

# A Preliminary Longitudinal Stakeholder Engagement Analysis of the Largest Power Company in South East Asia

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## Abstract

**Purpose:** Power companies, through their operation of generating, transmitting and distributing of electricity, impact the lives of many stakeholders. Effective stakeholder engagement creates long-term value to companies, thus enhancing their sustainability and competitiveness. This research aims at investigating the evolution of stakeholder engagement at the largest power company in the South East Asian region, focusing on ‘how’ stakeholder engagement has developed over the years and ‘who’ the key stakeholders are.

**Design/methodology/approach:** The research is based on a content analysis of annual/integrated reports of the company from year 2000 to 2019 (20-year period). The abundance of stakeholder engagement was analysed based on the frequency of ‘stakeholder’ being reported. Locations of, and reasons for, reporting were also examined.

**Findings:** ‘Stakeholder’ was first mentioned in year 2001. It increased significantly in year 2002, 2008 and 2016. By the year 2016, the grouping of stakeholders became more structured. Initially, they were reported in the Chairman statement. In recent years, sections on strategic and operation reviews, governance-related and sustainability statement dominated the reporting. This trend of ‘stakeholder’ abundance can be linked to the increased importance placed on stakeholders, change in company strategic directions, and emerging corporate reporting regimes. The findings provide tentative support to stakeholder theory, resource-based view theory, and institutional theory.

**Research limitations/implications:** Stakeholder engagement is gauged using the word ‘stakeholder’ as appeared from secondary data. Analysing engagement by each stakeholder group and conducting survey or interview with managers responsible with stakeholder engagement could provide better understanding of the issue.

**Practical implications:** ‘Stakeholder’ analysis provides the foundation to understand the status quo of stakeholder engagement and how its strategies and activities could be further enhanced.

**Originality/value:** This research contributes to the dearth of literature on stakeholder engagement and its disclosures among power industry.

**Keywords:** Stakeholder engagement, annual reports, power industry, content analysis

## Introduction

Effective stakeholder engagement helps organisations to create long-term value (e.g., BSR, 2019; Ghassim & Bogers, 2019; Henisz et al., 2014; Rodriguez-Melo & Mansouri, 2011), hence remain sustainable and competitive. According to Partridge et al. (2005), stakeholder engagement improves external credibility and strengthens internal commitment, which, in turn, create value (or avoid costs). This value creation should not be confined to rigid economic returns, but also to be extended to broader perspectives of the stakeholders (Freudenreich et al., 2019; Harrison & Wicks, 2013). Generally, the larger the size of a company is, the wider the stakeholders impacted, thus the greater the need for the company to engage its stakeholders. Engagement facilitates more equitable and social development, identification of material issues, better management of risk and reputation, pooling of resources and understanding of complex operating environments (AccountAbility, 2015).

Power companies impacted the lives of many stakeholders. From one side, electricity generated enables daily activities to operate for both individuals and organisations. Furthermore, it is often that these companies contributing back to the society through sizeable amount of tax payment to the government. They also contribute through the umbrella of corporate social responsibility (CSR) including utility rebates, donations, and scholarship for education. Moreover, Ferguson et al. (1997) demonstrated the positive relationship between electricity generation and use and wealth creation of a country as measured by gross domestic product (GDP). On the other side, the generation of electricity is associated with the emission of carbon dioxide (CO<sub>2</sub>) from fossil fuel burning, displacement of flora and fauna from hydro power plant construction, and radioactive from nuclear power plants, to name but a few (Alrazi, 2012). Therefore, companies from this industry are facing greater expectations to engage their stakeholders and communicate any action and progress to them.

This research presents findings from a broader project on stakeholder engagement. It is motivated by the lack of literature examining stakeholder engagement disclosures among companies in this industry. Except for Slacik and Greiling (2019), there is no other literature focusing on this issue. Parrot and Tierney (2012) and Nessing (2016) studied stakeholder engagement practices of American Electric Power (AEP), but not on disclosures. Thus, there is a pressing need to overcome this gap in literature. The aim of this research is to explore the stakeholder engagement disclosures of Tenaga Nasional Berhad (henceforth, TNB) for a period spanning from 2000 to 2019. Borrowing the concept of 'disclosure abundance' (Joseph and Taplin, 2011), it focuses on the frequency of 'stakeholder' being mentioned in the annual/integrated reports. In so doing, it also analyses the sections where the information were located and suggests possible explanations for the trend of disclosures.

TNB is the largest power company in Malaysia and South East Asia with an international presence in United Kingdom, Kuwait, Turkey, Saudi Arabia, Pakistan, India and Indonesia. As of 13 May 2020, its market capitalisation stood at \$16,200 (in million) (Murphy et al., 2020). Since its establishment as the Central Electricity Board (CEB) on 1 September 1949 and assumed its present name 41 years later, the company has brightened the lives of 9.2 million customers in Peninsular Malaysia, Sabah and Labuan (TNB, 2020). It also has won numerous accolades. In 2019 alone, it bagged several awards including CSR Malaysia Awards, Best Employer Brand, National Annual Corporate Report Awards (NACRA), Global HR Excellence Awards and Asian Power & Energy Innovation Awards (TNB, 2019). On 6 May 2020, TNB has been named as ASEAN's most valuable utility brand by Brand Finance, a London-based independent brand valuation and strategy consultancy firm. It is also ranked third in the world (Brand Finance, 2020). Factors contributed to this recognition were customer experience management, people focus aspects, and strategic investment in digitalisation and modernisation. Furthermore, in response to Industrial Revolution (IR) 4.0, TNB has embarked

on ‘smart’ nation through smart meters and smart grid (TNB, 2019). In terms of United Nations (UN) Sustainable Development Goals (SDGs), the company is also progressively aligning its operations to Goal 7 (Affordable and Clean Energy), Goal 8 (Decent Work and Economic Growth), Goal 13 (Climate Action) and Goal 17 (Partnerships for the Goals). Successful implementation of the SDGs need inclusive participation and effective stakeholder engagement (UN, 2020).

This research is pertinent due to the dearth of literature on stakeholder engagement disclosures in general, and stakeholder engagement among power industry in particular. Moreover, ‘stakeholder’ analysis provides the foundation to understand the status quo of stakeholder engagement and how its strategies and activities could be further enhanced. The next section provides brief review of literature focusing on the concepts of stakeholder and stakeholder engagement as well as previous related empirical literature. It is followed by elaboration on the methods. The penultimate section discusses the findings. The final section highlights theoretical and practical implications and concludes the paper.

## **Literature Review**

### ***Stakeholder and Stakeholder Engagement***

Freeman (1984, p. 25) defines stakeholders as “any group or individual who can affect or is affected by the achievement of the firm’s objectives”. In another definition offered by Clarkson (1995, p. 106), stakeholders are “persons or groups that have, or claim, ownerships, rights, or interests in corporation and its activities, past, present, or future”. He further divided stakeholders into primary and secondary. A primary stakeholder group includes stakeholders whose without their continuous support a company could not survive as going concern. These include shareholders, investors, employees, customers, suppliers, the government and communities. By contrast, secondary stakeholder group does not engage in transactions with the company and is less important for its survival, such as media and non-governmental organisations (NGOs). Mitchell et al. (1997) introduced the concept of stakeholder salience founding upon three main stakeholder attributes, namely power, legitimacy and urgency. In essence, those with greater power and more legitimate and urgent needs will be given higher priority by the companies.

Stakeholder engagement refers to as “the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed outcomes” (AccountAbility, 2015, p. 5). Companies engage their stakeholders on both strategic and operational matters as a fundamental accountability mechanism. A structured engagement commonly begins with the identification of engagement objectives up to the reporting of actions, progress and performance to stakeholders. The modes of communication varies ranging from the passive periodic bulletins and reports to more active and interactive face-to-face briefings or presentations. As a summary of engagement activities conducted during the year, companies may include, in their annual reports, information on “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” (p. 32). This is also consistent with Global Reporting Initiative (GRI) 102: General Disclosures 2016 (GRI, 2018), a widely recognised reporting framework on sustainability performance. Moreover, for companies publishing integrated reports, the information disclosed 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” (IIRC, 2013, p. 5).

### ***Previous Empirical Literature***

For the purpose of this research, the relevant literature can be divided into two strands, namely literature on stakeholder engagement disclosure and literature on sustainability reporting among power companies. A report published by ACCA (2007) is perhaps the earliest work on corporate stakeholder engagement disclosures. The sustainability reports (including annual reports and website disclosures) of 50 largest Australian companies were content analysed. A total of six sections were evaluated 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 with an average score of just 25%. Since the publication of ACCA (2007), several authors have attempted to investigate this issue among Australian local councils (Kaur & Lodhia, 2014), European firms/banks (Venturelli et al., 2018; Moratis & Brandt, 2017; Birindelli et al., 2015), Malaysian local councils (Midin et al., 2016, 2017), global GRI reporting companies (Manetti, 2011), and South African companies (Joffe, 2018).

There has been a limited, albeit increasing, number of literature focusing on disclosure practices of power companies particularly in the area of sustainability. Slacik and Greiling (2019) examined 186 sustainability reports published by electric utilities worldwide to determine whether the materiality aspects (including stakeholder engagement) disclosed therein followed the GRI guidelines. They found disclosures were far from providing relevant and transparent communication to the stakeholders. Other literature had largely focused on climate change/carbon disclosures (Stanny, 2018, Kraft, 2017, Momin et al., 2017, Alrazi et al., 2016; Cotter et al., 2011) with no detailed elaboration on stakeholder engagement. Although did not examine corporate disclosures, both Parrot and Tierney (2012) and Nessing (2016) have demonstrated how stakeholder engagement strategies and initiatives became instrumental to the success of AEP, one of the leading global electric utilities.

Based on the literature above, it can be concluded that literature in stakeholder engagement among power companies is still lacking. An investigation of this issue is of paramount importance considering the impact brought by companies from this industry to the stakeholders in every facet of life – economic, social and environmental.

### **Methods**

Content analysis of annual/integrated reports of TNB for the year 2000 until 2019 was conducted. Krippendorff (2004, p. 18) defined content analysis as “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use.” The context of this research is stakeholder engagement, focusing on the emphasis given by the company on stakeholders in the corporate reports. This period was chosen on the basis of data availability in the company’s website. It is worthy to highlight that TNB had changed its 2017 financial year from 31 August to 31 December. Hence, for year 2017, there were two reports being examined with the one ended on 31 August indicated as ‘2017’ and another ended on 31 December denoted as ‘2017i’ (where ‘i’ represents interim).

In this research, stakeholder engagement is represented by the word ‘stakeholder’. Borrowing the concept of disclosure ‘abundance’ in Joseph and Taplin (2011), alternatively referred to as volume or quantity of information, this research measured how many times the word ‘stakeholder’ being mentioned in the reports. Since this is an exploratory research, word-based measurement (instead of more refined measures like sentences, pages, quality) is deemed reasonable. Additionally, it is established in the literature that quantity of disclosures signifies the importance of an issue to the company (Gray et al., 1995). For each report, ‘stakeholder’ was searched using the ‘Find’ tool in the Adobe Acrobat Reader DC. Descriptive analysis was then conducted to discern the trend in stakeholder engagement by TNB in its corporate reports.

The analysis focuses on (i) the number of times 'stakeholders' being referred to, (ii) the stakeholder groups being highlighted, (iii) the locations where the information being reported, and (iv) possible reasons for the trend in reporting.

### Findings

Figure 1 presents the trend in 'stakeholder' (engagement) as measured by number of 'stakeholder' words appear in each report. The solid blue lines indicate 'increase', the solid red lines indicate 'decrease', while the dotted lines represent the movement during the interim period (2017i). Besides, Figure 2 depicts the breakdown of data by locations in the reports. Since the data cover a period of 20 years, more than 60 locations under various headings and names were identified. These locations, where necessary, were combined into nine main sections, namely Chairman Statement (*CHS*), President/CEO Reviews (*PCR*), Governance: Leadership & Effectiveness (*GLE*), Governance: Audit & Risk Management (*GAR*); Governance: Relations with Shareholders/Stakeholders (*GRS*), Governance: Others (*GOT*), Sustainability Statement (*SST*), Financial Statements (*FST*) and Other sections (*OTH*). Detailed breakdown by locations is also provided in Table 1 in Appendix.

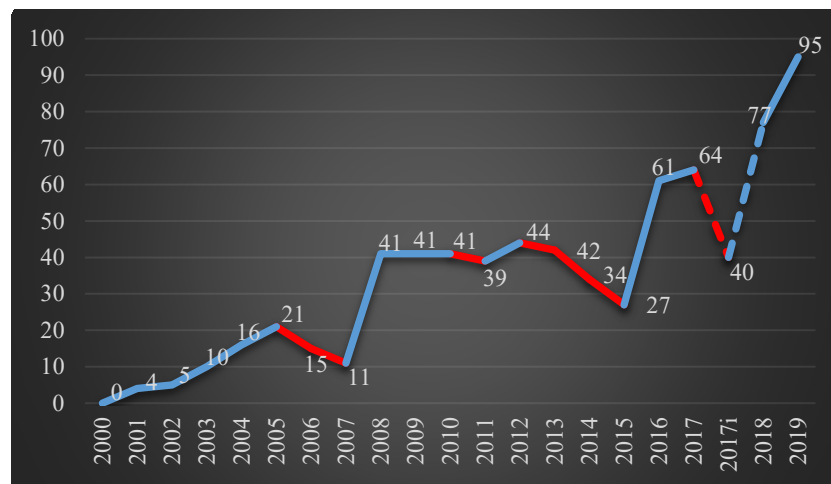
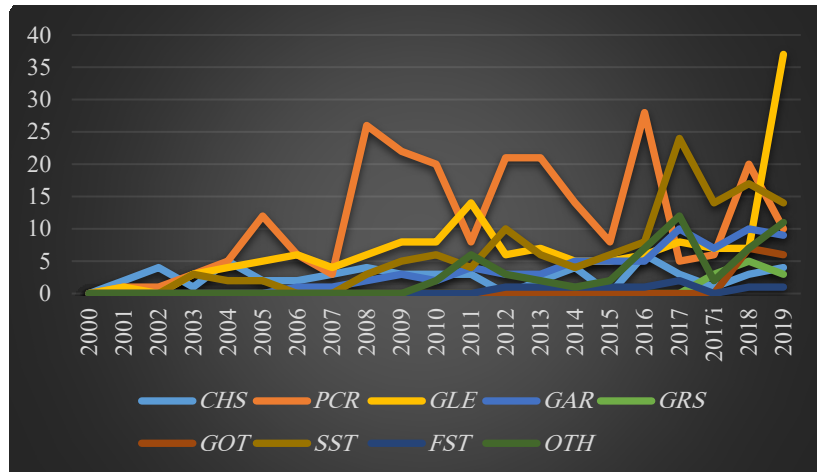


Figure 1: Trend of 'Stakeholder' (2000-2019)

In year 2000, the word 'stakeholder' did not appear in any section of the annual report. It was first discovered in 2001 annual report for four times. They were reported in *CHS* (2 times); *PCR* (1); and *GLE* (1). Within *CHS*, the words 'stakeholder' were mentioned under 'Prospects' and 'Acknowledgment' sub-sections in which the company gave assurance to the stakeholders that it had "the leadership and vision to ensure a successful and prosperous future" (TNB, 2001, p. 62) and thanked them "in making 2001 a successful year" (TNB, 2001, p. 63). Furthermore, 'stakeholder' was also mentioned in describing the role of Corporate Communications Department (in *PCR*) and in justifying that their interests are protected with the presence of balanced board of directors (in *GLE*). It continued to increase afterwards (between 2002-2005), before dropping consistently in the subsequent period (between 2006-2007). This drop could be attributed to the reduction in the 'thickness' of annual reports with 96 and 140 pages in year 2006 and 2007, respectively in comparison to the earlier years with average of more than 200 pages.



*CHS* – Chairman Statement; *PCR* – President/CEO Reviews; *GLE* – Governance: Leadership & Effectiveness; *GAR* – Governance: Audit & Risk Management; *GRS* – Governance: Relations with Shareholders/Stakeholders; *GOT* – Governance: Others; *SST* – Sustainability Statement; *FST* – Financial Statements; *OTH* – Other sections

Figure 2: Trend of ‘Stakeholder’ by Locations (2000-2019)

The number of ‘stakeholder’ words increased exponentially in year 2008 with 41 times. This is equivalent to an increase by 925% from year 2001. A closer investigation of this phenomenon reveals that such an increase was in concomitant with the company’s strategic direction known as Service Excellence (SE) 10/10. The strategy, which was part of 20-year Strategic Action Plan (SAP), aimed the company to be “the nation’s best run company by 2010 and ranked among the region’s top companies” (TNB, 2008, p. 37). One of the core pillars of the strategy was ‘Enhance Customer/Stakeholder Loyalty’. More often than not, any change in corporate strategic directions necessitates companies to engage their stakeholders more frequently and this was what happened to TNB during the year. This is also evidenced in analysis by locations as depicted in Figure 2. Based on the figure, the location where most of the ‘stakeholder’ words being reported was *PCR* with 26 times. The trend continued up to the year 2010, before dropped slightly in year 2011 with 39 words. Between 2012 and 2015 the trend fluctuated but still the frequencies were much higher than the period prior to year 2008, with 44, 42, 34 and 27 words in year 2012, 2013, 2014 and 2015, respectively.

In year 2016, TNB published its inaugural integrated annual report. In preparing the report, the company needed to follow the <IR> Framework (IIRC, 2013) which defines integrated report as “a concise communication about how an organisation’s strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term” (p. 7). One of the guiding principles is ‘stakeholder relationships’ in which companies need to provide insights into how it understands, takes into account and responds to the needs and interests of the stakeholders. During the same year, a new strategic plan had been laid down and dubbed as Reimagining TNB. The plan, which sets the way for the company to emerge as one of the world’s top 10 utilities by market capitalisation by 2025, is supported by four essential pillars namely Future Generation Sources, Grid of the Future, Winning the Customer and Future Proof Regulations. As a result of these developments, the ‘stakeholder’ words had leapfrogged by 126% from the year 2015 with 61. In fact, the disclosure in *PCR* reached its peak in year 2016 with 28 times hinting at the need to engage stakeholders on the latest corporate strategic direction.

Furthermore, prior to year 2016, there was no evidence of systematic grouping of stakeholders. However, in year 2016, TNB has identified seven key stakeholder groups consisting of

customers, nation and government, shareholders, employees, community, NGOs and vendors. Figure 3 below presents the list of stakeholders together with their concerns and interests and how TNB responded to them as reported in its annual report (TNB, 2016).


Who They Are	What They Want	How We Respond
<b>Customers:</b> <ul style="list-style-type: none"> <li>Domestic customers</li> <li>Commercial customers</li> <li>Industrial customers</li> </ul>	Accessible, reliable and affordable electricity	<ul style="list-style-type: none"> <li>Enhanced and superior service, including innovation in regular service and new products such as renewables</li> </ul>
<b>Nation and Government</b>	Nation-building and services at lowest possible cost to the system	<ul style="list-style-type: none"> <li>Continuous improvement of electrification rate by connecting rural and remote customers through off the grid solutions</li> </ul>
<b>Shareholders</b>	Sustainable value	<ul style="list-style-type: none"> <li>Delivering strong financial returns and good governance</li> </ul>
<b>Employees</b>	Career development and employee welfare	<ul style="list-style-type: none"> <li>Capacity-building at all levels</li> <li>Continuous evaluation of remuneration and benefits to ensure competitive and equitable pay</li> <li>Upskilling and upward mobility programme</li> </ul>
<b>Community</b>	Improved community security	<ul style="list-style-type: none"> <li>Enhanced community activities and reach</li> </ul>
<b>Non-Governmental Organisations (NGOs):</b> <ul style="list-style-type: none"> <li>Consumer rights groups</li> <li>Chambers of commerce</li> <li>Academia</li> </ul>	Oversight on electricity industry activities	<ul style="list-style-type: none"> <li>Knowledge-sharing sessions on issues related to electricity industry such as energy efficiency, electricity tariffs and electricity laws</li> </ul>
<b>Vendors</b> 	Industry support for business growth	<ul style="list-style-type: none"> <li>Fair and competitive procurement policies</li> <li>Local Vendor Development Programme to help improve their competitiveness</li> </ul>

Figure 3: TNB stakeholder engagement

In the subsequent years, except for the interim period (denoted as 2007i) which covered 4 months only, ‘stakeholder’ abundance had consistently improved to 64, 77 and 95 words in year 2017, 2018 and 2019, respectively. In year 2017, for instance, the company published a sustainability statement as per the requirement of Bursa Malaysia Listing Requirements (LR). The LR were amended in year 2015 to include provisions related to the publication of sustainability statement in annual report with staggered effective dates of 31 December 2016, 2017 and 2018 depending on the criteria set. As a result, the word ‘stakeholder’ was the highest in SST for two consecutive reports, namely 2017 and 2017i.

Furthermore, on 26 April 2017, Securities Commission Malaysia released new Malaysian Code on Corporate Governance (MCCG) to strengthen corporate culture (Securities Commission, 2017). The code laid down 36 practices covering three core principles: board leadership and effectiveness; effective audit, risk management, and internal controls; and corporate reporting and relationship with stakeholders. Companies are required to report on their application of the MCCG practices or otherwise explain alternative approach adopted. The first batch of companies was effective for the financial year ending 31 December 2017. In a similar vein, the Paragraph 15.25 of the LR was amended to take account of this effect. Due to this, the ‘stakeholder’ words in governance related sections (i.e. the sum of GLE, GAR, GRS and GOT) contributed a significant proportion of total words with 43% (18 words), 38% (29) and 58% (55) in year 2017, 2018, and 2019, respectively (see the row  $\Sigma GOV$  in Table 1 in Appendix). It is also worthy of highlighting that in year 2017, the key stakeholder groups became eight with the addition of ‘trade unions’.

The increase in year 2018 can be attributed to a 12-page ‘Our Capitals’ section (combined under PCR) which contained 11 stakeholder words. The disclosure about capitals is also instrumental under <IR> Framework (IIRC, 2013). In year 2019, TNB separated its annual report into two sets. The first set “Integrated Annual Report” contained a comprehensive assessment of the Group’s performance for 2019 and outlook for 2020, while the second set “Corporate Governance & Financial Statements 2019” comprised of detailed elaboration on

governance in place and financial position and performance for the year. Although not tabulated, a section called “Protecting Value Through Effective Governance” in the Integrated Annual Report document contained 27 stakeholder words contributing 28% of the total disclosures in year 2019. In essence, this 12-page section reports on 20 matters related to governance, including governance policy; board objectives, responsibilities, independence, diversity, skills, tenure and experience, composition, and leadership; as well as environmental, social and governance engagement with investors. The separation of these two reports was in response to the amendments made to LR in year 2017 which required public listed companies to provide two sets of information: CG Overview Statement and CG Report (see also Bursa Malaysia, 2019).

Overall observation made on the locations in the reports where the ‘stakeholder’ words were identified suggests the following. First, prior to year 2003, *CHS* was the most important location to address the stakeholders. Second, post-2002, *TNB* often mentioned about stakeholders when discussing about its strategies and operations (*PCR*). This is in line with AccountAbility (2015)’s recommendation that stakeholder engagement needs to cover both strategic and operational issues. Third, the emphasis on ‘stakeholder’ could be associated with the changes in regulatory environment surrounding the periods. For instance, disclosures in the governance-related sections (*GLE*, *GAR*, *GRS* and *GOT*) were the highest in year 2006, 2007, 2011, 2017i, 2018, and 2019 when amendments to MCCG and LR took effect on corporate governance disclosures, while disclosures in *SST* were highest in year 2017 (and also 2017i if disclosures on governance were not combined). Finally, the disclosure in *FST* since year 2012 relates to capital risk management.

### **Discussion and Conclusion**

The findings can be explained from several theoretical lenses. The first theory is stakeholder theory of which the basic root (i.e. stakeholder) becomes the core issue of this research. Donaldson and Preston (1995) categorised stakeholder theory into three, namely descriptive, instrumental and normative. They further asserted that “the ultimate justification for the stakeholder theory is to be found in its normative base” (p. 88). The normative approach believes that companies need to be ethical. Hence, increased disclosures about stakeholders as evident in the corporate reports is because that is the right thing to do. Companies do not operate in vacuum and their operations give impact to the stakeholders. Therefore, it is their (stakeholders) right to ask for accountability from the companies – to act responsibly and to inform about the acts to the stakeholders. More recent literature had focused on stakeholder salience, where the more salient the stakeholders are (assessed based on power, legitimacy and urgency), the more probability that companies will prioritise their interests and concerns (Joos, 2019; Mitchell et al., 2017; Boesso & Kumar, 2016; Thijssens et al., 2015; Mitchell et al., 1997). However, it is not the focus of this research to identify which stakeholder/stakeholder groups are the most (or least important) which becomes the basic premise of stakeholder salience literature.

The second theory that can help explain the trend is institutional theory. DiMaggio and Powell (1983) introduced the concept of ‘isomorphism’ in explaining the reasons for why organisations belonged to the same institutional setting tended to act or behave in a similar manner. They classified isomorphism into three, namely coercive, mimetic and normative. Based on the trend of stakeholder engagement as described earlier, it was very much influenced by the changes in regulatory requirements, particularly sustainability statement, MCCG and LR related to corporate governance disclosures. This scenario can be related to coercive isomorphism as companies faced both formal and informal pressures by other organisations



upon which they are dependent (in this case, Bursa Malaysia, Securities Commission Malaysia, and Malaysian Institute of Corporate Governance).

Furthermore, since year 2016, TNB had published annual integrated report, which has seen the ‘stakeholder’ word increased by 126% from the previous year. In essence, publication of an integrated report is not mandatory, at least for Malaysian companies. However, companies claiming to have prepared an integrated report are subject to the guiding principles and content elements of the Framework. As mentioned earlier, one of the guiding principles is stakeholder relationships and companies are expected to report on the nature and quality of their relationships with key stakeholders. Furthermore, prior research documented evidence that publication of integrated reports improves information symmetry (García-Sánchez & Noguera-Gámez, 2017), firm value (Barth et al., 2017), and credibility of sustainability information (Sierra-García et al., 2015). Hence, disclosure trend in this research can be linked to the concept of normative isomorphism which explains organisational change (i.e., trend of ‘stakeholder’ words) stemming from professionalisation (in this case, through <IR> framework).

Barney (1991) examined the link between firm resources and sustained competitive advantage. He posited that in order for a resource to have potential to create or sustain competitive advantage for companies, it must be valuable, rare, not imitable, and not substitutable. This is the gist of resource-based view theory. The findings described earlier indicate that the ‘stakeholder’ words increased every time the company introduced new strategies. This phenomenon can be observed in year 2008 (SE10/10) and 2016 (Reimagining TNB). The company demonstrated the need to engage stakeholders to ensure their understanding and support of the new strategies. In this sense, the strategies become the important resource, while enhanced disclosures (of ‘stakeholders’) represent the competitive advantage. This is also consistent with the fact that TNB emerged as the top 3 global utilities in terms of brand strength in year 2019 upon the launch of Reimagining TNB. The Brand Strength Index (BSI) score increased by 8% from the previous year (Brand Finance, 2019). One of the determinants for the BSI score is ‘stakeholder equity’ which is based on the “perceptions of the brand among different stakeholder groups, with customers being the most important” (p. 17). A year later, TNB has been named as ASEAN’s most valuable utility and ranked third in the world by the same agency (Brand Finance, 2020).

Overall, this research demonstrates an overall increasing trend of the stakeholder engagement at TNB, based on the frequency of ‘stakeholder’ words appeared in the annual/integrated reports, between the 2000-2019 period. From inexistence in year 2000 and emergence in year 2001, it has gone into increasingly significance in year 2016 onwards. There is also evidence to associate the disclosure abundance and the locations where the words are being reported, with sections on *PCR* mostly recorded the highest frequency, followed by governance-related sections (*GLE*, *GAR*, *GRS* and *GOT*), *SST* and *CHS*. Stakeholder theory, institutional theory and resource-based view theory have the potential to explain the trend of disclosures.

Effective stakeholder engagement, including its disclosures in corporate report, could help organisations to create long-term value, hence remain sustainable and competitive. The case of TNB depicted in this research is a working example as to how stakeholder engagement benefitted both company and the stakeholders. For TNB, it helps them in building reputation as one of the leading companies in Malaysia and the region. For stakeholders, they have a better understanding of TNB strategic and operational issues and performance.

The findings of this research need to be interpreted with caution. First, it only focused on the word ‘stakeholder’ without any systematic attempt to analyse each group or sub-group of stakeholders. Borrowing the concept of stakeholder salience, future research may analyse the frequency of each group (or sub-group) of stakeholders appear in the report. This is possible since TNB has identified eight groups of stakeholders that make up its key stakeholders. For

instance, although the word ‘stakeholder’ did not appear in 2000 annual report, several groups of so-called stakeholders being mentioned in the *CHS* and *PCR*. Customers were mentioned 25 times, followed by employees (21), government (20), vendors (9), and investors (7). Both community and trade unions were mentioned once in either section of the report. Second, this research made the assumption that the volume of stakeholder ‘words’ equates the importance attached to the stakeholders. While this assumption sounds reasonable, primary data collected through questionnaire or interview could shed more lights into this issue.

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## Appendix

Table 1: Trend of ‘Stakeholder’ by Locations (2000-2019)

<b>Panel A: 2000-2010</b>											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHS	0	2	4	1	5	2	2	3	4	3	3
PCR	0	1	1	3	5	12	6	3	26	22	20
GLE	0	1	0	3	4	5	6	4	6	8	8
GAR	0	0	0	0	0	0	1	1	2	3	2
GRS	0	0	0	0	0	0	0	0	0	0	0
GOT	0	0	0	0	0	0	0	0	0	0	0
SST	0	0	0	3	2	2	0	0	3	5	6
FST	0	0	0	0	0	0	0	0	0	0	0
OTH	0	0	0	0	0	0	0	0	0	0	2
	<b>0</b>	<b>4</b>	<b>5</b>	<b>10</b>	<b>16</b>	<b>21</b>	<b>15</b>	<b>11</b>	<b>41</b>	<b>41</b>	<b>41</b>
ΣGOV	0	1	0	3	4	5	7	5	8	11	10
<b>Panel B: 2011-2019</b>											
	2011	2012	2013	2014	2015	2016	2017	2017i	2018	2019	
CHS	3	0	2	4	0	6	3	1	3	4	
PCR	8	21	21	14	8	28	5	6	20	10	
GLE	14	6	7	5	5	6	8	7	7	37	
GAR	4	3	3	5	5	5	10	7	10	9	
GRS	0	0	0	0	0	0	0	3	5	3	
GOT	0	0	0	0	0	0	0	0	7	6	
SST	4	10	6	4	6	8	24	14	17	14	
FST	0	1	1	1	1	1	2	0	1	1	
OTH	6	3	2	1	2	7	12	2	7	11	
	<b>39</b>	<b>44</b>	<b>42</b>	<b>34</b>	<b>27</b>	<b>61</b>	<b>64</b>	<b>40</b>	<b>77</b>	<b>95</b>	
ΣGOV	18	9	10	10	10	11	18	17	29	55	

Notes: CHS – Chairman Statement; PCR – President/CEO Reviews; GLE – Governance: Leadership & Effectiveness; GAR – Governance: Audit & Risk Management; GRS – Governance: Relations with Shareholders/Stakeholders; GOT – Governance: Others; SST – Sustainability Statement; FST – Financial Statements; OTH – Other sections. Cells highlighted in yellow contain the highest value for each year. Rows highlighted in light blue represent ΣGOV i.e. sum of GLE, GAR, GRS and GOT.