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**EXPLORING THE CUSTOMERS PERCEPTION ON ESG  
TOWARDS MALAYSIAN ELECTRICITY UTILITY COMPANY**

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**Abstract**

This paper aims to investigate and identify Malaysian electricity utility customers' expectations and perceptions of the sustainability pillars of environment, social and governance, and economy (ESG) for future sustainability. This study was conducted through a Focus Group Discussion (FGD) of seven (7) organizations who are experienced and considered as one of the most important stakeholders (customers) of Malaysian electricity providers. The research data were analyzed using content analysis based on the objects and expectations due to the nature of research objectives. From the customers' point of view, the results indicated that Malaysian electricity providers should focus on 11 factors of the environment, 14 factors of social, and 27 factors of governance and economics for their business sustainability. The findings are expected to provide plausible guidelines to the Malaysian electricity utility providers for enhancing their sustainability pillars based on the expectations of stakeholders, especially customers, to move forward to achieve them as one of the upmost electricity producing companies in the world.

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## **1. Introduction**

### **1.1. Development and initiation of environmental, social, governance and economy (ESG)**

The term “Environmental, Social, Governance and Economy (ESG)” was first used in research titled “Who Care Wins” in 2005 encouraged by the former UN Secretary-General Kofi Annan in a joint initiative under the United Nations Global Compact (Kell, 2018). ESG is a process of quantifying a company’s commitment to a principle of the framework system, including environment (E), social (S), and governance and economy (G) factors (Li et al., 2021). Moreover, ESG is initially a strategy to evaluate a corporate behavior incorporate with ESG for investment analysis and decision making (Li et al., 2021).

The primary purpose of ESG customers’ perspectives is to benefit the overall environment, social, governance, and economic concerns (Syed, 2017). According to research observation, integrating ESG factors into a company’s valuation model improved its stakeholder’s access to improve customer needs, market affirmation, and societal efficacy offered to the customers (Wan Mohammad & Wasiuzzaman, 2021). Environmental, Social, Governance and Economy (ESG) issues have been the basis of attentiveness for investors, regulators, and shareholders when it becomes an integral part of the company's strategy, as a risk management concern (Tarmuji et al., 2016). Small and medium-sized companies with a strong ESG emphasis will be in a better factor to gain recognition as investors want to venture more in companies with strong ESG standards. Increased top-line growth and fewer administrative and regulatory obstacles are two different ways in which adherence to strong ESG regulations reduces risk (Stevens, 2020).

Electricity business activities impact a wide variety of customers; therefore, it is crucial to analyse the sector’s performance and identify the policies affecting choices on sustainable growth based on customers. This research aims to identify customers’ perspectives on ESG to create value and perceive ESG factors that will improve the decision-making process's effectiveness and benefit the environment, society, governance, and economic concerns.

### **1.2. Dimension of ESG**

ESG is an abbreviation that stands for "environmental, social, and governance" and it refers to the three primary aspects that are used in determining how an investment in a business or corporation will affect its long-term viability and integrity (Kiehne, 2019; PricewaterhouseCoopers [PWC], 2020). The definitions and factors of ESG are explained as shown in Figure 1.



**Figure 1.** Definitions and factors of environmental, social, governance and economy (ESG)

## 2. Method of Data Collection: Focus Group Discussion (FGD)

A Focus Group Conversation (FGD) is a qualitative research method and data collection approach in which a group of individuals participates in an in-depth discussion about a defined topic or problem. (Eeuwijk & Angehrn, 2017). The technique is based on the concept that group processes developed throughout an FGD's support and guidance demonstrate and justify general understanding among individuals and organizations.

Nonetheless, this strategy does not assume that all information is shared evenly within a studied group or that there is a common, underlying, homogenous knowledge in each society. During the discussion

rounds, an FDG enables the researcher to seek both the participants' common story and their disparities in terms of experiences, attitudes, and worldviews. Thus, the team performed an FGD with seven of TNB's customers' key stakeholders as follows (see Table 1):

**Table 1.** List of invited customers stakeholder

No.	Organisation
1	Master of Builder Association Malaysia (MBAM)
2	Federation of Malaysian Manufacturers (FMM)
3	Real Estate And Housing Developer's Association (REHDA)
4	Persatuan Rakan Niaga Strategik Malaysia (PERNISMA)
5	Federation of Malaysian Consumers Associations (GOMCA)
6	Malaysian Retailers' Association (MTA)
7	Persatuan Pengurusan Kompleks Malaysia (PPKM)

### 3. Findings

As the main objective of this project is to develop a comprehensive ESG framework guided by the relevant customers toward electrical utility companies. Based on the data collected from the focus group discussion (FGD) with customers, this research has received comprehensive feedback and framework factors and expectations of ESG as in Table 2, Table 3 and Table 4 below:

#### 3.1. Environmental perspectives

**Table 2.** Environment data factors/expectations from customers

SL	DESCRIPTION (FACTORS/ EXPECTATIONS)
1	TNB current emission rate <ol style="list-style-type: none"> <li>i. Data on emission rate</li> <li>ii. Disclosing the carbon footprints (annual basis data)</li> <li>iii. Data on the energy consumption of the society</li> <li>iv. Reducing the uses of coal as it causes high emissions to the earth.</li> </ol>
2	Innovation and customer-friendly technology <ol style="list-style-type: none"> <li>i. Adding new technology to keep lesser emission</li> <li>ii. Reliable technology for electricity production, transmission, and distribution</li> <li>iii. Providing technology for tracking energy consumption and the emission rate of the customers</li> </ol>
3	Implementing energy-efficient equipment and a transparent system (tariff and billing) <ol style="list-style-type: none"> <li>i. Contributing to the manufacturer and supplier (bring in more energy-efficient equipment)</li> <li>ii. Transmission efficiency toward the nation</li> </ol>
4	Minimizing environmental impact <ol style="list-style-type: none"> <li>i. Reducing of deforestation</li> <li>ii. Preservation of hills, mountains, and sea area for sustaining the production of grids</li> <li>iii. Awareness of acquiring standards for gazette places, especially for agricultural land (areas to build grids)</li> <li>iv. Conserving the natural resources from continuous big business</li> <li>v. Minimizing the depletion of resources</li> <li>vi. Reducing gas exposure</li> </ol>
5	Introducing and implementing the climate change policy regulations <ol style="list-style-type: none"> <li>i. Reduce exhaust emission</li> </ol>

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	ii. Air and water pollution
	iii. Waste management and promoting recycling
	iv. Carbon pricing and taxes
6	Consumer awareness on energy consumption
	i. Enhancing customer knowledge of smart meter device conception
	ii. Consideration of consumer needs and rights
	iii. Administering the perception and ideas of the public and governments to utilize energy
7	Natural resources for future energy production
	i. Way forward to infinite and emphasizing the renewable energy resources
	ii. Reducing the uses of fossil fuels such as coal, natural gases, and petroleum
8	Discovering the future energy mix for ensuring green electricity production
	i. Hydrogen
	ii. Renewable energy
	iii. Alternative natural resources
9	Production responsibility towards environment
	i. All businesses should be less (negative) impact on the environment
	ii. Providing cleaner energy according to the SDGs goals
10	Managing the issues of Solar PV expiration, recycling, and disposal
11	Ensuring green supply chain management practice (procurement, transmission, green purchasing, distribution)

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### 3.2. Social perspectives

**Table 3.** Social data factors/expectations from customers

SL	DESCRIPTION (FACTORS/ EXPECTATIONS)
1	General billing and charges guidelines <ul style="list-style-type: none"> <li>i. Classifying for the various block of its electricity grades and prices</li> <li>ii. Information and educating the consumers towards charges calculation and billing indications of the electricity.</li> </ul>
2	Focusing on customer issues and maintaining satisfaction consistency
3	Community outreach <ul style="list-style-type: none"> <li>i. Consideration of people and relationships</li> <li>ii. Conflict management within society</li> </ul>
4	Practicing Corporate Social Responsibility <ul style="list-style-type: none"> <li>i. Volunteering in the community program</li> <li>ii. Creating jobs and providing a training program</li> <li>iii. Contributing to establishing the academic institutions</li> </ul>
5	Create awareness, upskilling, and reskilling towards indigenous society (external) <ul style="list-style-type: none"> <li>i. Greener and cleaner energy</li> <li>ii. Digitalisation (digital metering)</li> <li>iii. Capacity building of the people</li> <li>iv. Contributing to the upskilling and reskilling for the energy and society</li> <li>v. Revenue or profit contributions (RND)</li> <li>vi. RND towards upgraded technology for ensuring a cleaner energy</li> </ul>
6	A mechanism to explore the social and health impact of power plant activities. (internal) Social Impact Assessment (SIA) <ul style="list-style-type: none"> <li>i. Brightening surrounding communities (examine the impact on people's livelihood)</li> <li>ii. Minimizing the cons of setting up a power plant</li> <li>iii. Impact on products and services</li> </ul>

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	Health Impact Assessment (HIA)
	i. Transmission, electromagnetic work, factory, and the emissions they are creating
	ii. Worker's/ employees' well-being and impact
7	Data protection, privacy, and security
	i. Data security from all consumer's contact info
	ii. Moving towards digitalization by enhancing security
8	Employment law
	i. Hiring labor
	ii. Labour standards
	iii. Avoiding and eliminating hiring illegal workers, forced labors, and emphasizing on slavery matters
9	Occupational Health and Safety
	i. Pleasant working conditions
	iii. Health and safety system
10	Affordable and reliable energy
	i. TNB's willingness to sacrifice for an increased tariff
11	Internal and external engagement (employee and society)
	i. Encouraging employee empowerment
	ii. Employee relations & Diversity
	iii. Employee retirement plan
	iv. Social engagement and cohesion
12	Production responsibility towards society
	i. TNB's obligations to the government to keep producing energy
	ii. All products should be beneficial for both parties
	iii. Energy distribution should not be monopolized, and open to public
13	Role of eradicating poverty
14	Income and employment (reducing unemployment)

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### 3.3. Governance and economical perspectives

**Table 4.** Governance and economical data factors/expectations from customers

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SL	DESCRIPTION (FACTORS/ EXPECTATIONS)
1	Anti-corruption and bribery policy
	i. Ensuring ISO37001 Certified and anti-bribery management system is practiced to prevent corruption
	ii. Establishing the guidelines for the Code of conduct for internal and external parties
	iii. Ensuring the practices of a high level of ethical manner
2	Implementing new systems and innovative technology
	i. Power plant cooling system
	ii. Car battery system
	iii. Start-up system
	iv. Best energy system
3	Generating new business opportunities
	i. Open hiring of expertise in various disciplines
	ii. Accounting credibility to boost the economic growth
	iii. Financial perspective and management
4	Consumption and evaluation data
	i. Generate consumption of lifestyle

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	ii. Evaluation system especially for energy wasted
5	Ensuring efficient and reliable energy (no power cut)
6	Managing energy costs and ensuring affordable tariffs
7	Implementing a robust and transparent governing system
8	Establishing standard operating procedures (SOP) in line with top global electricity providers
	i. Employee compensations
	ii. Executive remuneration
	iii. Inadequate continental and global agreements
9	Instituting transparency of accounting and audit procedures
10	Top management commitment and support to internal and external parties
11	Compliance with other government agencies
12	Supporting and nursing a company's long-term strategy together with forwarding looking culture
13	Management and internal controls
14	Strict regulations coordinated with security and safety authorities
15	Responsibilities and expectations
	i. Accommodating and updating all the expectations and requirements from different stakeholders
	ii. Fulfilling the responsibilities towards all stakeholders in their governance system
16	Exhibiting the board compositions and their role especially the leadership of the company
17	Conflict and political interventions
	i. Avoiding conflict of interest and Political contributions
	ii. Political lobbying/ managing political interventions
18	Engaging with legal and ethical business practices
	i. Certified vendors with integrity pledge
	ii. Ethical purchasing (for responsible supply chain, vendors, labor, organizational)
19	Inadequate institutional capacities
20	Contribution to the economic growth
21	Immediate marketplace and the broader economy
22	Sound productivity in accordance with supply and demand
23	Customer, Internal Business perspective
24	Monitoring the efficiency losses (profit will increase) of transmission, generation, and distribution
25	Ensuring government security (for the nation, transmission, and distribution)
26	Ensuring the investor's establishment of natural gas supply
27	Emphasizing risk management

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#### 4. Conclusions

The sustainability pillars are a set of requirements for how a company runs. Socially conscious investors look at Environmental, Social, Governance, and Economy (ESG) criteria to decide whether or not to invest in a company. This study examined Malaysia's electricity company's four sustainability pillars.

This paper helps better understand in TNB's ESG disclosure from a customer stakeholder's point of view. Each pillar contains sustainable variables and criteria for stakeholder perspectives and initiatives.

Throughout the entire research, the researchers have conducted an extensive focus group discussion (FGD) with one of TNB's prominent stakeholders; Customer stakeholders, as shown in Table 1. Through the FGD, the researchers have merged a synthesized list of 52 ESG factors from the stakeholder altogether as shown in Table 2, Table 3 and Table 4. Therefore, 11 factors for Environmental, such as TNB's current emission rate, innovation, and customer-friendly technology, implementing of energy-efficient equipment and transparent system (tariff and billing), minimizing environmental impact, introduction and implementation of the climate change policy regulations, and consumer awareness on energy consumption.

Meanwhile, a total of 14 factors were compiled after synthesizing for the social point of view which are; general billing and charges guidelines, focusing on customer issues and maintaining satisfaction consistency, community outreach, practicing corporate social responsibility, creating awareness, upskilling and reskilling towards indigenous society (external), and income and employment (reducing unemployment).

Towards the conclusion of the study, 27 governance factors were synthesized, including the following; anti-corruption and bribery policy, implementing of a new system and innovation technology, generating new business opportunities, consumption, and evaluation data, ensuring efficient and reliable energy (no power cut), managing energy costs and ensuring affordable tariffs, implementing a robust and transparent governing system, establishing standard operating procedures (SOP) in line with top global electricity providers, instituting transparency of accounting and audit procedures, top management commitment and support to internal and external parties, compliance with other government agencies, and emphasizing on risk management.

The findings of this research will contribute to academic knowledge and provide guidance for the management of electricity-producing companies. The customer's stakeholders' ESG recommendations support the TNB process information. This implies that while we move toward sustainable energy, we must also improve and safeguard the well-being of both communities and stakeholders.

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