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Stakeholder Engagement Disclosures by Electric Utilities in Malaysia: An Exploratory Research

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Abstract

Stakeholder engagement has been increasingly acknowledged as important governance mechanism in steering corporate sustainability and reputation. Electricity companies impacted a wide spectrum of stakeholders through their operation of generating, transmitting and distributing electricity. This research aims to explore the stakeholder engagement disclosures among electric utilities in Malaysia. Using Bursa Malaysia's Sustainability Reporting Guide as the benchmark, content analysis of the most recent corporate reports (annual reports and/or stand-alone sustainability reports) was conducted for disclosure related to stakeholder engagement. Overall, the disclosures ranged between two to four items (out of five). Nonetheless, the reports were somewhat inconsistent across the companies and lacking of discussion on stakeholder identification and selection. The research findings provide support for the importance of company's internal stakeholder engagement framework and more structured reporting guideline by the regulatory bodies for more consistent and quality engagement and disclosures.

1. INTRODUCTION

A. Stakeholder and Stakeholder Engagement

Stakeholder is "any group or individual who can affect or is affected by the achievement of the firm's objectives" [1, p. 25]. They can be further classified into several groups [2], but the most commonly discussed and deployed model is [3]'s stakeholder salience which analyses stakeholders according to their power, legitimacy and urgency. This concept implies that stakeholders with greater power and more legitimate and urgent needs will be given higher priority by the companies. In a way, they will be more likely to be engaged by companies for strategic and operational matters.

[4, p. 5] defines stakeholder engagement as "the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed outcomes". The level of engagement may vary; from 'remain passive' in which no active communication occurs, to the highest level of engagement 'empower' in which stakeholders are given decision making roles and being involved in shaping organisational agendas [4]. Furthermore, companies have been using numerous methods of engagement ranging from the passive periodic bulletins and reports (at the 'remain passive' level) to the integration of stakeholders into governance, strategy and operations of the organisation (at the 'empower' level) [4]. With the advent of digital platforms, there has been increasing evidence of companies employing social media particularly Facebook and Twitter to communicate information to their stakeholders in more interactive, efficient and convenient manners [5]–[7]. Be it operational or strategic, stakeholder engagement serves as a fundamental accountability mechanism between companies and their stakeholders.

Engaging stakeholders also brings various benefits to organisations including improving external credibility and strengthening internal commitment, which eventually result into value creation or costs avoidance [8]. The values created through engagements should not be viewed rigidly in terms of economic returns [9], but equally important is its non-monetary impact such as more equitable and sustainable social development; better identification and management of material issues, risk and reputation; facilitating pooling of resources; and enhanced understanding of complex operating environments [4]. The electricity industry impacted the live of many stakeholders. In terms of social impact, the provision of electricity enables us to run our daily lives conveniently. Besides, companies from this industry are also known for their social contributions in terms of tax payment and corporate social responsibility (CSR) activities including utility rebates, donations, and scholarship for education. On the environmental impact's front, electricity generation is associated with the carbon dioxide (CO_2) emissions, displacement of flora and fauna from hydro power plant construction, and radioactive from nuclear power plants, to name but a few [10]. Therefore, companies from this industry are facing greater expectations to engage their stakeholders and communicate any action and progress to them.

B. Stakeholder Engagement Disclosures

The communication of the engagement value and impact should not be limited to the stakeholders participated in specific engagements. Therefore, [4] recommends for the information to be disseminated to the public. In this regard, companies may include a summary of their stakeholder engagement activities conducted during the year in corporate reports. Information that can be disclosed include "stakeholder groups engaged, approach to stakeholder engagement and methods used, frequency of engagement, primary issues and concerns raised through engagement and organisation response to the engagement outcomes" [4, p. 32]. This is also consistent with Global Reporting Initiative (GRI) 102: General Disclosures 2016 [11]. Moreover, for companies publishing integrated reports, the information should provide "insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests" [12, p. 5].

In Malaysia, prior to year 2015, there was no specific provision requiring the disclosure of stakeholder engagement. However, on 8 October 2015, Bursa Malaysia Listing Requirements (LR) was amended to include provisions on the publication of Sustainability Statement in the annual reports [13]. This amendment came together with the release of Sustainability Reporting Guide (henceforth, the Guide) and Toolkit: Stakeholder Engagement (henceforth, the Toolkit) by the stock exchange. The Guide illustrates the central role of stakeholder engagement in the materiality assessment process, while the Toolkit further demonstrates the 3-stage engagement process. Both the Guide and Toolkit do not specify indicators/information to be disclosed in corporate reports. Nevertheless, based on the illustration provided in the documents, it can be understood that companies are expected to provide a list of stakeholder groups, type, frequency, areas of stakeholder interest, outcomes, any link with material sustainability matters, and the relevant page(s) in the report where the information can be obtained from.

The increasing importance of stakeholder relationships have also been addressed by Securities Commission Malaysia which released the new Malaysian Code on Corporate Governance (henceforth, the Code) on 26 April 2017. In essence, one of the core principles in the Code is 'Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders'. Practice 11.2 specifically recommends large companies to adopt integrated reporting based on International <IR> Framework (henceforth, the Framework) for the purpose of communicating corporate information to the stakeholders [14]. The Framework was released by the International Integrated Reporting Council (IIRC) in year 2013. One of the guiding principles is 'stakeholder relationships'. Subsequently, the Paragraph 15.25 of the LR was amended on 29 November of the same year to take account of this effect. The first batch of companies was effective for the financial year ending 31 December 2017 [15].

C. Research Motivations, Objective and Contributions

Despite the importance of stakeholder engagement and the disclosure thereof, there has been a dearth of literature examining the disclosures particularly among companies in the electricity industry. Except for [16], [17] and [18], there is no other literature focusing on this issue. Even so, [16] included all companies in the energy industry (including electricity), [17] reported a case study of an electric utility in Malaysia, while [18] focused on stakeholder engagement related to materiality analysis. Furthermore, [19] and [20] studied stakeholder engagement practices of American Electric Power (AEP), but not on disclosures. Thus, examining this issue is relevant and timely.

The aim of this research is to explore the stakeholder engagement disclosures of electric utilities in Malaysia. It focuses on public companies which have electricity/power as one of their business activities. Despite the perception that electricity industry in Malaysia has been a regulated monopoly system, the recently approved 10-year master plan known as Malaysia Electricity Supply Industry (MESI 2.0) may significantly transform the industry landscape. The objectives of MESI 2.0 are threefold, namely to increase industry efficiency, to regulate industry structure and key processes and to empower consumers [21]. This regulatory reform will also see new breed of power purchase agreements (PPAs), sourcing of own fuel and third-party grid access [22]. Hence, it is anticipated that there will be extensive stakeholder engagement as a result of this new development.

The research contributes to the body of knowledge through addressing the gaps in literature on stakeholder engagement disclosures in general, and stakeholder engagement among electricity industry in particular. The findings of this research also help determine the strength and weaknesses in the existing stakeholder engagement disclosures for further improvement. It also informs relevant regulatory bodies (e.g., Bursa Malaysia, Malaysian Institute of Corporate Governance, and Securities Commission) on the importance of more structured reporting guideline to ensure more consistent and better quality disclosures.

D. Literature Review

There has been increasing, albeit limited, number of literature examining stakeholder engagement disclosures. A report published by the Association of Chartered Certified Accountants (ACCA) in year 2007 is the earliest research focusing on corporate stakeholder engagement disclosures [23]. Top 50 Australian companies (by market capitalisation) were selected as sample and their sustainability reports (including annual reports and website disclosures) were content analysed. Evaluation was made on six disclosure categories, namely stakeholder identification, evidence of engagement, targets and metrics, integration of engagement programmes, use of engagement results in report development and opportunities for feedback. Overall, the disclosures were low (average score: 25%), with 'Opportunities for feedback' became the most disclosed category (35%) while 'Targets and metrics' was reported by 13% of the sample companies. Since the publication of [23], several authors have attempted to investigate this issue among Australian local councils/firms [24], [25], European banks/firms [26]–[28], Malaysian local councils [29], [30] and South African companies [31]. Apart from these country-or-region-specific research, there are also attempts to examine this issue on a cross-country basis [32]–[34].

Pertaining to the electricity industry which becomes the focus of this research, it is worthy to further review studies by [16], [17] and [18]. [16] examined the sustainability reports among the energy sector (in which electricity is a part) from the GRI database for the 2016 reporting year resulting into 119 reports. The analysis pertained to the quality, focus and extent of engagement. In terms of quality, they found a total of 3,193 stakeholder-related actions. Of these actions, 49% related to 'Information Strategy' (level 1) and 46% related to 'Response Strategy' (level 2). 'Involvement Strategy' (level 3) only represented 5% of the total actions. The focus analysis zoomed into the targeted stakeholders for each action and strategy level. It was found that for both levels 1 and 2, the focus was more to employees, whereas level 3 aimed at community and government. [16] also came up with stakeholder engagement strategy matrix with number of stakeholders involved (extent) as the y-axis and engagement level as the x-axis. The nine-quadrant matrix moves from 'insulated' (low, low) to 'generous' (high, high).

[17] conducted a case study involving the largest electric utility in the South East Asia region by examining its annual/integrated reports from year 2000 to 2019. They focused on the abundance of stakeholder engagement through counting the frequency of 'stakeholder' words being mentioned in the reports. Despite the absence of 'stakeholder' in year 2000, on average the volume increased by 22.75 times in year 2019 (as compared to year 2001). In year 2016, the company published an integrated report and the grouping of stakeholders became evident. Over the years, the location of information had evolved from Chairman statement (or Letter to Shareholders) to the dominance of sections like strategic and operation reviews, governance and sustainability. The trend of disclosures can be linked to the increased importance placed on stakeholders, change in company strategic directions and emerging corporate reporting regimes. The findings provided support to the contention of stakeholder theory, resource-based view theory and institutional theory.

[18] examined 186 sustainability reports published by electric utilities worldwide to determine how materiality being documented in the reports. Although it focused on materiality disclosures, there were four items (out of 12 items) related to stakeholder engagement. Of these four items, three were specific to stakeholder engagement. The level of disclosure for stakeholder engagement items were as follows: coverage of indicators (quantity, combined) – 98%; comprehensible SE (quality) – 68.5%; description of SE process (relation) – 66.2%; and transparency of SE (manner) – 56.5%. Despite the sample being taken from GRI database which is synonymous with the quality of reports, they found disclosures were far from providing relevant and transparent communication to the stakeholders.

Based on the review of the extant literature, it can be concluded that research on stakeholder engagement disclosures is still lacking, particularly among companies operating in electricity industry. Such an investigation is pertinent considering the impact brought by companies from this industry to the stakeholders in every facet of life – economic, social and environmental.

E. Stakeholder Theory

One of the theories capable of explaining stakeholder engagement is stakeholder theory [16], [17], [27], [28], [31]. [35] classified stakeholder theory into two branches: ethical/normative and managerial/positive. The ethical/normative branch stems from the belief that organisations should treat all their stakeholders well because they have moral obligations to do that. By contrast, managerial/positive branch emphasises that, due to resource constraints, it is not possible to treat all stakeholders equally. Therefore, managers will identify the 'powerful' stakeholders and manage the relationships with them [35]. This is consistent with the concept of stakeholder salience briefly introduced earlier. According to [3], the more salient the stakeholders are (assessed based on power, legitimacy and urgency), the more probability that companies will prioritise their interests and concerns. This concept has been the underlying arguments of recent empirical research including by [36], [37], [38] and [39].

In the context of this research, if a stakeholder group is important, it will be identified in the corporate reports as stakeholders that the companies engaged, together with the frequency, methods, interests and issues of concern, and so on.

2. RESEARCH METHODS

A. Sample Description

All public companies in Malaysia operating in the electricity industry make up the population of this research. First, based on MalaysiaStock. Biz website, there are four companies listed in Bursa Malaysia regarded as electricity companies. Next, using the same website, nine companies from the 'Gas, Water & Multi-utilities' sub-sector were further scrutinised to assess their involvement in the electricity business. Three of them were found to have electricity operation, particularly generation. Then, additional three companies were added into the sample based on main author's prior knowledge about the industry [40] including one company which is not listed in Bursa Malaysia. The final sample is ten electric utilities. Table 1 provides the profile of the sample companies in terms of financial year end (FYE) for the reports analysed in this research, percentage of electricity business (based on either total revenue or profit), total assets, total revenue and market capitalisation.

B. Data Collection

Content analysis was conducted for the purpose of this research. According to [41, p. 18], content analysis is "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use." In this regard, company documents were analysed for stakeholder engangement information. Due to the nature of this research which is exploratory, the researchers developed the checklist of items from GRI 102: General Disclosures 2016 by Global Reporting Initiative [11]. This Standard, introduced in year 2016, was chosen as the benchmark due to its credibility as a reporting guideline for many companies around the globe. For example, GRI Sustainability Disclosure Database recorded a total of 15,364 organisations with 63,803 reports. Of these reports, 38,433 are deemed GRI reports, i.e. reports that are prepared based on GRI Guidelines [42]. Furthermore, it has gone through several revisions since the first version of GRI Guidelines was launched in year 2000 [43]. Chapter 5 of the Standard provides the disclosure requirements (and recommendations) related to stakeholder engagement. Table 2 lists the requirements.

Companies' latest annual/integrated reports (AR) and stand-alone sustainability reports (SAR) were analysed for this purpose. Based on prior literature, disclosures on stakeholder engagement in these reporting media were more structured and extensive than other media including company website [31], [32]. Furthermore, disclosures in AR/SAR often summarise the initiatives undertaken by companies to engage their stakeholders. All reports were downloaded from either the company websites or Bursa Malaysia website. Table 1 earlier indicates the financial year end (FYE) for the reports analysed in this research. Except for Company A and Company G, the reports analysed were for the 2019 financial year. It is worthy to note that Company A changed its FYE afterwards (to 30 June, with the next report was for the year 2020), while Company G is an unlisted company with no reports available for the year 2019. Only one-half of the sample published SAR. Another company had their SAR published in html format; however, upon further comparison, it was a replica of sustainability statement published in AR. Therefore, the publication of SAR for this company was not considered.

In terms of level of reporting, for each item in Table 2 being diclosed in AR or SAR, a score of one (1) was given, otherwise zero (0). This dichotomous/binary approach of coding/measuring is appropriate for exploratory research of this kind while at the same time reducing the element of subjectivity if the items were measured along a scale e.g., 0-2, 0-3 or 0-4 [10].

3. RESULTS AND DISCUSSION

As mentioned earlier, the companies' AR (for all) and SAR (for five) were analysed for information related to stakeholder engagement. Based on these reports, several preobservations can be made. First, companies that published SAR were inclined to report the information in SAR only. This holds true for all but one company (Company H) which provided stakeholder engagement information in both AR and SAR. Second, within AR, disclosures were predominantly reported in the 'sustainability statement' section (four companies). Besides, one company each reported in 'corporate highlights' and 'protecting value through effective governance' sections. Third, GRI content index was found in six of the reports (including in one AR) suggesting that companies were using GRI in reporting their sustainability information, including those related to stakeholder engagement.

Table 3 presents the research findings by companies, checklist items and reporting media. The last columns and rows provide the total for each company and checklist item, respectively. Overall, none of the sample companies provided all the information as per GRI requirements. The highest score was four (4) by Company F and Company H both in SAR (see 'Total' column). The lowest was Company J in AR and Company G in SAR with two (2) items disclosed. Analysis by disclosure item found 'List of stakeholder groups (102-40)' and 'Key topics and concerns raised (102-44)' as the highest reported information with six (6) companies provided such information in AR, while five (5) in SAR (see 'Total' row). This is followed by 'Approach to stakeholder engagement (102-43)' with five (5) in AR and four (4) in SAR. Item 'Collective bargaining agreements (102-41)' was reported only in SAR by two (2) companies. Finally, there was no company reported on 'Identifying and selecting stakeholders (102-42)'. The next sub-sections will provide further discussion on the finding for each disclosure requirement.

Table 1. Sample companies

No	Co.	FYE	Electricity op. (%)*	Total ass. (RM'000)	Total rev. (RM'000)	Market cap. (RM'000)**
1	A	12/2018	44.3% (R)	400,308	63,021	35,865
2	B	12/2019	2.6% (R)	102,016,400,000	21,616,500,000	28,689,060,000
3	C	12/2019	100.0% (R)	26,559,925	7,278,457	4,350,000
4	D	12/2019	67.0% (R)	2,905,086	701,933	2,239,928
5	E	12/2019	19.4% (P)	4,711,796	26,445,763	2,999,382
6	F	12/2019	15.3% (R)	3,040,324	1,629,831	1,128,868
7	G	12/2018	99.3% (R)	36,583,812	5,423,281	N/A
8	H	12/2019	100% (R)	25,753,400,000	50,939,700,000	75,408,000,000
9	I	06/2019	60.4% (R)	76,727,093	18,047,528	10,343,211
10	J	06/2019	59.9% (R)	46,272,978	11,732,716	5,873,910

* Approximately based on (R) – total revenue or (P) – profit ** Company G is not listed in Bursa Malaysia

Table 2. The Standard disclosure requirements

No	Disclosure	Requirements
1	102-40 List of stakeholder groups	A list of stakeholder groups engaged by the organisation
2	102-41 Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements
3	102-42 Identifying and selecting stakeholders	The basis for identifying and selecting stakeholders with whom to engage
4	102-43 Approach to stakeholder engagement	The organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process
5	102-44 Key topics and concerns raised	Key topics and concerns that have been raised through stakeholder engagement, including: • how the organisation has responded to those key topics and concerns, including through its reporting; • the stakeholder groups that raised each of the key topics and concerns.

Source: [11, p. 29-32]

Table 3. Level of stakeholder engagement disclosures

Co.	102-40		102-41		102-42		102-43		102-44		Total	
	AR	SAR	AR	SAR	AR	SAR	AR	SAR	AR	SAR	AR	SAR
A	1		0		0		1		1		**3**	
B	0	1	0	0	0	0	0	1	0	1	**0**	**3**
C	1		0		0		1		1		**3**	
D	1		0		0		1		1		**3**	
E	1		0		0		1		1		**3**	
F	0	1	0	1	0	0	0	1	0	1	**0**	**4**
G	0	1	0	0	0	0	0	0	0	1	**0**	**2**
H	1	1	0	1	0	0	1	1	1	1	**3**	**4**
I	0	1	0	0	0	0	0	1	0	1	**0**	**3**
J	1		0		0		0		1		**2**	
Total	**6**	**5**	**0**	**2**	**0**	**0**	**5**	**4**	**6**	**5**		

Grey shaded areas represent no reports being analysed.

A. List of stakeholder groups (102-40)

Item 102-40 requires the provision of a list of stakeholder groups engaged by the organisation. Generally, all sample companies provided this information either in AR and/or SAR. Table 4 summarises the stakeholder groups identified by the companies. A total of 10 groups were found. Certain stakeholder groups were merged for simplification reason. If a stakeholder within each group being mentioned separately by companies, double ticks (✓✓) were indicated. For example, Company C had 'government authorities' and 'law enforcement agencies' as two separate stakeholder groups. On the contrary, an asterisk (*) was indicated if the stakeholder groups in Table 4 being treated as within the same group of stakeholders by companies. For example, Company E combined 'customer, suppliers and industry peers / partners' as one group.

Generally, most of the sample companies classified their stakeholders into groups of between six to nine (see 'Total stakeholder groups' row). One glaring outlier was Company G where it only identified customers, employees, and communities as their main stakeholder groups. This is so perhaps the company is unlisted and wholly owned by the state government. 'Employees' became the most important stakeholder group with all companies stated it as one of the groups they engaged. In fact, Company F had two categories of employees with the second group being 'frontliners, operators, receptionists and customer service staff' hinting at the imperative of service that is efficient and meeting the expectations and satisfaction of customers. Moreover, Company

Table 4. List of stakeholder groups

No	Stakeholder	A	B	C	D	E	F	G	H	I	J
1	Customers	✓		✓	✓	*		✓	✓	✓	✓
2	Government / regulators / law enforcement agencies / policy makers	✓	✓	✓✓	✓	✓	✓✓		✓	✓	✓
3	Investors / shareholders	✓	✓	✓	✓	✓	*		✓	✓	✓✓
4	Employees	✓	✓	✓	✓	✓	✓✓	✓	✓	✓	✓
5	Trade unions								✓		
6	Vendors / suppliers / bankers / rating agencies / lenders / service providers / financial institutions / contractors	✓	✓✓	✓✓	✓✓	✓*	✓*		✓	*	✓
7	Communities	✓		✓	✓	✓	✓	✓	✓	✓	✓
8	NGOs / relevant interest group / natural environment		✓		✓		✓		✓		✓
9	Joint venture partners / industry peers		✓			*				*	
10	Media					✓	✓			✓	
	Total stakeholder groups	**6**	**7**	**8**	**8**	**7**	**9**	**3**	**8**	**7**	**8**

H separately identified 'trade unions' consisted of "three (3) registered unions and two (2) workers associations that cover all executive and non-executive" as the stakeholder group it engaged. Collectively, this signals the importance of employees as an important group of stakeholders for corporate sustainability.

The next important stakeholder groups were 'government' and 'communities' with nine (9) companies each, followed by 'investors/shareholders' and a group consisted of service and credit providers including 'vendors / suppliers / bankers / rating agencies / lenders / service providers / financial institutions / contractors'. A rather unexpected result was observed for 'customers'. Only six of the sample companies identified this group of stakeholders, with another company (Company E) combined them under 'customers, suppliers and industry peers/partners'. A possible explanation for this would be the fact that electricity distribution business in Peninsular Malaysia in particular is run by the national energy company (Company H). It is well established in the literature that position in value chain and consumer proximity influenced the salience of a stakeholder to corporation which, in turn, determined the degree of environmental proactiveness [44] and the quality of sustainability report [45]. Hence, for other companies who had a distance between them and the end consumer might not feel the necessity for customers to be a separate stakeholder group. Coincidentally, for these companies (B, E, and F), electricity contributed a small proportion of their revenue/profit (see Table 1).

Other stakeholders identified were 'NGOs' including relevant interest group and natural environment (5 companies), media (3 companies) and 'joint venture partners/industry peers' (1 company).

B. Collective bargaining agreements (102-41)

Item 102-41 requires the disclosure of percentage of total employees covered by collective bargaining agreements. This item was first introduced in the Standard and not available in the previous editions of GRI guidelines (including G4). According to [46], collective bargaining refers to:

> "*all negotiations which take place between one or more employers or employers' organisations, on the one hand, and one or more workers' organisations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers*" ([46] as cited in [11, p. 30])

As such, this is different from the percentage of employees belonging to trade unions. Instead, it is about the percentage of employees who are covered by the joint decision-making concerning the organisation's operations. There were two companies provided the information and below are the extract from their reports.

> "*As at 31 December 2019, Company F has close to 63.1% of its employees covered by collective bargaining agreements. Employees are constantly updated on their rights and Group Management continues to communicate actively with employees, including employee interest groups and unions*" [47, p. 53]

> "*Percentage of employees covered (by collective bargaining agreements) in Company H – 81.20%*" [48, p. 89]

Meanwhile, there was another company made reference to collective bargaining in its report. However, it only stated the following without indicating the percentage as required by GRI.

> "*Terms as agreed in Collective Agreement are extended to all nonexecutive staff under Company G (except for Bakun HEP – parented staff)*" [49, p. 71]

C. Identifying and selecting stakeholders (102-42)

For this item, the requirement is to disclose the basis for identifying and selecting stakeholders with whom to engage [11]. Companies are also recommended to (1) define its stakeholder groups and (2) to determine the groups with which to engage and not to engage. Bursa Malaysia through its Toolkit had illustrated the stakeholder identification process and factors to be considered in selecting stakeholders including legal obligations, financial or operational responsibility, magnitude of influence, physical proximity, frequency of engagement, extent of dependencies and representation. In essence, the list of stakeholders identified by the companies and reported above was the outcome of identification and prioritisation process.

Based on the description above, none of the sample companies met this criterion. However, Company D and Company I made a passing statement without providing further details on the process involved.

> "*The management understands the complex groups of stakeholders (both within and outside the Group) considering the influence and importance each stakeholder has on our Group's daily business operations as well as their needs and expectations of the Group as a whole*" [50, p 17]

> "*Over the years, the Company's materiality and stakeholder mapping, and prioritisation has evolved, allowing us to re-align strategy on the most pertinent and material issues identified by internal and external stakeholders*" [51, p. 13].

In the first instance, Company D mentioned 'influence' and 'importance' which are commonly used criteria for stakeholder prioritisation [4]. In the second instance, Company I mentioned 'stakeholder mapping and prioritisation' which suggested that some form of stakeholder analysis was taken place prior to engagement. Furthermore, several companies provided the definition of 'stakeholders' and the description for each stakeholder group that they engaged. Examples are provided below:

> "*Our definition of stakeholders is individuals, groups or entities that have the potential to influence or impact Company F's operations. Individuals or Groups who are, or may be potentially impacted by the Group's presence or business operations are also regarded as stakeholders*" [47, p. 17]

> "*We value the insights and inputs of ourstakeholders, whether they influence or are affected by our business*" (and in another paragraph) "*Our customers comprise domestic, commercial and industrial customers, including Small & Medium-sized Enterprises and large corporations*" [48, p. 14]

D. Approach to stakeholder engagement (102-43)

In disclosing the approach to stakeholder engagement, companies are also required to include frequency of engagement by type and by stakeholder group and to indicate whether any of the engagement was undertaken specifically as part of the report preparation process [11]. For eight companies, the information were reported in the form of table together with 'Key topics and concerns raised' (102-44). Nevertheless, the contents of the table varied from one company to another. Below are some of the examples.

Figure 1. Stakeholder engagement of (Company A) [52, p. 23]

Stakeholders	Frequency	Engagement Platform	Goals
Government/Regulators	• On-going	• Meetings, Seminars and Functions	• Compliance with applicable laws and regulations
Shareholders/Investors	• Yearly and/or periodically	• Annual general meeting • Corporate announcements	• Improve shareholders' values • Sustainability status • Strong corporate governance • Increased transparency
Customers	• On-going	• Meetings	• Customer satisfaction • Reduce downtime • Create fair trade
Employees	• On-going	• Townhall meetings/discussion • Direct contact • Employee survey	• Employees' development progresses • Career progression • Commensurate remuneration • Job satisfaction • Succession planning • Equal employment opportunities • Talent Management

Figure 2. Stakeholder engagement of (Company D) [50, p. 18]

Stakeholder	Engagement Methods	Frequency	Areas of Stakeholder Concern
Government and Regulators	Official meetings and briefings Compliance report Site visits Direct contacts Industry events and seminars	Annually Quarterly Monthly Ongoing	Compliance with rules and regulations Opportunities for business investment Community investment
Financial Institutions	Meetings and visits Annual Report Corporate website Analyst briefing Announcement to Bursa Malaysia Media Release	Annually Quarterly Ongoing	Organisation growth Economic performance Business strategy and direction
Investor	Shareholders' Annual General Meeting Corporate website Analyst briefing Announcement to Bursa Malaysia Media Release	Annually Quarterly Ongoing	Business strategy and direction Economic performance Organisational growth

As mentioned earlier, Practice 11.2 of the Code [14] recommends large companies to adopt integrated reporting. Apart from the emphasis on stakeholder relationships, the Framework promotes materiality as a guiding principle for an integrated report. Together with the Guide, Bursa Malaysia also published a toolkit for Materiality Assessment in which the engagement of stakeholders is crucial in understanding the organisation's context and prioritising sustainability risks and opportunities. Analysis of the reports by sample companies revealed that all of them mentioned about materiality assessment being conducted with six of them provided the materiality matrix in their reports. More often, this matrix mapped the strategic issues of importance to company with those of the stakeholders. This was done through engagement with internal and external stakeholders.

As reported by Company B:

> "*A total of 1,780 complete responses were obtained from stakeholders. The same survey was completed by nine members of the Board and 10 senior managers, whose responses were used to represent Company B. The results of the analysis were then used to develop a materiality matrix*" [53, p. 57]

This effectively determined information to be disclosed in corporate reports which indicated the influence of stakeholders in report preparation. Company D and Company E, in their reports, claimed, "*We will continue to conduct materiality assessment and engage with key external stakeholders where the results and analysis will be updated in our next report*" [50, p. 17].

"*It also ensures that different stakeholders' information needs are taken into account in the preparation of this report*" [54, p. 2]

Below are example of the materiality matrix reported:

Figure 3. Materiality matrix (Company G) [49, p. 12]

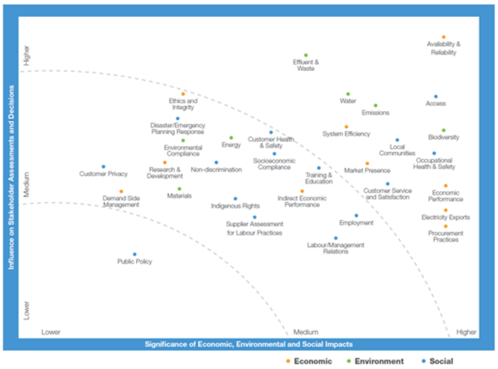
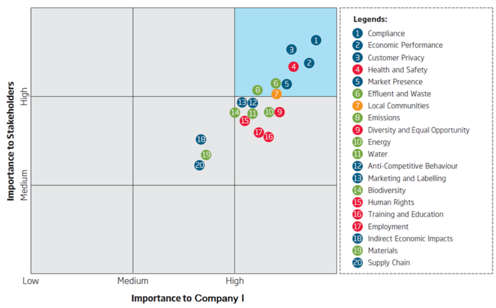


Figure 4. Materiality matrix (Company I) [51, p. 15]



E. Key topics and concerns raised (102-44)

This item pertains to the discussion of key topics and concerns that have been raised through stakeholder engagement by stakeholder groups and the ways companies responding to them. Similar to item 102-43 earlier, most companies compiled this information in a table to facilitate users of the reports. For example, Company H identified the areas of interest of concern, its response (by indicating the specific pages in the report) and the value created for each stakeholder group.

4. CONCLUSION

The role of stakeholder engagement for corporate sustainability has never been more important in today's borderless and competitive world. This demand is even greater for electricity companies which impacting the live of many stakeholders. This exploratory research examined the stakeholder engagement activities of ten Malaysian companies with electricity business as reported in their most recent corporate annual/integrated and stand-alone sustainability reports. Based on content analysis of the report against the requirement of GRI Standard, it was found that all companies made some form of stakeholder engagement disclosures. Companies with a stand-alone sustainability report chose to focus on disclosures in such reports, but similar information were not found in their annual reports. None of the sample companies met all the requirements with the best companies reporting four (out of five) items. It is not clear as to how the companies identified and selected stakeholders to engage. This scenario opens up an avenue for improvement in disclosures in the future. Perhaps companies need to develop a specific framework to govern its stakeholder engagement activities including clear processes of stakeholder identification and prioritisation. Furthermore, the inconsistent reporting across companies in terms of format and contents suggest for the need to have a more structured reporting guideline by the regulatory bodies. Regardless, the findings support stakeholder theory which postulates that stakeholder engagement a managerial decision in which more salient stakeholders would get the attention from the companies than their counterparts.

Figure 5. Key topics and concerns raised (Company H) [48, p. 14]

Communities — Local communities in or near areas where we operate, including those affected by our operations

Engagement Platforms	Frequency of Engagement	Areas of Interest or Concern	Our Response by Topic	Value Created for Stakeholders
• Outreach programmes • CSR events • Townhalls • Dialogue sessions • Sporting events	• As needed • Ongoing • As needed • As needed • Annually	• Community development and support • Communication on development plans and projects • Potential health and safety impacts • Potential environmental impacts	• Strengthening Partnerships Brightening Surrounding Communities, page 68 • Minimising Environmental Impacts, page 42	• Contributing to the upliftment of society through business and corporate responsibility initiatives • Connecting underserved areas • Protecting the safety of communities in where we operate

Non-Governmental Organisations (NGOs) — Consumer associations, environmental groups and chambers of commerce

Engagement Platforms	Frequency of Engagement	Areas of Interest or Concern	Our Response by Topic	Value Created for Stakeholders
• One-to-one engagements • Outreach programmes • Seminars and knowledge sharing sessions • Collaboration sessions	• As needed • Ongoing • Ongoing • As needed	• Affordable tariffs • Innovation in technology and renewable energy • Sustainability and potential environmental impacts • Quality of service • Supply reliability	• Delivering Sustainable Value, page 22 • Minimising Environmental Impacts, page 42	• Advocating solutions to be utilised amongst our people as well as customers

Figure 6. Key topics and concerns raised (Company F) [47, p. 17]

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
EMPLOYEES	Town Hall Session: *Tanyalah Pengurusan,* forum	Employee engagement forum to gauge their feedback towards the top management. This is also one of the communication channels to promote better understanding on company's corporate values, vision and mission.	Employees are encouraged to raise and discuss any concern or issues throughout the year, including their annual performance appraisals.
	R-Care Program: Wellness activities, dietary plan, health screening and coaching	Employee engagement involving creating, maintaining and living a healthy lifestyle.	Increase employee participation and sustain wellness while improving their health.
	Convocation Ceremony	*Sijil Kemahiran Malaysia.*	To enhance employees' technical and learning competencies, social and human development. In FY2019, 77 employees obtained the certificate.

The findings of this research need to be interpreted with caution. First, it is cross sectional in nature which focused on data for one year. As such, it does not represent the true picture of corporate reporting. Since the requirements on stakeholder engagement disclosure is a recent development, a longitudinal analysis covering a period before and after the introduction of reporting requirements (e.g., Bursa Malaysia, Malaysia Institute of Corporate Governance and Securities Commission) may shed some lights on the trend in disclosures. Second, the research focused on the context of Malaysia. Extending the analysis on other countries will enhance the understanding of institutional settings influencing stakeholder engagement disclosures. Third, in terms of the disclosure measure, the research was based on items required by GRI 102 on 'Stakeholder Engagement' and measured on a dichotomous basis. Several weaknesses inherent in this approach. There are also engagement related items on governance aspect (i.e. Disclosure 102-21 and Disclosure 102-37) which were not captured during content analysis procedure. Additionally, a simple 0-1 measuring approach did not consider the bredth and depth of data reported by the companies. In the future, researchers may want to include the two items and measure disclosure items on a scale (polychotomous) or volume (e.g., number of sentences, pages etc.) bases.

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