by GLC are aimed to improve Malaysian standard of living. It can also ensure the growth of the nation (Siwar & Harizan, 2006). This justifies the good opportunities for the organizations to practices CSR.

Apart from GLCs, Multinational Corporations (MNC) also believe that having the rules and regulation of business environment in the country will help them develop their businesses. The business philosophy of MNCs include a principal and guideline towards CSR implementation as it demonstrates economic, social and environmental responsibilities that usually result in profiting its stakeholders. By operating in more than one country, MNCs enforce greater influence and face huge pressures from more the stakeholders. The people who are highly socially responsible from other countries may demand more CSR practices by MNC (Siwar & Harizan, 2006).

One form of business organizations in Malaysia, the Small and Medium Enterprises (SME), play an important role for the country. As business entities, CSR is not excluded from SMEs. Most SMEs are still only focusing on generating revenue rather than doing CSR. Several reasons was found to be the causes that may prevent SMEs from adopting CSR into their business operations because of limited capacity, money and other resources (Siwar & Harizan, 2006). SMEs might have adopted CSR at some level of implementation, but this needs to be further verified in future studies. This is because social responsibility is usually done informally and sometimes without conscious effort by SMEs (Siwar & Harizan, 2006). The lack of
conscious effort and formal guideline shows an example of challenges SMEs face in order to balance doing CSR and operate their business.

Due to lack of rules and regulations and also public awareness, developing country like Malaysia would not reveal a lot of societal information as the area is deemed as gray. This leads to another challenge of the organization to include CSR activities in their business operations that prevent them from doing the activities. Besides that, companies also face challenges in balancing certain rules and regulations and applying good practices expected by various interest groups. Hence, it can be said that another factor that leads to this challenge is the country itself does not have the specific rules and a benchmark for the organizations to measure the level of CSR that they need to achieve. Because of this, some researchers recommended that Malaysia should follow how other countries apply CSR theories into the business operations. However, in a study by S.R. Abdulrazak and Fauziah Sh. Ahmad (2014), the CSR theories might not be able to be applied in to Malaysia because of our beliefs, norms and culture is different and cannot accept it.

**Review of CSR in the Axiata Group**

This paper now proceeds with discussion on the effectiveness of CSR activities by the Axiata Group (Axiata) that are compiled and collected through desk research of “sources of sources” not limited to Axiata’s own publication. It is worth noting that this paper is the first of two researches in which the researchers will advance to study effective CSR practices that can be adopted from Axiata and produce empirical research paper. The main reason for reviewing Axiata CSR practices is to study the effectiveness of the programmes and explore some of the variables that can be further examined in future research.

**CSR Programme and CSR Standard by Axiata Group**

The Malaysian communications industry has evolved rapidly over the years and has become the most dynamic industry in the world. The rapid development has changed the economy of the country and affected many people that telecommunication companies struggle to be socially responsible companies (Hafiz, Jamaliah, & Ain, 2015). One of the telecommunications companies that strives to be a socially responsible company is Axiata Group (Axiata Group Berhad, 2013).

Axiata is company that has a primary business in investment holding and the provision of telecommunication and consultancy services on an international scale. The main focus of the business is the emerging markets in Asia, which include low mobile penetration in South and Southeast Asia. Axiata’s new tagline, ‘Advancing Asia’ means that it wants to be one of the Asia’s leading telecommunications groups, as it has huge investments in mobile network operations, network infrastructure and digital internet companies. Axiata has mobile operator control interests in Malaysia, Nepal, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic interests in India and Singapore. The group is also involved in non-mobility telecommunications in Thailand and Pakistan (About Axiata, n.d.).

Axiata has its own initiatives in making sure the business sustains besides achieving high profits. In Advancing Asia, Axiata remains committed to its role as a responsible corporate citizen, to make a difference in people’s lives, and help transforms the countries in which it operates (Axiata Group Berhad, 2016). With approximately 350 million customers served in the 11 countries (Axiata, 2018), Axiata’s effort is well recognized when it was awarded for its commitment to promote and carry out CSR activities (Hafiz et al., 2015). Axiata is one of the Malaysian companies that received the CSR Awards for 2018 organised by The Pinnacle...
Group International (Global CSR Award, 2018). The mission of the Pinnacle Group is to commit their time and resources to global missions and charities for the betterment of human lives. Prior to that, Axiata has also received awards for the Corporate Responsibilities (CR) that they did and achieved since 2016. One of the highest achievement for CSR was the recognition of 4th placing for best at CSR in Malaysia (Axiata Group Berhad, 2016). This recognition is a testament to Axiata’s commitment in managing other internal factors like stakeholder management and practices of values among the organizations apart from the voluntary services to the public.

As a group entity and as individual operating companies (OpCos), the Axiata corporate responsibilities focus on empowering and enriching people's lives and focus mainly on education, environmental protection, health and sports (Axiata Group Berhad, 2016). A good example of a CSR programme that has been conducted by Axiata Group Berhad is the University Leadership Development Programme. The program is designed as a summer camp for graduates who study at local and international universities where they spend 15 days or 150 hours taking part in business simulation games. The games allow students to experience running a business which include managing a crisis, conducting an advertising campaign or bringing a business idea to a panel of judges and business leaders who act as venture capitalists. A selected group of students who successfully completed this program will then be given the opportunity to put into practice what they have learned through a structured internship program in Axiata group of companies for eight weeks the following year (Hafiz et al., 2015).

Another programme that Axiata carried out is a career progression and development programmes known as Axiata Group Accelerated Development Programme (GADP) and Axiata OpCos Accelerated Development Programme (OADP). GADP is a program implemented for the senior management team targeted towards high-potential leaders. It aims to accelerate the development and readiness of senior managers for future leadership roles throughout the group. OADP is specialized for high executive and middle management potential employees. It aims to speed up the development and readiness of individual contributors and junior managers for future leadership roles (Axiata Group Berhad, 2013).

Axiata also practices ‘Greener Operations’. This is to make sure the environment is treated fairly. At Axiata, its vision is to integrate environmental practices in all aspects of its business activities. The environmental impact as a telecommunications provider is relatively moderate compared to other industries. Axiata is committed to minimizing its environmental footprint by reducing energy and waste consumption and reducing carbon emissions from its business and its OpCos operations (Axiata Group Berhad, 2013). This shows that Axiata does not only do the CSR focusing on the people, but also for the environment. Axiata also replaces network equipment in their base stations with energy-efficient equipment to sync with technological innovations and reduce the carbon footprint in their operations around the world (Axiata Group Berhad, 2013). In this aspect, the implementation of these things helps the company in its sustainability agenda.

As at October 2013, another business unit, edotco was added to own, manage and share the passive network infrastructure of Axiata Group. In addition to driving new levels of operational efficiency in passive infrastructure management and diversifying Axiata’s revenue streams, edotco aims to identify energy saving solutions for its networks and base stations to reduce 40 percent of total carbon emissions across all operating companies by 2018. It invests in quality and innovation, striving to be lean, green, and clean in the pursuit of a sustainable future. From what it has developed, Axiata constantly promote green practices. These include design and
construction using new building materials to create durable and green structures, design and build telecommunications towers for multiple tenants while maintaining strict safety standards. Besides, it also focuses in leasing antenna space to other wireless service providers to reduce parallel capacity in the industry.

Secondly, Axiata invests in equipment efficiency in long-term investment in eco-friendlier equipment and systematic equipment controls to improve the life span of equipment for optimal use. Thirdly, they focused on renewable energy to power the telecommunications towers by using solar, wind, methanol fuel cells and other new technologies. Last but not least is energy consumption by all of the employees. It is also promoting infrastructure and passive-site sharing among the network operators to reduce the number of masts, which in turn reduces the energy consumption. (Axiata, n.d)

Through these initiatives, Axiata has received several CSR awards locally and globally. Table 1 below shows the awards received by Axiata:

**Table 1: List of Awards Received by Axiata**

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Award</th>
<th>Achievement</th>
<th>Received from</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MSWG-ASEAN Corporate Governance Index 2015 Awards</td>
<td>Excellence Award for Environmental, Social and Governance (ESG) Practices</td>
<td>MSWG Malaysia</td>
<td>2015</td>
</tr>
<tr>
<td>2.</td>
<td>15th PC. Com Readers’ Choice Awards 2015</td>
<td>Best Customer Service Telecommunications (Celcom Axiata Berhad)</td>
<td>PCMag.com</td>
<td>2015</td>
</tr>
<tr>
<td>3.</td>
<td>Selular Award 2015</td>
<td>(PT XL Axiata Tbk) Best Customer Care Service</td>
<td>PT Global Selular Media</td>
<td>2015</td>
</tr>
<tr>
<td>5.</td>
<td>PERHUMAS Award 2016</td>
<td>PR Excellence Awards 2016 – Corporate Social Responsibility (CSR) Program XL Future Leaders PR</td>
<td>Public Relations Association of Indonesia</td>
<td>2016</td>
</tr>
<tr>
<td>7.</td>
<td>Telecom Asia Award 2016</td>
<td>Best Community Project (Cambodia)</td>
<td>Telecom Asia</td>
<td>2016</td>
</tr>
<tr>
<td>8.</td>
<td>Golden Peacock Award</td>
<td>Corporate Social Responsibility of the Year (India)</td>
<td>Institute of Directors (IOD)</td>
<td>2016</td>
</tr>
<tr>
<td>9.</td>
<td>MSWG-ASEAN Corporate Governance Index 2016 Award</td>
<td>Excellence Award for Environmental, Social and Governance (ESG) Practices</td>
<td>MSWG Malaysia</td>
<td>2016</td>
</tr>
<tr>
<td>No.</td>
<td>Award Description</td>
<td>Source/Issuer</td>
<td>Year</td>
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<tr>
<td>10.</td>
<td>ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016</td>
<td>ACCA Global</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>CSR Malaysia Awards 2017</td>
<td>CSR Malaysia</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Excellence In Provision Of Literacy &amp; Education Award Gold</td>
<td>The Global CSR Awards™</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>CSR Leadership Award Silver</td>
<td>The Global CSR Awards™</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>CSR Malaysia Awards 2018 Category of Telecommunication</td>
<td>CSR Malaysia</td>
<td>2018</td>
<td></td>
</tr>
</tbody>
</table>


**Lessons from Effectiveness of the CSR Programmes by Axiata Group**

The success of Axiata is contributed through its CSR approach that can be accepted in various countries where Axiata has a business even though its customers across the different countries have their own culture, beliefs, norms and traditions. This has shown that Axiata is one of the excellent companies in carrying out CSR activities in all the countries it serves. In this section, this paper attempts to list the features that makes Axiata successful in carrying out the CSR programmes as a basis for reference in the future paper.

**The Axiata Four Pillars**

There are four pillars that Axiata practices in order to make sure its business sustains as shown in Figure 1. All of which already have given a huge impact towards Axiata. The four pillars are beyond short-term profits, nurturing people, process excellence and governance and last but not least, planet and society.

**Beyond Short-term Profit**

Axiata commits to long-term business development in the countries in which it operates and ensures that its investments create long-term value. These investments, involving large-scale infrastructure development projects, not only contribute to the economic development of these countries, but also provide essential connectivity services that improve living standards. Axiata’s long-term commitment also extends to the development of digital ecosystems on its markets and to the world’s leading mobile industry developments (Axiata Group Berhad, 2016). These investments represent the meaning behind beyond short-term profits by Axiata Group Company.

**Nurturing People**

Nurturing people is a training programme that helps its employees achieve personal growth and professional development creating a team which has the potential to provide leadership not just in their operating country, but throughout the region. Axiata delivers talent development initiatives both internally and externally. The internal initiatives are designed to help the employees achieve their full potential through extensive development programmes, both in
their personal and professional lives. These programs give employees the skills they need to succeed in Axiata and become the Group's future leaders. Axiata also targets a different group in which it focuses its efforts on external talent development through the Axiata Young Talent Program (AYTP). AYTP is a unique learning opportunity aimed at encouraging and developing future CEOs and youth leaders in Malaysia (Axiata Group Berhad, 2016). Through its sponsorship, the selected students and youth are being developed from their early teens in academic excellence and leadership trainings.

Process Excellence and Governance
Axiata has established common standards of best practice throughout the group to ensure that its entire value chain complies with the sustainability standards. Axiata takes measures to ensure that it meets the sustainability requirements of the processes, including direct engagement with vendors, retailers and business partners. Axiata also takes its customer commitment process seriously and tracks the level of customer experience through a set of Key Performance Indexes (KPIs). Axiata continues to work on introducing digitization and automation to improve their internal and external processes (Axiata Group Berhad, 2016).

Planet and Society
In mitigating the environmental impact of its business, edotco, the infrastructure company of Axiata, focuses on green technology and on reducing the carbon footprint of the group. edotco works towards the goal of reducing its passive network infrastructure’s greenhouse gas (GHG) emissions by 40% from the 2013 baseline year. At the same time, their OpCos delivers corporate responsibility (CR) initiatives to empower and enrich the communities and societies in which it operates. (Axiata Group Berhad, 2013). In phase 2 of their sustainability journey, it began to standardize its CR efforts, which included all OpCos in three core CR initiatives; education, green initiatives and disaster management and disaster response.

Looking at the four pillars, this paper finds that the CSR programmes can be effective when the practices are beyond management and profits. A huge support from all of the stakeholders of the company are required whether they are contributing directly or indirectly. For organizations such as Axiata, addressing the social issues and needs through implementation of the four pillars have been beneficial to its overall business performance.

Figure 1: The Axiata Four Pillars
Source: (Author, 2019)

Theoretical Framework
From the above review, this paper theorize that business organizations can create their own practical guidelines for successful implementation. Using Axiata’s case and Axiata Four Pillars as a reference benchmark or a CSR model will aid companies achieve stability and sustainability. Since many companies in Malaysia still do not have guidelines in conducting
CSR, the Axiata model is a good example for similar companies to find ways to develop their own CSR guidelines to ensure they achieve their own CSR goal. On top of that, companies can also build and modify the model to suit the business environment they are in. As every business exists in different economics setting and different environment, it is possible for companies to develop the CSR model to suit the differences as shown by how Axiata have won awards in the different countries it exists. Thus, new hypotheses could be developed for future research to see if the Axiata Four Pillars model could be the bases to influence the CSR practices by other companies and whether there exist other factors.

![Company A CSR Practices](image)

**Figure 2: Bases of CSR Model Using Axiata Four Pillars**

**Recommendations and Conclusions**

An organization’s reputation is built on its rapport with employees, consumers, suppliers, stockholders and the community they operate within. These are among of the stakeholders who involved in CSR activities. The lack of leadership support from the top is still an obstacle to place corporate responsibility at the heart of every business especially in smaller companies and SMEs as discussed earlier in this paper. CSR might no longer be fashionable, but it is still a crucial component in lead towards improved performance, and still requiring dedicated leaders. Organizations can be motivated to be more socially responsible because the stakeholders expect them to do so especially when it comes to addressing the social issues relevant to them.(Fontaine, 2013). Thus, for future research, the stakeholders’ theory will be the most important theory to be included and examined. This paper will also be the basis of future review of CSR theories to examine if the theories can be applied to the Malaysian socio-economic context and whether there exist CSR models of other companies that are similar to Axiata.

One very notable and biggest challenge now that was described thoroughly in the introduction, is that there is no universal understanding of CSR standard or benchmark. Many organizations claim that they are practicing CSR but unfortunately, they practice CSR without fully understanding the concept, or aware of any standard. Even Axiata itself does not state that it
has any CSR guidelines in Malaysia. Instead, Axiata produces Corporate Responsibilities Report to show that it manages its social responsibilities effectively in different countries that its business exists. This shows that Malaysia can still have its own CSR standard relevant to the Malaysian environment and socio-economy, so that every company can practice it effectively and that they will be more readily acceptable by the general public. As Malaysia is in pursuit of becoming a developed nation by the year 2020, this paper also concludes that there is a need to have nationalized CSR guidelines for the implementation so that every company can follow and that CSR practices will become more successful. On how organizations will fulfil the CSR duties and meet the requirements, the organizations can duplicate other existing successful CSR model or formulate new models to suit their own business environment.

References