

## Flood Disaster Management as A CSR Agenda for the Malaysian Listed Companies

**Sanil S Hishan**\*

Azman Hashim International Business School, Universiti Teknologi Malaysia

**Suresh Ramakrishnan**

Azman Hashim International Business School, Universiti Teknologi Malaysia

**Khartie Rao Manokaran**

Raffles University Iskandar, Malaysia

**Ahmad Jusoh**

Azman Hashim International Business School, Universiti Teknologi Malaysia

**Muhammad Imran Qureshi**

Malaysian Institute of Industrial Technology, Universiti Kuala Lumpur. Malaysia

**Norhalimah Idris**

Azman Hashim International Business School, Universiti Teknologi Malaysia

### Abstract

This paper explored the prospect of flood disaster management as a CSR agenda for the listed Malaysian companies. A content analysis was conducted on the corporate websites and relevant CSR documents of the company. The study covered 928 companies which was listed in the Bursa Malaysia. The findings highlighted that the CSR programs of the companies were divided into four main groups i.e workplace, marketplace, environment and community. The study findings have concluded that only 16% of the Malaysian companies invest in flood disaster management through their CSR programs. This will add to the limited body of knowledge in the field of CSR in the area of flood disaster, especially in the Malaysian context. The study findings will help the government bodies and the companies to understand the importance of investing their CSR efforts in the area of flood disaster management in Malaysia.

**Keywords:** Corporate social responsibility (CSR); Malaysian listed companies Company; Climate change; Flood mitigation; Disaster management.



CC BY: [Creative Commons Attribution License 4.0](https://creativecommons.org/licenses/by/4.0/)

### 1. Introduction

The unbalanced urbanisation has posed a greater challenge in terms of climate change and sustainability of the city (Dentchev *et al.*, 2016; Herweijer *et al.*, 2009). One of the major challenges, especially in the low-income countries and the developing countries is the losses due to natural disasters and managing these challenges is vital for any country's sustainability. To counter these challenges the government and the private sector has to get actively involved. In the country like Malaysia where flood disaster is common phenomena every year it becomes even more important for the private sector to contribute for disaster management (Ramakrishnan *et al.*, 2016). There are a wide body of literature which focus on the relationship between the CSR and firm performance (Aupperle *et al.*, 1985; Cochran and Wood, 1984; Cornett *et al.*, 2014; Mackey *et al.*, 2007; McGuire *et al.*, 1988) but very few studies which focus on CSR related to disaster management. Hence, this study has investigated the involvement of the Malaysian listed companies in the flood disaster management in Malaysia.

### 2. Methodology

The published company documents like the Annual reports and the sustainability report of all the companies listed in the Bursa Malaysia (BM) were analysed to identify if there are any CSR related to flood mitigation (Ramakrishnan *et al.*, 2016). The study included all the companies in the main market, ace market and the leap market list in BM. The study included 800 companies in the main market, 120 companies in the ace market and 8 companies in the leap market. Since one of the major floods in Malaysia occurred in the end of the year 2014, the documents published by the company between the year 2014 to 2017 was taken for analysis. The content analysis was conducted on the annual reports and sustainability report of these companies to understand the nature of their involvement in the flood disaster in Malaysia. The detailed qualitative content analysis was conducted only on the company documents of the companies which was involved in flood related CSR efforts. At this stage the selection of the companies was based on their involvement with the flood disaster in Malaysia. The final list included document analysis on 144 Malaysian listed companies which were involved in some CSR activities related to the flood

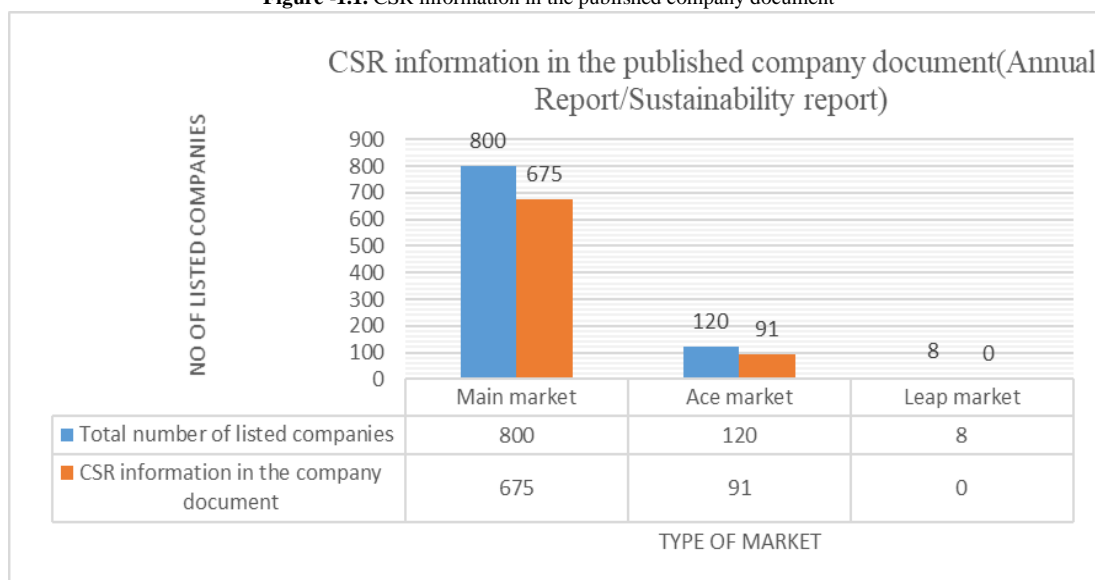
\*Corresponding Author

disaster. This list also included the 97 companies which had flood related CSR information in their websites. However, the remaining 47 companies had the CSR related information only in their annual reports or sustainability report and did not have any information in their corporate website (Sanil *et al.*, 2016) The companies were from different sectors like, insurance, oil and gas, aviation, pharmaceuticals, manufacturing, plantation, developers and agricultural and Agri-commodities company. The list included all the listed companies across different sectors, however at this stage of analysis the researcher reviewed the company documents to identify the companies which was involved in the flood related CSR activities.

### 3. Findings

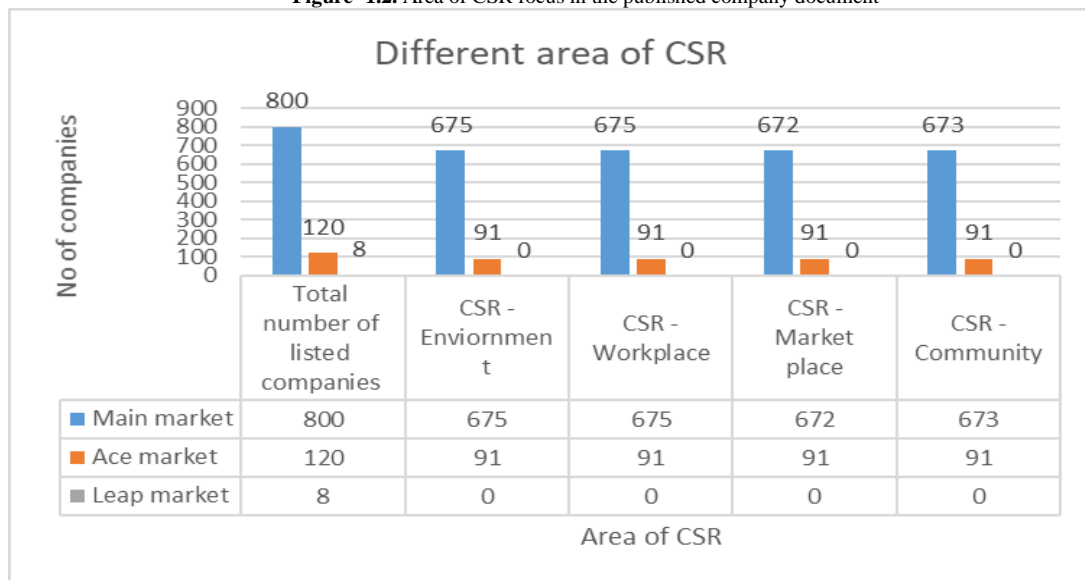
The findings of the quantitative content analysis on the published company documents (Annual Reports, CSR reports and sustainability reports) of all the Malaysian listed companies has shown that 766 companies had information related to CSR in the published company documents. The remaining 162 companies either did not have any information about their CSR initiatives or the company reports could not be accessed. However, out of these 766 companies only 149 companies had some CSR activities related to the flood disaster and only 25 companies have CSR activities related to flood mitigation. As compared to the website analysis (35%) the percentage of the companies disclosing their CSR activities in their published documents like annual report and sustainability report is much higher (82.5%). Majority of the companies had some CSR information in their company documents. The results of this analysis are shown in the figure 5.1. The analysis also showed that the company listed in the leap either did not have any information about CSR or there was no access to their annual reports. As discussed in the previous chapter one of the reason might be that the companies reveal their CSR commitment through their annual report or sustainability report as these are the main documents referred by the investors and other stakeholders of the company. Another reason for this might be due to the amendment issued by the Bursa Malaysia in October 2015 related to the CSR disclosure. As per this Sustainability Amendments, listed issuers are required to disclose a narrative statement of the management of material economic, environmental and social (“EES”) risks and opportunities (“Sustainability Statement”) in their annual reports. This replaces the existing statement on the corporate social responsibility (“CSR”) activities or practices required to be disclosed by listed issuers. For the Main Market listed issuers, they are also required to include in their Sustainability Statement, the prescribed information as set out in Practice Note 9 of the Main LR such as the governance structure, the scope of the Sustainability Statement and the management of material EES risks and opportunities (“material sustainability matters”). The prescribed disclosure is not applicable to ACE Market listed corporations given the type and size of the listed corporations. The Sustainability Amendments take effect on a staggered basis over a period of 3 years, starting from 31 December 2016 to 31 December 2018.

Figure -1.1. CSR information in the published company document



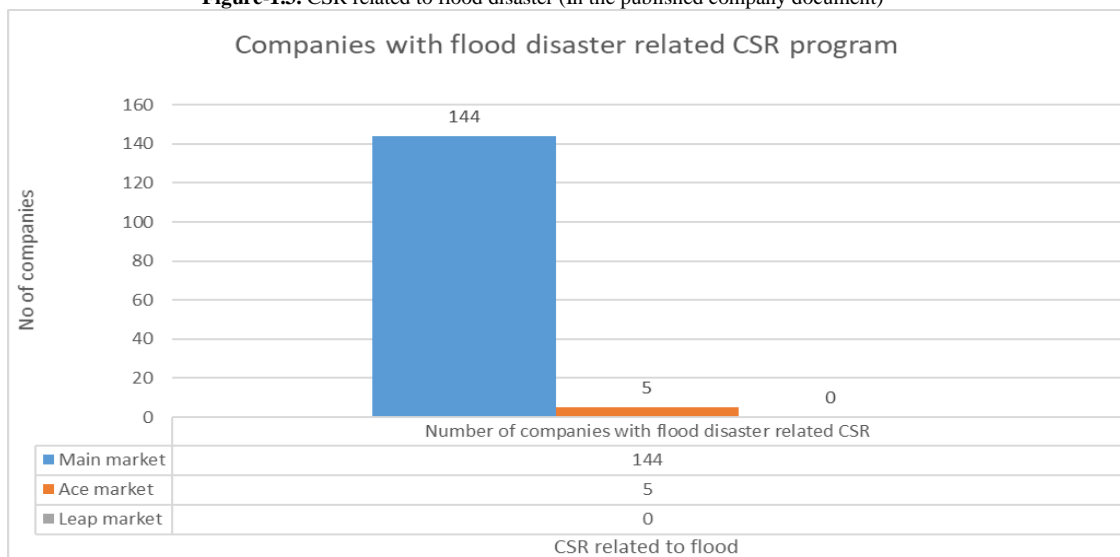
The analysis of these documents showed that majority of companies have CSR activities which focused on environment, workplace, marketplace and community. The findings showed that almost all the companies (99.5%) which had CSR information in their published documents had their CSR focused on all the four areas i.e environment, workplace, marketplace and community. Environment and workplace related CSR were focused by all the companies, however only a few companies did not have any information regarding the marketplace and community CSR. The breakup of the CSR activities is shown in the figure 1.2.

Figure -1.2. Area of CSR focus in the published company document



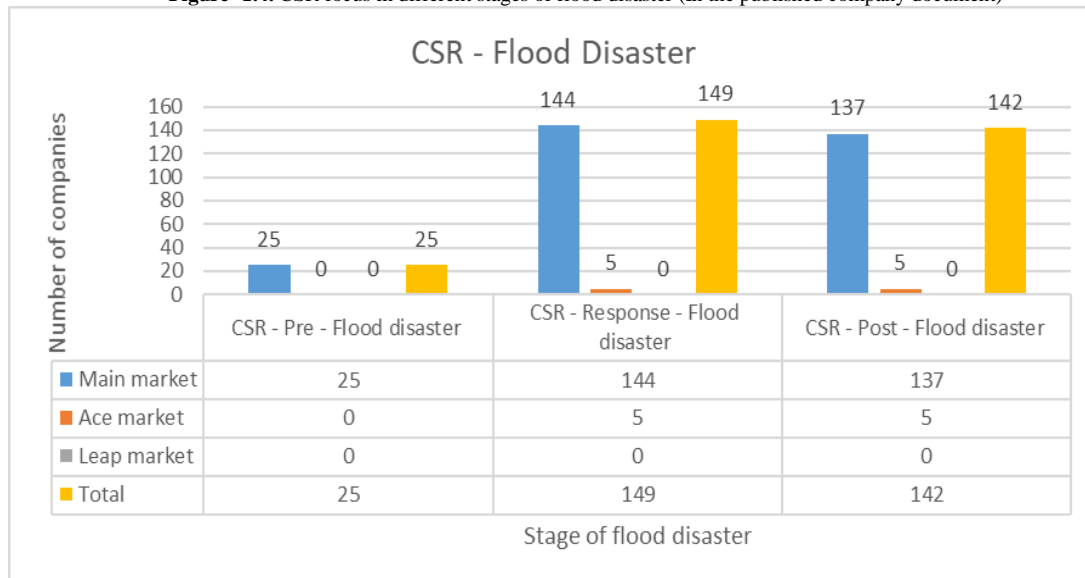
Although majority of the companies had information related to CSR, only 149 companies had CSR activities related to flood disaster in Malaysia. This is only 18.79% of the companies which has some information related to CSR in their company documents. The details are shown in the figure 5.3.

Figure-1.3. CSR related to flood disaster (In the published company document)



Further analysis of these documents has shown that out of these 149 companies only 25 companies have CSR activities related to pre-flood disaster or flood mitigation. This is only 3.25% of the companies which has CSR disclosure in their annual report or sustainability report. The details of this finding are shown in the figure 5.4. All the 149 companies which reported CSR activities related to flood disaster had some activities which focused on the response stage of flood disaster.

Figure -1.4. CSR focus in different stages of flood disaster (In the published company document)



Consistent with the company corporate website analysis even the companies published documents analysis showed that less percentage (19.45%) of the Malaysian listed companies had CSR related to flood disaster and only few (3.26%) of the Malaysian listed companies had CSR activities focused on flood mitigation related CSR. However, the companies focused more on the response stage (100%) of the flood disaster and few others focused on the post flood disaster activities. The details of the different CSR activities of the Malaysian listed companies is discussed in the next section of qualitative content analysis.

Based on the findings of the quantitative analysis the company documents which had reported the CSR activities of the companies was analysed qualitatively to understand the nature of the CSR activities of the company. Only the companies which reported the CSR initiatives of the company was taken for analysis in this stage. Similar to the corporate websites, the CSR activities reporting of the companies in the published documents like annual report and the sustainability report were focused on environment, workplace, marketplace and community. As discussed in the previous section majority of the companies (99.5%) had their CSR activities focused on these four areas. However, the nature of CSR differed from one company to another company. The following section will give a brief on the different CSR activities carried out by the company.

Similar to the website findings the document analysis also showed that the CSR activities of the companies were divided into four major area. The four major areas are community, workplace, marketplace and environment. The programs under the marketplace focused mainly on the stakeholders and the customers, some of the examples of the CSR related to the marketplace are the Customer loyalty programs by Air Asia Group Bhd, Minimising impacts of our renewable energy projects across their life cycle by Ckypark Resource Bhd. The CSR programs focusing on workplace included the CSR programs related to employee benefits and security, few of the examples of these kind of CSR programs are unique protocol for all pursuance in Ajinomoto Group, Work/Life and Health Management by the Alliance group etc.

The environment related CSR included programs conducted for the conservation and protecting of the environment. Some of the examples of these programs are Alliance Groups CSR related to environment such as the Environmental Management System (EMS) which included preparing for paperless, using New technology, physical modifications for improvement, Personal Computer Donation Project, Environmental Awareness for the future. Similarly, companies like Air Asia Group Bhd. highlighted some medication in design like the Sharklet wings tip for saving fuel as their CSR initiatives related to environment.

The fourth area of CSR is the community focused CSR programs and the CSR in this area included philanthropy, donations and even some long-term community engagement projects. The examples of such CSR programs include the healthcare program to promote better healthcare, AMPROP together with the Housing Development Corporation of Sarawak has worked with the Ministry of Health in the setting up of 1Malaysia Clinic at Sibu Jaya, Apex healthcare Bhd organised gotong royong sessions in schools to support them in their fight against dengue menace and conducted health talks, blood screening programs and blood donation campaign. Similarly, some companies had disclosed in their annual reports CSR programs related to flood disasters, companies like companies like Air Asia Bhd, Prudential Group, Allianz Malaysia Group, Ajinomoto Group Bhd, Amcorp properties, Axiata Group invested in initiatives focusing on the Pre-disaster programs, few other companies like Astro, Boustead Holding Bhd, CAB Cakaran Corporation, CIMB bank etc, invested in relief and the recovery stage of the disaster. The table 1.1 has shown some of the emergent themes from the annual report analysis.

Table -1. Emerging themes of CSR from the Annual reports

Main Themes	Sub Themes	CSR Activities
Environment	Waste management	<ul style="list-style-type: none"> <li>• 3Rs (Reduce, Recycle and Reuse)</li> <li>• Waste Segregation</li> <li>• Treatment of waste materials and waters</li> </ul>
	Energy Efficiency	<ul style="list-style-type: none"> <li>• Investment on Design, Product, Process Efficiency</li> <li>• Investment on New Technology</li> <li>• Product Modifications for Improvement</li> </ul>
	Reduction of carbon foot print	<ul style="list-style-type: none"> <li>• Reduction CO2 producing items and process</li> </ul>
	Conservation of resources	<ul style="list-style-type: none"> <li>• Investing on Afforestation and reducing deforestation</li> <li>• Investment on renewable energy</li> <li>• Use of solar energy</li> </ul>
	Environment Awareness	<ul style="list-style-type: none"> <li>• Investing in Environmental awareness training programs to employees and other stakeholders</li> <li>• Ensuring compliance with the local environmental law</li> <li>• Implementation of environmental systems like ISO certification.</li> </ul>
Workplace	Health & Safety	<ul style="list-style-type: none"> <li>• Healthcare support</li> <li>• Medical and Disaster emergency equipment setup and training</li> </ul>
	Employee Benefits	<ul style="list-style-type: none"> <li>• Fair and attractive Renumeration</li> <li>• Scholarships</li> <li>• Transparent recruitment process</li> <li>• Additional allowances</li> </ul>
	Employee Relations	<ul style="list-style-type: none"> <li>• Festival Celebration</li> <li>• Sports and recreational activities</li> <li>• Volunteerism</li> <li>• Rewarding the best performers</li> </ul>
	Training & Development	<ul style="list-style-type: none"> <li>• Health &amp; Safety Training</li> <li>• Career development training</li> <li>• Educational support and scholarships</li> </ul>
Marketplace	Customers	<ul style="list-style-type: none"> <li>• Product Quality assurance and safety</li> <li>• Customer Loyalty Programs</li> <li>• Investing on customer satisfaction programs like discount offers</li> </ul>
	Suppliers	<ul style="list-style-type: none"> <li>• Supplier training</li> <li>• Code of conduct for supplier engagement</li> <li>• Fair price</li> </ul>
	Investors	<ul style="list-style-type: none"> <li>• Transparent disclosure of the company proceedings and financial status to the investors (Annual report, sustainability report etc)</li> <li>• Investor relations programs</li> </ul>
	Philanthropy	<ul style="list-style-type: none"> <li>• Donations to NGOs</li> <li>• Supporting in construction of worship places</li> <li>• Donation to government funds for community development</li> </ul>
	Education	<ul style="list-style-type: none"> <li>• Adapting the school</li> <li>• Scholarships for education</li> <li>• Supporting training programs</li> </ul>

Community	Healthcare	<ul style="list-style-type: none"> <li>• Blood Donation</li> <li>• Health check-ups</li> <li>• Awareness Programs</li> <li>• Supporting the specially challenged and disabled</li> <li>• Supporting treatment of long term and life-threatening diseases like cancer</li> </ul>
	Supporting the underprivileged	<ul style="list-style-type: none"> <li>• Development of Orang Asli</li> <li>• Supporting the orphanages</li> <li>• Supporting the people in poverty with food, shelter and cloths</li> </ul>
	Disaster Programs	<ul style="list-style-type: none"> <li>• Donation during disaster</li> <li>• Rehabilitation work</li> <li>• Training and counselling</li> <li>• Volunteers for relief operations</li> </ul>
	NGO Partnerships	<ul style="list-style-type: none"> <li>• Financial Support</li> <li>• Technical Support</li> <li>• Collaboration for projects</li> </ul>

The summary of the CSR activities of the companies is converted into themes and shown in the table 1.1. The CSR activities are grouped into these 4 major themes and their subthemes. The focus of this study is to understand the Malaysian company's contribution to the flood disaster programs through their companies CSR initiatives. To achieve this objective further analysis was conducted on the annual reports /sustainability documents of the companies which had CSR programs related to the flood disaster. The next sections discuss about the CSR programs of the Malaysian companies related to the flood disaster.

#### 4. Conclusion

The Malaysian companies CSR in general can be grouped into CSR involvement related to the environment, workplace, marketplace and the community. The companies CSR activities varied based on the nature of their business and the community in which they operate. Majority of the companies have disclosed their CSR initiatives in the companies published documents. The annual reports and the sustainability reports are the two main published documents which gave information about the CSR involvement of the companies. The analysis on the reports to understand the involvement of the companies in the flood disaster in Malaysia has shown that only a few companies have CSR involvement in this area. The CSR activities were disclosed under the community area of CSR.

#### References

- Aupperle, K., Carroll, A. and Hatfield, J. (1985). An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28(2): 446-63.
- Cochran, P. and Wood, R. (1984). Social Responsibility and Financial Performance. *The Academy of Management Journal*, 27: 42-56.
- Cornett, M. M., Erhemjamts, O. and Tehranian, H. (2014). Corporate Social Responsibility and its Impact on Financial Performance: Investigation of U.S. Commercial Banks. *Academy of Management Review*, 14(1): 65-107.
- Dentchev, N., Baumgartner, R., Dieleman, H., Jóhannsdóttir, L., Jonker, J., Nyberg, T. and van , H., B. (2016). Embracing the variety of sustainable business models: social entrepreneurship, corporate intrapreneurship, creativity, innovation, and other approaches to sustainability challenges. *Journal of Cleaner Production*.
- Herweijer, C., Ranger, N. and Ward, R. E. (2009). Adaptation to climate change: threats and opportunities for the insurance industry. *The Geneva Papers on Risk and Insurance-Issues and Practice*, 34(3): 360-80.
- Mackey, A., Mackey, T. B. and Barney, J. B. (2007). Corporate social responsibility and firm performance: Investor preferences and corporate strategies. *Academy of management review*, 32(3): 817-35.
- McGuire, J., Sundgren, A. and Schneeweis, T. (1988). Corporate Social Responsibility and Firm Financial Performance. *The Academy of Management Journal*, 31(4): 854-72.
- Ramakrishnan, S., Hishan, S. S. and Kanjanapathy, M. (2016). Corporate Social Responsibility in Malaysian Apparel Manufacturing Industry: A Study on Corporate Social Responsibility Website Reporting. *International Review of Management and Marketing*, 6(4S): 205-08.
- Sanil, H. S., Ramakrishnan, S., Alwethainani, M., Kazi, A. G. and Siddique, M. (2016). Effectiveness of supply chain management with reference to apparel industry. A case study in india. *International Review of Management and Marketing*, 6(4S): 176-84.