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Sectoral Analysis of Malaysian Companies' CSR Initiatives for Organisational Risk Management

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Abstract

The term "Corporate Social Responsibility" (CSR), which has been used in the business sector for some time, is usually used to refer to a collection of initiatives designed to boost a company's public relations efforts and thereby improve its reputation. Globalization offers advantages to businesses, but it also brings with it new dangers and unstable conditions. As businesses grow more dependent and vulnerable, there is more uncertainty in corporate decision-making. Since of this interconnectedness, new risk management strategies are required because inexperienced players have developed. This study investigates the relationship between CSR and organisational risk management practises among Malaysia's publicly listed firms. An exploratory content analysis was conducted for this study on the annual and sustainability reports of the 91 Malaysian listed PLCs from year 2004 to 2021. From a broad viewpoint, the results of this study indicate that Malaysian organisations have steadily adopted organisational risk management methods during the allotted time period, along with the expansion of CSR activities. To gain a deeper knowledge of this link, this study also reveals the industrial breakdown analysis in greater detail. This study shows that CSR practises and organisational risk management practises are on the rise in Malaysia. This upward trend may indicate a tendency toward higher CSR performance to counteract any anticipated or unanticipated organisational risk signals.

Keywords: Corporate Social Responsibility, CSR, Organisational Risk Management, Sectoral Analysis

Introduction

Corporate Social Responsibility (CSR) has been around for a long time and is commonly thought of as a set of efforts aimed at boosting an organization's reputation through enhanced public relations strategies. Interest in CSR remains cyclical and transitory, and CSR is a tool for improving an organization's perception of flaws or increasing marketing operations. As a result, it is difficult to demonstrate explicitly that CSR is a major aspect of corporate management, particularly its policies, and has a considerable influence on the actions of firms. In today's atmosphere of rising business activity and a growing desire for CSR services by consumers and investors, there is a greater need for intellectual capability to advance CSR beyond a purely regulatory perspective and into a more strategic view of social and environmental concerns management. Globalization delivers various benefits to organisations, but it also introduces new sources of instability and risk. Corporate decision-making is getting increasingly unpredictable as organisations become more reliant and susceptible. The growing importance of the extended firm is emphasised in current network-based operational models by increasing connection across actors worldwide. This interconnection has also given rise to whole new actors, necessitating innovative risk management measures.

CSR has increasingly come to be recognised as an important aspect in business risk management. It is undoubtedly connected to the fact that CSR is no longer viewed as a solution to a specific problem, but as a risk management tool and an important component of corporate management. CSR is an important component of the risk assessment process, which includes identifying possible hazards, defining their impact, and explaining ways to reduce their likelihood and impacts. Incorporating CSR and organisational risk management can be considered as a long-term commitment that may be far more relevant and substantial at an organisational level than the short-term costs associated with its implementation.

Risk management is defined as a concerted effort to steer and control an organization's hazards. The risk management technique aids decision-making by considering the uncertainty and possibility of future occurrences or situations, as well as their implications for set aims. Decisions are aided by the risk management process. Indeed, external stakeholders are more interested in risk management initiatives than internal stakeholders. They give guidance on management's effectiveness in dealing with economic instability and environmental issues for external stakeholders. The significance of risk management in organisations was not evaluated in comparison to CSR practises in either developed or developing nations. As a result, no prior research has attempted to connect CSR's position as a "de-risking" agent for various unknown hazards for a business. Consequently, this study focuses on studying the link between CSR and organisational risk management among Malaysian publicly traded firms, and it also includes an industry breakdown analysis to better understand its pattern.

Methodology

Based on the extensive literature reviewed, the current study takes a qualitative approach to analysing the link between CSR and organisational risk management. According to Babbie (2020), qualitative analysis is a scientific observation technique to non-numerical data processing. The interpretations, concepts, definitions, characteristics, metaphors, symbols, and representations of things can be taught through unstructured or semi-structured approaches. The choice of a qualitative approach for investigating the relationship between Corporate Social Responsibility (CSR) and organizational risk management is grounded in several compelling reasons. Firstly, CSR and risk management are intricate, multifaceted concepts involving various dimensions, such as ethics, stakeholder engagement, compliance, and reputation. Qualitative methods enable researchers to explore these complexities in depth, capturing nuanced, context-specific aspects. Secondly, when the research objective is to explore an emerging or less-explored area, qualitative methods offer flexibility to adapt to evolving themes and novel insights during the study. This adaptability can uncover unexpected connections and fresh perspectives. Thirdly, qualitative methods excel at capturing the subjective experiences, perceptions, and attitudes of individuals within organizations, essential for understanding the motivations and values underlying CSR practices. Additionally, these methods allow for a contextualized examination of CSR and risk management within specific organizational settings, considering variations across industries and regions. Furthermore, qualitative research generates rich, detailed data that can offer a comprehensive understanding of the CSR-risk management relationship. It provides a valuable foundation for theory development, enabling the creation of hypotheses and conceptual frameworks. Lastly, qualitative methods are particularly suited for exploring the ethical dimensions of CSR, shedding light on moral reasoning and ethical dilemmas in organizational decision-making. In sum, the adoption of a qualitative approach is justified by the intricate nature of CSR and risk management, the exploratory nature of the research, the need for contextual understanding, the richness of data generated, its potential for theory development, and its aptitude for addressing ethical considerations in this domain.

Table 1.1
Research Population & Sampling Method

Sampling Stage	**Description**	**Result**
Total Population	1,004 companies listed on Bursa Malaysia	N/A (Population Size)
Stratification	Stratified the population into two strata: companies with CSR disclosure and companies without CSR disclosure.	Stratum 1: 388 companies
		Stratum 2: 616 companies
Random Sampling within Strata	Used Krejcie and Morgan (1970) method to determine the sample size for each stratum.	Sample size for Stratum 1: 196
Qualitative Content Analysis (Screening)	Further screening of the 196 samples to select those meeting the criteria for corporate governance and organizational risk management analysis.	91 Malaysian Listed PLCs

Qualitative Content Analysis

This study expressly seeks to identify organisations who have adopted risk management systems. This is accomplished by using keywords reported in annual reports as a proxy for risk management acceptability. In this study, the content analysis approach will be utilised to examine organisational risk disclosure. This technique was chosen since the study's purpose was to examine the level of CSR disclosure by Malaysian publicly traded corporations as well as their risk management practises. Previous research has shown content analysis as the most popular and widely utilised method for determining a company's information sharing (Haniffa & Cooke, 2002; Raar, 2002; Zulkifli & Amran, 2006). A content analysis technique is defined as one that applies a sequence of methods to get a valid conclusion from text. The study found that selecting dangerous statements is extremely subjective, relying on the researcher's initial concept, knowledge, and preferences. Recurrent investigation and the formulation of reliable conclusions from data based on context are made possible by content analysis.

Predictive analysis frequently use primary data. Secondary data is less costly, more easily available online, less prone to human mistake, and presumably more dependable and exact. In this study, secondary data on CSR references was filtered and segregated from annual reports and sustainability reports of all publicly traded firms. According to Stanton and Stanton (2002), the legitimacy and accountability of annual reports may be shown in a study that investigates annual reports from several research viewpoints. They further claim that the material contained in annual reports is motivated by considerations other than those of shareholders.

Scores for CSR Disclosure

CSR disclosure scores, in general, are employed as a gauge of CSR efficiency. The content analysis technique helps quantify an organization's CSR output. Under the Bursa Malaysia CSR Framework, all Malaysian publicly-traded companies are required to disclose their CSR activities in an annual report or sustainable report on the community, environment, market, and workplace dimensions. CSR is continually viewed as something that organisations of all sizes should be aware of, so let's take a closer look at some of the finer features. Businesses' CSR initiatives focus on four distinct areas: the marketplace, the environment, the community, and the workplace.

Marketplace activities reflect an organization's attempts to integrate business practises and operations. Customers are becoming more concerned as price and quality become more equal, and they are beginning to seek out brand values such as green products, ethical sourcing, corporate governance, and social branding (Yusoff & Adamu, 2016). Proper CSR in business entails the responsible use of advertising, public relations, and numerous ethical practises. Another important part of the corporate structure is the application of equal treatment practises against manufacturers and distributors, contractors, and shareholders. To put it another way, the competitive dimension of CSR is opposing exploitative corporate practises in favour of more equitable and equal business practises.

The **environment** refers to the overall state of the earth as well as the well-being of the people who live on it. Kantabutra & Avery (2013) defined environmental sustainability practises as plantations, oil and gas mining, biodiversity, and energy efficiency control, whereas Epstein & Buhovac (2014) defined them as corporate efforts toward global warming, effective natural resource utilisation, and ecological system protection. Consumers are continually requesting assurances that the firms they buy from adhere to sustainable standards. There are various ways for firms to demonstrate their environmental sensitivity. They range from recycling to utilising low-emission or high-mileage autos wherever practical, to embracing ecologically safe packaging and containers.

The **community** is the environment in which a business operates, and it is seen as one of the important stakeholders since they have an interdependent connection in which companies are impacted by the community and the community is dependent on the business on some level (Yusoff & Adamu, 2016). Donations, social assistance, and sponsorships to develop local infrastructure, community healthcare, and education are examples of community activities (Rotolo & Wilson, 2006). The community pillar of CSR also refers to your company's contribution to the local community; this contribution can take many forms, from financial assistance to personal participation.

Workplace activities are the way of accommodating diverse activities carried out by employees. According to Bodker et al (2004), competent workplace activities increase cooperation, transparency, accountability, and flexibility, while Levy (2014) asserts that they also improve equality, diversity, skills, and employee engagement among an organization's workforce. CSR advocates employees being treated fairly and equitably in the workforce, as well as following occupational health rules and supporting employment and labour practises with equal opportunity.

Organisational Risk Management Measures

Businesses pose multiple challenges, and so risk control should be a core part of the competitive management of every business. Risk management helps organisations recognise and resolve challenges, thus increasing the probability of successful accomplishment of their business goals. A risk assessment approach involves (1) methodically determining the risks involved with a company's practises, (2) evaluating the possibility of an incident occurring, (3) understanding how to respond to these incidents, (4) setting up processes to deal with the implications, and (5) tracking the success of the risk assessment and control methods.

In this study, risk disclosure was evaluated using the content analysis technique. It was chosen because the study focuses on the amount or quantity of risk disclosures rather than the quality of the risk disclosures. The risks examined in this study are based on MFRS (Malaysian Financial Reporting Standard) 101 and 132, which identify eight categories of major risk regions. Credit risk, liquidity risk, operational risk, reputation risk, strategic risk, regulatory risk, systemic risk, and market risk are a few examples.

The **credit risk** of an organisation can be assessed from the perspectives of (1) the borrower's financial position based on financial statements from previous performing years that enable them to raise capital when needed, (2) the borrower's operating efficiency (Hsu & Chen, 2015), and (3) the quality of management by analysing its past track record, payment record, and financial obscurantism.

In the case of equities, **liquidity risk** arises when bid-ask spreads widen to the point where investors must pay exorbitant fees to deal with them. Liquidity risk is classified into two types: (1) financial risk and (2) market risk Market liquidity risk is the danger that market liquidity may be low when you need to exchange, making it difficult to acquire or sell assets.

"**Operational risk**" refers to the likelihood of failure due to inefficient or dysfunctional internal processes, people, and systems, or external occurrences. Operating risk management teams reassure clients that the company will maximise sector production by managing current operational threats. Management of operational risks is an overview of the company's risk control to boost product productivity in the section on organisational risk management (Agustina & Baroroh, 2016).

A "**reputation risk**" is a threat to a company's or entity's good name or status. Reputational risk can appear in the following ways: (1) as a direct result of the company's or its employees' actions, or (2) indirectly because of the company's or its employees' activities. External components like as joint ventures or vendors play a little role. Businesses must be socially and environmentally responsible, as well as having solid governance practises and transparency, to reduce or manage reputational risk.

The crucial choices made by the board of directors on the company's goals represent strategic risk. Failure to satisfy these corporate objectives poses a basic **strategic risk**. A useful distinction between strategic risks is: (1) business risks - risks originating from the board's choices on the products or services given by the organisation; and (2) non-business risks - risks arising from factors other than the supplied products or services.

The possibility of legal and regulatory changes affecting a corporation is referred to as **regulatory risk**. A regulatory risk is a change in legislation or the law that has an influence on health, business, or industry. Organizations must abide by the regulations imposed by the regulatory bodies in their industry. As a result, any changes to the legislation will have a detrimental impact on any industry. Regulations can raise operating costs, impose legal and regulatory impediments, and, in extreme cases, outright prohibit operations.

The risk inherent in the entire market or segment is referred to as **systemic risk**. Systematic risk, often known as "undiversified risk," "volatility," or market risk, affects the whole market rather than a particular stock or industry. This type of threat is both unanticipated and unavoidable. Diversification, even with the correct asset management strategy, does not reduce it. The structural risk, which symbolises the effect of economic, geopolitical, and financial factors, is inherent in the whole economy. The hazard is separate from the unsystematic threat that affects a particular sector or health. Systemic hazard is often unanticipated and difficult to avoid.

Market risk is the possibility that the value of an investment will diminish when market conditions change. These variables have an influence on the overall performance of financial markets and can only be reduced by diversifying assets that are not related to the market, such as some alternative asset classes. This refers to market-wide issues such as recession, currency risk (the risk of rising or possibly falling exchange rates), equity risk (the risk of rising or falling share prices), inflation risk (the risk of inflation causing price increases in all goods and services and jeopardising the value of commodity price volatility, such as metals), and interest rate risk.

Results & Findings

According to the content analysis findings, 91 of the 388 organisations with CSR-related material showed little or no information regarding CSR related to disaster preparedness on their corporate websites. Given that the focus of this study is on CSR practises related to risk management, a deeper examination of the website to identify CSR activities focusing on any form of organisational risk revealed that 97.8% (88 companies) of the companies that disclosed CSR information on their company website had CSR programmes focusing on organisational risk management. These 88 firms account for about 8.76% of the total 1,0004 listed companies on the Bursa Malaysia. Only four organisations revealed no CSR activity related to organisational risk management. Only 15 firms acknowledged CSR programmes concentrating on the pre-risk stage on their websites. However, as seen in Figure 1.1, all 91 enterprises acknowledged CSR participation in risk management responses, and 86 had CSR programmes focusing on post-risk CSR actions. However, the kind of interaction varied from one organisation to the next.

Airlines, pharmaceuticals and chemicals, manufacturing, banking, insurance, real estate and investment enterprises, plantation firms, food and related firms, construction firms, oil, and gas firms, and so on were among the 91 companies. Table 1.1 illustrates the number of enterprises from various industries that have CSR data on organisational risk. From all the firms' overall CSR efforts reported from 2014 to 2021, a total of 11,237 actions are directly or indirectly relevant or tied to any sort of organisational risk management. This includes 12.87% of CSR activities centred on the marketplace, 31.51% of CSR activities centred on the environment, 32.13% of CSR activities centred on the community, and 23.49% of CSR activities centred on the workplace. All these operations are also somewhat focused or misaligned regarding the firm's known or expected organisational risks.

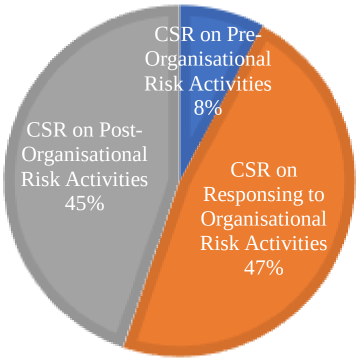
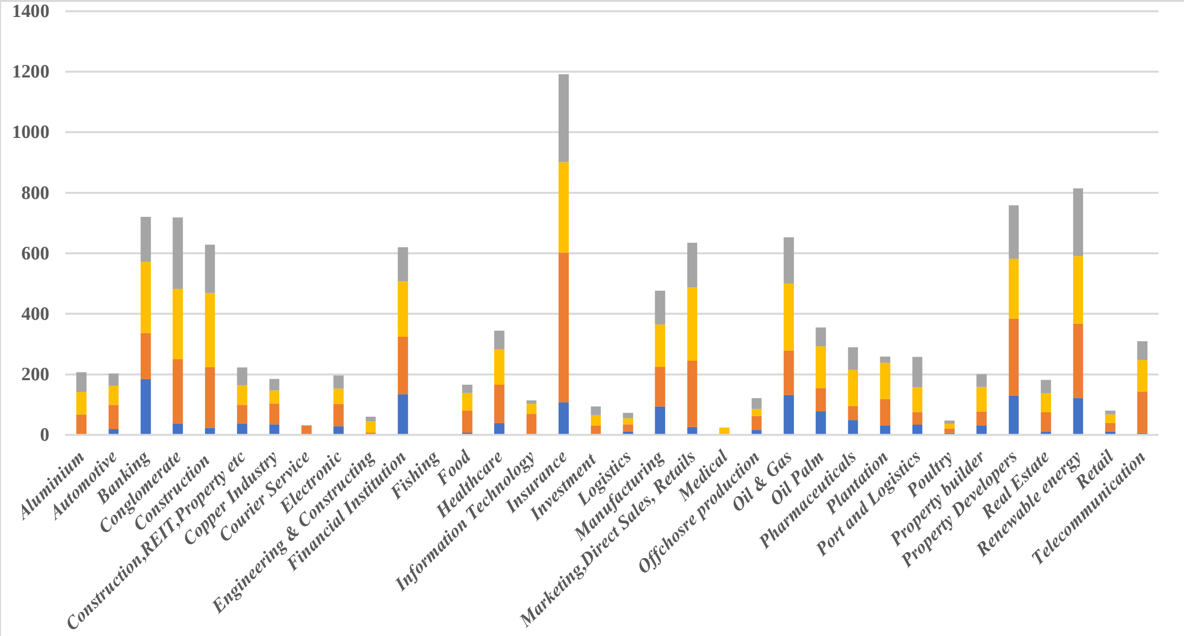


Figure 1.1 CSR Activities Related to Organisational Risk Management

The insurance industry leads the way in this sectoral grade of CSR activities, with 1,192 actions mostly focusing on the CSR pillar of the environment. The Renewable Energy business, which has 814 activities and focuses on environmental CSR, is continuing this trend. The Property Developers industry ranks third, with 255 environmental-focused activities, followed by the Banking sector, which has 721 activities, the bulk of which are community-focused. Other industries, including as conglomerates, construction, financial institutions, manufacturing, marketing, direct sales, retail, and oil and gas, have also achieved substantial gains. Notably, the courier service, fishing, logistics, investment, medical, and poultry sectors underperformed in this study, presumably due to a lack of awareness of organizational risk management. Aside from that, some sectors have chosen only one or two areas of CSR activity and contributed only to that domain, creating the impression that they only focus on their immediate internal or external stakeholders in line with their organizational risks.

Further evaluation of the sectoral analysis yields the following trend pattern in this study. The trend indicated (in Figure 1.2) in general CSR practices among Malaysian public listed businesses increased from 2014 to 2019, then began to decline in 2020, with a greater reduction in 2021. The precise pattern observed for CSR disclosure in the environment domain. CSR disclosure in the marketplace sector decreased from 2014 to 2016, increased from 2017 to 2019, and then decreased again from 2020 to 2021. A similar non-linear trend was seen in CSR disclosure for the community domain and workplace domain. The Community domain saw an increase from the years 2014 to 2017, a slight decline in the year 2018, a rise in the year 2019, and then a decline for the following two years in a row until the year 2021. Whereas the workplace domain saw a steady increase from 2014 to 2016, followed by a small drop in 2017 and a significant rise from 2018 to 2019, before declining in 2020 and 2021.



The disclosure of organizational risk management by Malaysian listed corporations represents an intriguing pattern. From 2014 to 2021, all 91 analyzed listed corporations used content analysis to thoroughly examine risk management components in their respective annual reports. In their annual reports, five of the 91, or 5.5%, did not include any organizational risk management language. Whereas other companies (about 4.40%, or 4 in total) only displayed incomplete transparency on organizational risk management features.

Figure 1.2 Sectoral Analysis of CSR Activity Scoring

The 91 organizations analyzed collected 33,090 items related to various sorts of organizational risk management components. The eight risk management discoveries are credit risk, liquidity risk, operational risk, reputation risk, strategic risk, regulatory risk, systemic risk, and market risk. The sectoral analysis scoring (Refer Table 1.1) decreases in the ranking, with regulatory risk scoring the highest at 36% (12,061 entries), followed by 7,219 entries (22%), systemic risk, 5,786 entries (18%), credit risk, 10% or 3,443 entries of liquidity risk, 6% or 2,112 entries of reputation risk, 4% of operational risk (1,163), 3% of market risk (966), and strategic risk scoring the least at 1%. (340).

Table 1.2

Sectoral Analysis of Companies' Organizational Risk Management Disclosure

	Sum of Credit	Sum of Liquidity	Sum of Operational	Sum of Reputation	Sum of Strategic	Sum of Regulatory	Sum of Systemic	Sum of Market
Aluminium	54	15	0	6	7	170	28	17
Automotive	16	33	9	35	31	96	55	37
Banking	236	161	149	162	22	564	364	173
Conglomerate	271	114	97	51	16	651	369	35
Construction	234	85	16	86	15	392	252	23
Construction, REIT, Property etc	38	39	36	82	3	175	259	12
Copper Industry	12	29	2	15	0	94	84	0

Courier Service	75	66	1	16	0	70	5	0
Electronic	114	69	6	11	0	152	85	18
Engineering & Constructing	88	42	4	33	0	127	193	0
Financial Institution	519	369	171	207	38	1,208	490	109
Fishing	0	0	0	0	0	0	0	0
Food	168	138	14	14	8	214	74	0
Healthcare	269	164	13	128	17	534	359	72
Information Technology	107	66	8	16	0	35	49	9
Insurance	470	177	109	186	17	1,414	672	126
Investment	62	14	0	8	6	153	56	17
Logistics	67	33	7	11	12	90	94	31
Manufacturing	271	148	93	143	3	656	302	45
Marketing, Direct Sales, Retails	498	210	30	36	0	498	216	0
Medical	48	24	13	5	0	104	73	0
Offshore production	76	40	4	23	0	271	116	2
Oil & Gas	208	156	49	96	24	679	453	23
Oil Palm	127	120	50	64	3	290	267	24
Pharmaceuticals	24	22	16	20	6	206	280	2
Plantation	181	134	33	40	22	546	181	39
Port and Logistics	123	91	44	46	47	116	178	6
Poultry	93	31	14	1	1	22	62	13
Property builder	217	108	51	20	11	241	81	31
Property Developers	257	210	23	220	10	414	312	3
Real Estate	168	166	14	34	0	236	186	12
Renewable energy	256	168	23	208	3	726	471	37
Retail	102	79	19	15	7	105	99	0
Telecommunication	337	122	45	74	11	812	454	50
Grand Total	**5,786**	**3,443**	**1,163**	**2,112**	**340**	**12,061**	**7,219**	**966**

Property developers had the highest score for Reputation Risk, with 220 entries, which corresponds to 10.42% of the overall score for that risk factor. This was followed by Strategic Risk, which had 47 items, or 13.83% more than the Port and Logistics sector. With 672 entries, the Information Technology industry lead the scoring of 1,414 entries for the following Regulatory and Systemic Risk components, accounting for 11.72% and 9.31% of the highest achievement sectoral scores found in this inquiry thus far. With 17.9%, or 173 entries, the banking sector carries the last risk component of market risk.

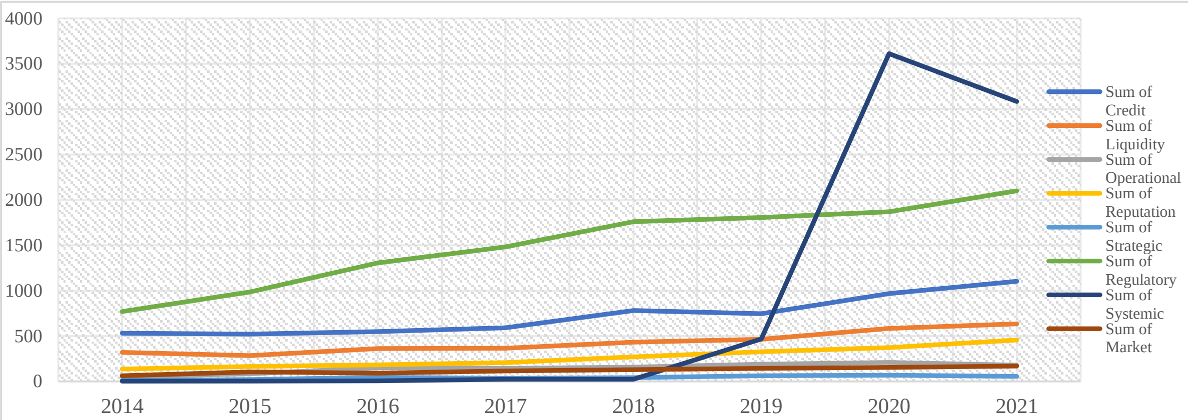


Figure 1.3 Sectoral Analysis of Organisational Risk Management Yearly Scoring

For the trend study, all the investigated credit, liquidity, reputation, regulatory, and systemic risks increased significantly during the stimulated timeframe. The operational, strategic, and market risk factors, on the other hand, did not demonstrate any improvement during the same timeframe. Over an 8-year period, the credit risk grew at a pace of just 1.07%, while the liquidity risk grew at a rate of 0.99%, followed by operational risk at a rate of 2.51% (Figure 1.3). Reputation risk climbed by 2.35%, while strategic risk increased by 4.4% and regulatory risk increased by 1.72%. Systemic risk has a track record of increasing growth by 770%, whereas market risk is merely 2.69%. Notably, from 2019 to 2022, systemic risk increased at an alarming rate. Credit risk, liquidity risk, reputation risk, regulatory risk, and market risk, on the other hand, increased at a much slower and more consistent rate from 2014 to 2021. During the permitted time period, operational risk and strategic risk did not climb or fall, but rather maintained an average score of 145 and 42 entries, respectively. Figure 4.8, on the other hand, shows that, regardless of growth or growth score, all eight risk variables exhibit an unusual trend of increasing patterns.

Discussion

This study's findings are consistent with those of Beasley et al (2005); Colquitt et al (1999); Kleffner et al (2003); Soltanizadeh (2014), who found that the level of organisational risk management adoption varies by industry in Malaysia. Meanwhile, organisations in particular areas, such as financial firms, have risk management frameworks that led or established a benchmark in contrast to other industries, according to Colquitt et al. (1999).

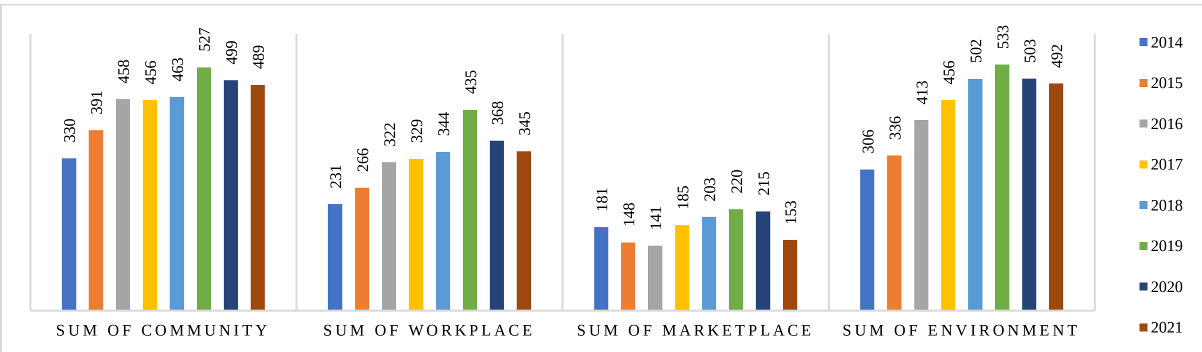


Figure 1.4 CSR Evaluation Versus Organisation Risk Management Evaluation

CSR allows a company to improve its reputation, which can assist it lessen the impact of severe working conditions on its operations. Careful stakeholder analysis is the foundation of good CSR. Such analysis allows businesses to better understand their stakeholders and how to engage them. In such cases, a thorough knowledge of stakeholders is essential not just for determining how best to support them from a CSR viewpoint, but also for engaging and operating their companies in ways that are suitable in these uncommon circumstances. As shown in Figure 1.4, Malaysian organisations score or show an increasing interest in risk management aspects or approaches to minimise such risks when they engage in CSR initiatives that focus on the environment and community rather than the workplace or marketplace. For example, a firm may not be appreciated if they over-publicize their support for communities at this time, since they may be perceived as wanting to profit from the horrible situation people are in. A solid grasp of their stakeholders must guide the choice on acceptable communication. CSR functions as an insurance policy against the dangers that a company confronts. It generates goodwill for the firm, which might help to mitigate unfavourable stakeholder actions. This generates a debate since it is true that Malaysian corporations are striving to mitigate unanticipated risks through CSR initiatives.

Community development in CSR may refers to activities made by communities in collaboration with external organisations or corporations to empower individuals and groups of people by equipping these groups with the skills necessary to influence change in their own communities. These abilities are frequently focused on using local resources and gaining political power via the establishment of huge social groupings working toward a shared goal. In CSR, the community domain is the collection of processes, programmes, strategies, and activities that make a community sustainable, as opposed to economic development, which is the marketing of a community's potential for growth followed by local initiatives to capitalise on possibilities. The complete range of methods to community development practises may be viewed as a specialised form of addressing, organising, and constructing a location's social infrastructure. Community domain activities may also be characterised as a process of contesting the undesired and unacceptable disparities in circumstances and infrastructure that have a detrimental impact on people's quality of life in places where they live and work. In order to anticipate any kind of organisational risks (Ismail, 2009), the community domain in CSR focuses more on issues such as negative consequences of industrialisation, closer ties between corporations and communities, assisting in the recruitment of talents, environmental protection, human rights issues, and poverty alleviation programmes in order to create an interdependency between corporations and communities, which eventually creates a plasma-like shield from any unforeseen organisational risks.

Organizations are now making foresightful gestures and postures toward developing a green corporate image, which gives a significant green competitive edge. The "green image" of the enterprises is stated to be the result of the "green consciousness" of the organization's members and the "green perception" of society, which eventually contribute to the increase of "green competitiveness" and a focus on reducing related risks. Businesses with a strong green image are likely to have sustainable green performance, whereas firms with a long-term green image may be able to balance development and ecological well-being (Alam & Islam, 2021). It assists companies in establishing green competitiveness through green innovation, reduced compliance costs, and long-term company upgrading. It can be summarised that social acceptance is one of the major factors that enable a firm to achieve, protect, and maintain sustainable green competitive capability; thus, more and more CSR activities geared toward the environmental domain are becoming the top choice among Malaysian listed companies to protect themselves from organisational risks.

In times like these, the impact of CSR may be the difference between a company's capacity to function or not. CSR indicates a company's objectives to society, and if managed well, it may depict a company as having good goals for society. Not participating in meaningful CSR might be interpreted as not caring about the interests of society. Society is inclined to reward firms that aim to improve their interests over those that do not. CSR generates social capital, which may be leveraged to decrease risk in times like these.

Conclusion

The conclusions of this study are useful for academics, industry, and regulators. These findings can be used by corporate governance regulatory agencies to establish new laws and principles governing firms' risk management methods. Furthermore, the findings give comparable evidence of Malaysian enterprises' risk management adoption when compared to other emerging and South-East Asian countries. For future research, writers might identify the elements impacting risk management adoption in Malaysia, such as environmental certainty, technology maturity, and board of directors' characteristics. Similar studies might be conducted to compare organisational risk management adoption in Malaysia to that of other emerging nations or countries with greater GDP growth rates. This study has significant drawbacks. The study's findings might be ascribed to self-reporting bias because it asked corporate leaders to report on the extent of organisational risk management activities that the firm had implemented. Meanwhile, data was taken from a selection of enterprises listed on the Bursa Malaysia rather than all of them. Further research may explore acquiring data from secondary sources or external independent auditors, as well as from all companies, to eliminate self-reporting and sample biases.

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