CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN EPIC VALLEY SDN BHD: THE SPIRIT OF A PHILANTHROPIST

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This case was written by Hazeline Ayoup, Mohd Diah Hamdan, Fathiyyah Abu Bakar and Amin Ali, Universiti Utara Malaysia. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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Introduction

From his expansive office space in the beautiful city of Penang, proudly referred to as the Pearl of the Orient, Malaysia, a stoic but worried CEO of Epic Valley Holdings Sdn Bhd paced though his glassy office looking into the horizon while appreciating the complex and panoramic view that characterised the city. It was November 2017, the city was just recovering from recent devastating floods and landslides that mainly affected the poor suburbs. Tan Sri Dato’ Paduka Professor Dr Fng Ah Seng in his proclivity of thinking and consideration mused at the success of the city and businesses in the city through the years. Times have changed. Penang and indeed Malaysia is fast turning to a high income developed society. The society has so many success stories of which he and Epic Valley Holdings Sdn Bhd are part of the success. To him, the society has given so much to make him, and his business continue to grow, yet, the less fortunate are still very much around and the environment is threatened, he reasoned. He felt if individuals and businesses shared so much from the success and abundance of the society, it is their responsibility to help reducing part of the burden of the society. Motivated by these thoughts and his strong believe in Ren, the first of the five virtues of Confucius, which is the the virtue of benevolence, charity, and humanity; he sat down on his cosy office chair going through his files, and with a deep exhilarating breath, reflecting on his dedication to his business corporate social responsibility (CSR). Feeling a little satisfied, Tan Sri Fng Ah Seng is still looking forward to plan for more charity works and CSR opportunities for the company.

Tan Sri’s Epic Journey to Corporate Success and Social Responsibility

Tan Sri’s life is so interwoven with Epic Valley Holdings Sdn Bhd (Epic Valley). It is a marriage of individual and corporate philanthropy. Tan Sri is an astute, insightful but compassionate business man. He is so much in tune with his business and the society. He is dedicated not only to his business but also to social responsibility (CSR) works. To Tan Sri, it is not how much you have, but what you are giving away. He always says, “I want the entire society to share my success”. Hence, Epic Valley, through Tan Sri, has consistently contributed towards alleviating societal burden.

As the CEO of Epic Valley, his mantra has always been ‘doing charity, is a basic responsibility as a human being’. This is exemplified in his company’s CSR activities. Through the establishment of a charity foundation, Yayasan Muhibah Tan Sri Fng Ah Seng (Tan Sri Fng Ah Seng National Unity Foundation), the group of company has given back to the society through financial supports, motivational talks and sharing skills and experience as well as other needed form of assistance. Tan Sri is not only a giver but an advocate of individual and corporate philanthropy. To him, “giving is better than receiving.”

Tan Sri’s journey to success is one of grass to grace. He lived a childhood of deprivation in a broken home. His poor single mother has to take care of him and his two sisters from her insufficient earnings as a worker in a rubber plantation. The young Tan Sri can smell poverty from afar as he lived through it in his childhood. With nostalgia he recalled “I was lucky if I could bring to school even a bowl of plain rice to share with my two sisters. I walked to school barefooted while carrying my tattered shoes on my hands to save on shoe canvas.” Nonetheless the hard life, he always came as the top three and was excellent in Maths and English. He did odd and tiresome job and sought help from charities to get himself through high school as well as to support his mother and his sisters.

After high school, he was offered to be a pilot trainee with Malaysia Airlines. Albeit, it has always been his dream to become a pilot, he was persuaded against chasing it by his mum who was fearful of losing his only son through such high-risk vocations. With very limited space in higher education...
institutions at home, he simultaneously applied for a place at local and overseas universities and got offers from universities in Britain and America. He chose America because of its relatively low tuition fees and higher opportunity to do part time jobs. Hopeful but confused, he went literally cap in hand to beg for funds to pay for his airfare across the continents to chase the Golden Fleece. “I still remember how better- off relatives went out of their way to avoid me in case I asked for money” he quipped. Eventually, he managed to secure a one-way ticket and visa with nothing else to even afford the first meal in America. He was lucky through Kuala Lumpur to Los Angeles scaling through immigration as he did not have the required return ticket as well as a proof that he would be financially independent.

He went straight to Natchitoches, a small town in the southern states of Louisiana. He enrolled for his foundation in Engineering in the reputable North Western State University. Mainly housed by an American woman who pitied his condition. He took on multiple jobs such as waiter and assistant at a bookshop where he was lucky to read through books as he could not afford to buy one. He later moved to Houston Texas, where he enrolled for his bachelor’s programme in Civil Engineering at the prestigious University of Houston. Nonetheless, life was same at Texas as he had to continuously seek multiple part time jobs to survive.

At graduation, he soon found a job in a civil engineering firm. For the first time he earned a good pay and discover his natural leadership talents. This was however short lived as he soon experienced racial discrimination at work. Feeling discouraged, he decided to go back home to Malaysia. However, living in America, he explains it as a blend of EQ and IQ. His Asian background developed his emotional intelligence, with emphasis on integrity, respect and loyalty while his American experience taught him more about the bones of capitalism where everyone has to secure himself first.

Crossing the continent back with a young family and little savings, his financial position has not really improved since he left in 1981. Living cost in Penang in 1993 has become more expensive. He soon got a job in a construction firm as a site engineer. Soon after, he joined a family based building construction firm. In all his jobs, he proved to be a diligent, skilful, dedicated and brilliant employee. He was appreciated, loved and treasured by all his bosses. He learnt a great deal through the ropes and his excellent performance earned him swift recognitions and promotions. However, fortune stopped smiling again on the Young Tan Sri as his employer was terribly affected by the 1997 Asian financial crisis and his position became shaky. He was forced to look for another job, but in the eye of the economic storm, the search turned out to be long, difficult and disappointing.

While riding the economic storm, he got a ray of sunshine when he was by providence allowed to take over an abandoned housing project. He was initially asked to pay RM120,000 while he only had RM3,000 in his savings. He felt dejected but successfully got a job in Singapore as a police officer. While preparing to leave for Singapore, he was fortunate to meet the developer again while he was also on his way to Singapore for a major medical surgery. Struggling with his illness, the developer offered him the site with a down payment of only RM20,000 and the balance amount was to be paid progressively within the next 24 months. He signed his acceptance on the spot realizing that he would quickly need to find money. Fortunately, Tan Sri got assistance from his father in-law who contributed to have 50% shares of the new business venture.

However, the project was unattractive, difficult and full of disappointments. The young Tan Sri was determined enough to deliver successfully with a break-even financial result. He went on to take a similar project struggling with meagre financial profit. However, by stroke of luck and his honesty, he
came across with the Mufti of Perak Tan Sri Dato Seri Dr Harussani, who proposed a joint venture development of over thirty acres land. It is a joint venture agreement with a cooperative to develop two projects that involved as many as five hundred housing units, worth RM50 million. The project was delivered successfully, and this marked the beginning of many other multimillion-ringgit successful projects that were managed under his newly formed company called Epic Valley. To Tan Sri, “Hardship often prepare ordinary people for an extraordinary destiny”. “My integrity was more than adequately rewarded.”

Aside his business success, he continued his passion for knowledge. He earned two master’s degree with Doctor of Business Administration (DBA) from the Australian Institute of Business. He has become an Adjunct Professor for six universities in Malaysia and has got several invitations from varied renowned universities in the globe, including the University of Oxford in England, for his motivational lectures and seminar on sustainability and business management.

**The Company: Epic Valley Holding Sdn Bhd**

Epic Valley Holdings Sdn Bhd is a group of six (6) companies, has been one of the leading property developers and building contractors in the Peninsula. It undertook property development of residential and commercial buildings in Perlis, Kedah, Pulau Pinang, Perak, Terengganu, Pahang and Selangor. Established in 1998, the group of company has vast experience in building dream homes for all segment of the residential property market. The company has provided quality, on-time delivery, and good customer services for its customers. It was developed from the passion, hard work and integrity of its founder, Prof. Tan Sri Dato’ Paduka Dr Fng Ah Seng, with just one rule “no buyer should be dissatisfied with the house that they buy from the company.”

With the head office located at 2758, Jalan Chain Ferry, Taman Inderawasih, Perai, Penang, Malaysia, Epic Valley has 14 branches all over Malaysia with a staff strength of more than five hundred employees. Started with a meagre start-up capital of RM3000 from the Tan Sri’s own savings, the company has made it’ first RM2 million profit in its first two years and has grown to a successful venture of over RM300 million turnover in 2014.

Epic Valley Holdings Sdn Bhd is a very successful and a leading trend setter in the property market. It is second to none in introducing new styles and ideas to make better homes for all. In its relatively short history, Epic Valley Holdings Sdn Bhd has maintained an impressive rate of completions, totalling up to two thousand housing projects annually.

Despite of generating profit from the community, Epic Valley has been actively using a part of the profit to finance its CSR activities through the establishment of Yayasan Muhibah Tan Sri Fng Ah Seng. A foundation in charge of its rich corporate social responsibilities and philanthropic activities.
The EPIC Values, Culture, Social Responsibility and Philanthropic Activities.

The corporate culture in Epic Valley Holdings Sdn Bhd is totally influenced by Tan Sri. “I have developed Epic Valley Group in my own mould, reflecting those values I hold dearly,” he said. His values for success are mainly influenced by Confucius. To him, “loyalty, honesty, benevolence, righteousness, politeness, wisdom, credibility and filial piety” are the recipes for success. The business corporate culture is quite unique, the conventional management is seen as a stranger in the company. Epic Valley way of doing business is not what is being taught even in the business schools. “If one is to believe the textbooks, the obvious conclusion is the way I run my business could never work. And yet it does! It works well and is highly profitable. A key reason for success is that my company has always about more than the bottom line. It is this novel approach that explains why I believe I have the best company in the world!”.

Unlike conventional management theory where customer is king, in Epic Valley, Tan Sri gave priority to the employees. To him ‘keep one’s staff happy and the rest will follow; look after the soldiers before the citizen.’ Employees were not measured by the Key performance Indicators (KPI) or Performance Measurement System (PMS) rather they are motivated and guided to do their best. “I avoid mechanistic measures of organisation behaviour, in favour of more inventive approach,” he said. Against convention rather than dismissing an employee when any one of them reasonably fall short of expectation, “I become more philosophical, concluding that in such cases one just has to lower the bar,” Tan Sri affirms. Staff salaries are always above the industry norm, it is a tradition in Epic Valley for staff to have annual bonuses, and every staff is entitled to apply for promotion. On this Tan Sri said,

“My staff are very well looked after. Because the business is doing well, it is my wish that the staff share my good fortune and each year I treat them to an all-expenses-paid-vacation. One in two employees is given an official car. When someone encounters a problem, I am always there to assist. If a family member is seriously ill or injured, I will meet the medical expenses myself. I am the one shouldering the risks, my view is that if I prosper, my staff should enjoy the fruits of our labour, too.” To be able to achieve this, ignoring financial temptation, Tan Sri avoided listing Epic Valley in the stock exchange. This is to avail him the freedom in implementing his novel compassionate ideas. “With shareholders to answer to, the bottom line would be the key consideration and the generous treatment to my staff would be queried,” he said. He implemented this by avoiding a dedicated HR Director who would adopt similar staff terms as the rest of corporate world. “Just as the title ‘Human
Resources’ is enough to make me wary. We are talking about people and they deserve respect. I am not convinced that a HR Director would see things the same way,” Tan Sri asserted. He believes employees are human and should not be treated as just another resources to the organisation. Epic Valley has also build houses at discounted price exclusively for it’s’ employees.

Tan Sri rewarded and promoted staff strictly on merits. The culture in Epic Valley frowned at discrimination. Appointment of staff were made solely based on the capacity of the potential employee to contribute to the growth of the company. On this, Tan Sri said, “Equal opportunities are a matter of common sense and it is no coincidence that 70% of my top managers are women; they have simply proved themselves, on merit, to be better than men for the positions in question.” Also, Epic Valley provided self-improvement opportunities through lifelong learning programme to employees. Scholarship were provided to staff to who were interested to further their studies. With pride Tan Sri said, “A number of them successfully completed their Executive Master in Management from the Australian Institute of Business in 2016.”

Epic Valley as a house builder, build with integrity and novelty through all the stages of the process. The company makes the whole business of house ownership and purchase simple, and as transparent as possible. Tan Sri affirmed that, “as a result of hard times I knew before I started my Epic Valley Holdings Sdn Bhd, I am encouraged to go out of my way to ensure that no one whom I deal with is treated badly. I make a pledge that no buyer should be dissatisfied with the house that they buy from me.” For instance, in cognisance to the fact that some buyers might face temporary difficulties or due to circumstances beyond control, if they have to change their mind or withdraw on the purchase, penalty was not charged on such situations. Also, customers were not charged for late penalty. The company permitted delay in payment for deserved and needy customers. “These measures are all interpreted in the market as signs of dealing with a good firm committed to honest business. That is how I want it,” he exclaimed.

To Epic Valley, the quality of the house is what matters most. The company did not give room for shoddy workmanship. Epic has always emphasized on comfortable, spacious and quality in designing the plan layout of their houses. The houses were designed in an environmental friendly design that is comfortable even without using an air-conditioner during the hot weather. As a mark of quality, Epic Valley is the only housing developer in Malaysia that, at its own expense, do complete quality assurance survey before houses are finally handed over to the customers. Epic’s customers have also enjoyed a life time warranty for any main construction problems of their houses such as roof liking and fractured. The company delivered at above the regulatory minimum, while prices were kept as far as possible, at an affordable level. This has made Epic Valley a widely regarded construction company in Malaysia.

Besides the comfy home design as a gift to their customers, Epic Valley need to comply with the requirements for a property development project from the District Department of Land and Mines (Pejabat Tanah dan Galian), District Council (Majlis Daerah), Town and Country Planning Department (Jabatan Perancang Bandar). These departments were the authorities that regulates and monitor all property and land development projects in Malaysia. Some of the requirements that must be comply by a property developer were for example the status of the land, the engineering requirements, the infrastructures that need to be provided such as the main road access, drainage, water supply and catchment. In addition, each development project consist of 30 houses must also come together with a playground for kids. These requirements were generally handled by Epic’s engineering team. Epic Valley has become among the top construction company in Malaysia through its subsidiary, Epic Valley Engineering Private Limited. Figure 1 shows some of Epic Valley property development.
Furthermore, with the establishment of Yayasan Muhibbah Tan Sri Fng Ah Seng (Tan Sri Fng Ah Seng National Unity Foundation) in 2011, Tan Sri has contributed RM 5 million annually to the community. Donations were made to orphanage, medical aids, victims of environmental degradation and natural disasters, nature society clubs, recreational and sports clubs, as well as provide cash and food to the needy, elderly and people with special needs, to the Muslim community during the fasting month of Ramadhan and other laudable welfare programmes for the needy. Aside this, he also aids different community based non-profit organisations to further help societal causes. On this, Tan Sri says, “I lend support to various non-profit organisations, I believe in giving back to the society. Contributing physical effort and time, plus financial assistance is the basis of social responsibility and philanthropy.”

As an academic and one who believes that knowledge drives the society, Tan Sri provides scholarship and financial assistance to deserving students as well as universities across Malaysia. Tan Sri proudly states “The pursuit for knowledge is a cause that I strongly support. To encourage the students from University Utara Malaysia’s Tunku Puteri Intan Safinaz School of Accountancy (TISSA) where I am an Adjunct Professor since 2015, I handed out RM30,000 in cash plus laptop bags.” Among others, he also takes care of the course fees of nursing students at the Penang Adventist Hospital’s Adventist College of Nursing and Health Sciences.

He also contributes to the development of primary and high schools all over the country. He also sponsors universities through the sponsorship of seminar and conferences. For instance, he recently donated RM2 million to Universiti Utara Malaysia for the upgrade of the University infrastructure. Tan Sri is an author, weekly columnist in newspaper and he also frequently organises lectures and seminar on sustainable and successful entrepreneurship as well leadership and motivational courses to encourage responsible and sustainable business values. With enthusiasm Tan Sri says, “when we do charity, we do not expect anything in return. If a beneficiary shows gratitude, the sense of satisfaction is best return in the world.” Figure 2 illustrates some of the charity contributions by Epic Valley Holdings and Yayasan Muhibbah Tan Sri Fng Ah Seng.
Figure 2: Charity contributions and community engagement programme by Epic Valley Holdings and Yayasan Muhibbah Tan Sri Fng Ah Seng.

Conclusion

Successful businesses and business men are made from the abundance of opportunities and resources provided by the society. To whom much is given, much is expected. Businesses must share their successes with the society. They are part of an ecosystem and they need to continue to give back part of what is received for the sustainability of the society and of course their survivability. Tan Sri’s and Epic Valley zeal at social responsibility and philanthropy exemplify this. It shows to the society and those that work for businesses matters and should be cared for. Thus, when businesses and successful businessmen like Tan Sri stands up for the society, the world changes to a better place. Tan Sri summarises all by saying “it is everyone’s responsibility to help the needy, benefit other and bring forth positive changes".
Additional Readings


