INSTITUTIONALISATION OF SUSTAINABILITY INITIATIVES: A CASE STUDY OF AN AWARD-WINNING MALAYSIAN PALM OIL PLANTATION COMPANY

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Abstract: This study provides in-depth explanation on institutionalisation of sustainability initiatives. This study applies a qualitative research method, i.e. case study, to address the specific research objective. The findings revealed that a structured and strategic process of sustainability initiatives institutionalisation starting from a clear vision and mission is reflecting the commitment for accountability and legitimacy. The processes involve participation and engagement, self-regulation and assurance, performance assessments and evaluations, and reporting and disclosure statements. Two essential dimensions emerged in the findings to support the institutionalisation process, namely corporate image and culture. The findings of this study provide managers and policymakers with evidence to what extent sustainability initiatives could be institutionalised starting with a clear vision and mission. As sustainability initiatives are an important effort of the company towards materialising sustainability effort, it is thus crucial to reflect the commitment for accountability and legitimacy. Past studies have primarily focused on sustainability initiatives from the perspective of several external stakeholders such as customers. However, this study examined the internal process of institutionalisation involving the four processes, in turn, introducing to the existing literature on sustainability initiatives.

Keywords: accountability, case study, institutionalisation, institutional theory, sustainability initiatives.

1. Introduction

Corporate engagement in sustainability initiatives is increasingly becoming relevant around the world. Despite its voluntary engagement in the corporate agenda, business recognises the need to establish internal standards for the conduct of its sustainability initiatives. In fact, this institutionalisation of sustainability initiatives reflects continuous commitment of organisation to improve its efficiency and implementation. Consequently, it provides guidance in integrating sustainability into the operations and supporting accountability to its stakeholders. Hence, this paper studies on how organisation institutionalises its sustainability initiatives by focusing on the four main processes of institutionalisation.

The process of institutionalisation is crucial in the effort to achieve the 17 Sustainable Development Goals (SDGs) of the United Nations. It not only promotes institutional change towards sustainability, but also increases the aspects of transparency and accountability that allow sustainability initiatives to be managed in a standardised way.
Institutionalisation is defined as “the process by which the institutional norms establish the structural similarities across organisations that meet the societal expectations in given ways (Dacin, 1997, p.47) which are ruled by explicit goals and policies to promote efficiency (Meyer & Rowan, 1977). When a practice is institutionalised, it reflects the process of becoming an accepted norm and culture that influence the structuring and behaviour of the organisation. With sustainability initiatives, business can utilise formal sustainability reporting as a normative behaviour to construct the meaning of their sustainability initiatives in order to gain institutional legitimacy (DiMaggio & Powell, 1983). Hence, it stimulates internal corporate change to remain accountable in communicating the non-financial performance to stakeholders.

Based on this, the main objective of this paper is to develop a deep understanding of how sustainability initiatives are institutionalised and reinforced through sustainability report. An award-winning Malaysian palm oil company was chosen as the case study company because of its achievements and awards. Here, the research question is more focused on how, instead of why to gain better understanding on the institutionalisation of sustainability initiatives. Drawing on institutional theory (DiMaggio & Powell, 1983), sustainability initiatives are seen as institutionalised practice and as a means of maintaining institutional legitimacy.

This study will enhance our current understanding on sustainability initiatives by addressing several issues. Firstly, it should be noted that while many studies have investigated sustainability initiatives, some areas are still insufficiently explored, particularly the institutionalisation aspects. Thus, this study provides opportunities to build an in-depth understanding of the nature and process of institutionalisation of sustainability initiatives. Secondly, this study provides valuable insights from the close interactions with social reality and players that adds to the transparency and accountability on the subject matter. Finally, it can be theorised that organisation’s sustainability initiatives and meanings are constructed through their institutionalisation process that enhance meaningful interpretation of what has occur within the organisation.

2. LITERATURE REVIEW
2.1 Institutionalisation of Sustainability Initiatives

Institution is defined as relatively stable collection of structures, arrangement, resources, process, and formal and informal norms that influence the perceptions, preference and behaviour of social actors (Lowndes, 1996; March & Olsen, 2006). Institution, organisation, corporation or business has been the instrumentalist in contributing towards society in order to remain sustainable in its operation (Aslaksen, Hildebrandt, & Johnsen, 2021). In fact, institution / society relationship in connection to social responsibility has been mentioned in the literature using several terms such as corporate social responsibility (CSR), sustainability initiatives and stakeholder engagement. There is an increasing consensus that a further transformation of this relationship is necessary as institution is conceived as vehicle for change (Matten & Moon, 2020). Through institutionalisation, sustainability initiative become integrated into organisational processes and structure, which in time will reach a state of unquestioned repetition (Randma-Liiv, 2022).

This institutionalisation involves four main processes namely participation and engagement, self-regulation and assurance, performance assessment and evaluation and reporting and disclosure statement (DiMaggio & Powell, 1983; Tolbert & Barley, 1997; Xu & Woo, 2022). Institutionalisation is, thus conceptualised as the process of formalising standards.
of practice by the company. It refers to the process of establishing a set of norms that can be fostered as a culture within a company. Guidance on standard setting comes from the Global Reporting Initiatives (GRI, 2017; Orazalin & Mahmood, 2020) and communication of the relevance and importance of sustainability initiatives comes from the sustainability report (Christensen, Hail, & Leuz, 2021; Rinaldi, 2019). In summary, institutionalisation is best understood as a standardised and strategic-design process. It needs to be part of the strategic decision-making process and strategy content in order to promote sustainable engagement within the organisation.

2.2 Institutional theory

The institutional theory emphasises on the pressure and restrictions facing the institutional environment on the organisational choices (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). This theory provides a comprehensive framework to guide how organisation should respond to a combination of both internal and external pressures from actors within their institutional environment. DiMaggio & Powell (1983) proposed three institutional system that compel organisations to be adaptable to their surroundings; namely coercive, mimetic and normative isomorphism.

The significance of institutional theory to this study lies in the assumption that external forces from the social, political and institutional environment have influenced institutional behaviour (Scott, 1995). It postulates that institutions tend to reinforce and protect their legitimacy by conforming to the expectations of institutions within the field that look alike and function in similar ways. Furthermore, this theory asserts that organisations can adapt and take new initiatives to gain legitimacy in society itself. The importance of social interdependence within institutional theory: “institutionalisation is better understood as the social process by which individuals come to accept a shared definition of reality” (Scott, 1987, p.496). A deeper understanding of the process of institutionalisation of sustainability initiatives in a business is important to gain a clear insight into the ideal conditions or companies to integrate with society and have a positive impact on society (Kobrossy, Karaszewski, & AlChami, 2022). Therefore, it is important to point out that the focus is on the question of “How does a company institutionalise its sustainability initiatives?”

Despite continuous criticism of limited disclosure and transparency in voluntary sustainability reporting (Alshbili, Elamer, & Beddewela, 2019), the sustainability report is widely recognised as an important communication platform for sustainability initiatives and CSR efforts (Hashim, Amran, Nejati, & Ismail, 2016; Pérez Cañizares, 2021) of a company. In fact, a clear institutionalisation process of the current sustainability initiatives promotes its survival in order to preserve and protect the operational structure as well as the existing practices to meet demands of the stakeholders (Meyer & Rowan, 1977). This is due to the fact that a socially responsible company is particularly important in developing countries, such as Malaysia, as these countries with a large population may have a large share of social, economic and environmental problems.

Institutional theory helps explaining how sustainable initiatives can be institutionalised within organisations and institutions, and how they can be embedded in social norms and cultural values. This can lead to broader acceptance of sustainability efforts and ultimately a more sustainable future.

2.3 Palm Oil Sector in Malaysia

The palm oil sector in Malaysia refers to the cultivation, processing and export of palm oil and related product, which are important contributors to the country’s economy. Malaysia is one of the largest producers of palm oil, accounting for about 30% of global production. As a matter
of fact, it is reported by The Star newspaper that the Malaysian palm oil industry is among the most demanding industry as its production is likely to reach to 20 million tonnes in 2023 as compared to 19.01 million tonnes in 2022. ("Palm Oil demand", 2023). Oil palm cultivation in Malaysia began in the 1900, and has since become a major industry in the country. Palm oil is mainly used in the food industry, including the production of cooking oil, margarine and snacks as well as in the biofuel industries.

The sector is dominated by large plantation companies, many of which are listed on the Malaysian stock exchange. The Malaysian government intervenes this sector in three forms, namely state-owned enterprises (SOEs) / government-linked companies (GLCs), statutory bodies and substantial shareholdings (Dettman & Gomez, 2020). In Malaysia, there are three significant statutory bodies in the plantation sector, Federal Land Development Authority (FELDA), Rubber Industry Smallholders’ Development Authority (RISDA) and the Federal Land Consolidation and Rehabilitation Authority (FELCRA).

The palm oil industry is controversial due to concerns about deforestation, habitat destruction and social and environmental impacts. In fact, the Malaysia government has introduced sustainability measures, such as the Malaysian Sustainable Palm Oil (MSPO) certification scheme to address these issues and promote responsible production practices. In relation to this, past studies on palm oil sector are prone to environmental and plantation issues. Dettman & Gomez (2020), for instance reported that the amount of carbon release from the oil palm plantation “is roughly equivalent to the amount of carbon produced by 530 people flying from Geneva to New York in economy class”. Similar study has been conducted by (Varkkey, 2013) reported that the Malaysian palm oil SOEs were criticised for causing transboundary haze in Indonesia, primarily involved in clearing peatland areas that caused major forest fires to break out. Another study by (Ganesan & Varkkey, 2022) studied on the different ownership and control structures between FELDA and FGV, claiming that both structures determined the decision making process of firms based on their link to the Malaysian government. However, this study on the area of institutionalisation is yet to be explored to gain better understanding on the practices of these oil palm plantation companies.

3. Research Methodology

Drawing from the nature and research question of this study, the qualitative methodology with the case study design was deemed appropriate. This method allows us to gain a deeper understanding of the research question “How does business institutionalise its sustainability initiatives?” The single case study design is appropriate when a typical or critical case is being studied (Yin, 2018). In addition, Kohn (1997) mentioned that the case study method is relevant for exploring new areas and issues with limited availability of theories or unclear measurement. As this study aims to gain an in-depth understanding of the institutionalisation process of the selected company, it fits the description of typical or critical case as described by Yin (2018). Its lengthy and narrative nature is highly interpretive and requires the important role of the researcher as interpreter (Stake, 2005).

On the other hand, sampling is about selecting cases and choosing data sources “that best help the researcher to understand the case” (Stake, 1995, p.56). Therefore, the selection of this company and the case study method are the most appropriate for this study.

3.1 Case Study: Background of Company

This case study company is a Malaysian agribusiness that was listed on the main market of Bursa Malaysia on 28 June 2012. It is one of the world’s largest producers of crude palm oil
(CPO), which accounts for about 15% of Malaysia’s total annual production of CPO. With a vision to provide the world with sustainable food and agricultural products, the company mainly focuses on three core businesses, namely plantations, sugar and logistics. It operates in 9 countries in Asia, the Middle East, North America and Europe and is the third largest company in the world with an initial public offering (IPO) of RM10.4 billion. In 2021, this company has donated about RM15 million to its social responsibility activities. In the same year, the company established the Board Sustainability Committee, which is responsible for overseeing sustainability efforts. These efforts have paid off as the company has moved up from 23rd to 19th place in the SPOTT rankings, with an overall SPOTT assessment score of 74%. The SPOTT rating is an online platform that rates commodity producers, processors and traders on the disclosure of their organisation, policies and practices on ESG issues. This rating is useful to reflect stakeholders’ engagement, ESG risk and transparency across multiple industries.

3.2 Sources of Data: Triangulation

As recommended by Stake (1995) on the selecting sources of data, the four main sources of data used to understand the process of institutionalising sustainability initiatives, namely documents, interviews and observation. Detail of the sources of data is presented in Table 1.

<table>
<thead>
<tr>
<th>Source of data</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Documents</td>
<td>Various several relevant documents such as the sustainability report, emails and press releases about the company’s sustainability initiatives in 2021 and 2022 were used for this study. The data from these documents provided insights into the sustainability activities and initiatives undertaken.</td>
</tr>
<tr>
<td>Interview</td>
<td>In order to obtain detailed and primary data, interviews were conducted with several people directly involved in sustainability initiatives. The interviewees were selected based on their suitability to answer the questions, namely the Head, Senior General Manager, Senior Managers, Managers and Executives of the Group Sustainability. As Silverman (2017) mentions, it is important to select the right people for the interviews in order to gain deep insights and understanding of the questions.</td>
</tr>
<tr>
<td>Observation</td>
<td>This source of data allows the researcher to play the role of an observer. Here the researcher could observe the event, collect information-rich data and experience the environment. One of the events was the shareholder’ engagement event held at one of the hotels in Kuala Lumpur. Here the researcher had no control over the behaviour of the participants and provided an evidence of the engagement between the organisation and stakeholders during the event.</td>
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Overall, the scope of this case study was limited to the institutionalisation of sustainability initiatives. The aim of this study is to examine the process of institutionalisation of sustainability initiatives from the perspective of the selected company.

4. Findings and Argument

Data analysis involves a continuous interchange between data collection and data analysis (Corbin & Strauss, 1994). Qualitative research, is about “ordinary ways of making sense of the data collected” as mentioned by Stake (2005). The process of data analysis is based on the main process of institutionalisation namely participation and engagement, self-regulation and assurance, performance assessments and evaluations, and reporting and disclosure statements.
The interview data and the document analysis showed that the most important factor for the institutionalisation of sustainability initiatives are philosophy and framework. The Group Sustainable Policy (GSP) has become the comprehensive framework for the entire sustainability agenda of the organisation. Indeed, the GSP is a comprehensive framework that encompasses three pillars, namely promoting economic growth, respecting human rights and protecting the environment. Indirectly, all these three pillars reflect the company’s commitments to its internal (how employees see the company) and external (how the company is perceived) stakeholders. They are interdependent within the confines of the company’s vision, “to be among the world’s leading integrated and sustainable agribusinesses and delivering value to customers and stakeholders”.

4.1 Participation and Engagement

Participation refers to the involvement of the company’s employee in sustainability initiatives. The data shows that the company has institutionalised its sustainability initiatives through dual agent, namely strategy and organisational culture. These emerging themes (strategy and organisational culture) are interdependent. An institution consists of regulatory and cultural pillars that support the system in the institutions. The regulative pillar consists of standardised structures, processes, regulations and standards (Weerakkody, Omar, El-Haddadeh, & Al-Busaidy, 2016), while the cultural pillar consists of organisational culture, values and norms.

For sustainability initiatives to become a culture in the organisation, they need to be institutionalised, that is, integrated into the organisational structure and processes. In this context, institutionalisation can be described as the process by which sustainability initiatives are recognised by employees and become routines, eventually becoming organisational culture. This company emphasised the importance of sustainability initiatives as a synergy with the assurance of continued business growth for the benefit of the environment, society and valued stakeholders. The data showed that the establishment of the Board Sustainability Committee (BSC) acts as a strategy through which the company commits to fulfilling sustainability policies, strategies and initiatives as its responsibility. Indirectly, it becomes a component of the company’s culture that contributes significantly to the achievement of the relevant SDGs, thereby promoting the company’s overall performance in sustainability initiatives. The findings also revealed that this company has a top-down strategy in dealing with employees and stakeholders that focuses on the culture of sustainability. This is in line with Atkinson's (2012) suggestion that changing a culture starts with the top management team and spills over to the whole organisation.

Top management and internal stakeholders were the two groups that emerged in the data to support the strategy and culture in institutionalising sustainability initiatives. A sustainable business strategy comprises a set of actionable initiative that the company takes to improve its impacts on the community and the environment.

4.1.1 Top management

The Group CEO affirmed that “the organisational value of PRIDE is the synergy that is rapidly moving this company forward in delivering value to our stakeholders”. Triangulated the statement with document, it is evidenced with the Sustainability Report 2021, “this company is doing its part to future-proof the industry, by taking a holistic view and approach towards sustainability” (p.10). In addition, the establishment of the Sustainability Synergy Committee comprising of the heads of different sectors and division within the company to mainstream and monitor the implementation of sustainability initiatives on a broad scale. This measure
demonstrates the top management’s commitment to institutionalising its sustainability initiatives.

4.1.2 Stakeholders

Stakeholders seem to be the second group in institutionalising sustainability initiatives. An example from the excerpt as evidence of this statement: the Head of Group Sustainability emphasised the importance of having voice among the many stakeholders in order to gather feedback, expectations and perceptions. This commitment is also made visible through the annual stakeholders’ engagement event organised with these groups. Also in the Integrated Report 2021, the commitment to maintain good relationships with all stakeholder groups is critical to business success. The Head of Group Sustainability mentioned that the company has established an Independent Advisory Panel (IAP) to guide and advise the Board on its commitments to stakeholders. Guided by its group Sustainability Policy (GSP) and existing standards and code of conduct, this company stipulated its “commitment to deliver values to its stakeholders by operating in a sustainable and responsible manner.” (Sustainability Report, 2021, p.26). This is evidences of the institutionalisation of sustainability initiatives.

Within the exertion to meet the institutional requirements, the company considers various benchmarks and standards to support the sustainability agenda. For example, various guidance documents such as the Malaysian Code on Corporate Governance (MCCG) 2021 were considered in the preparation of the BSC (Sustainability Report, 2021, p. 4). In addition, the company has developed an integrated climate action plan based on six key strategic drivers to support the national agenda of reducing greenhouse gas (GHG) emissions relative to GDP by 45% by 2030. (Sustainability Report, 2021, p. 12). This reflects ongoing efforts to provide a clearer understanding of sustainability and how the company and its stakeholders are working together to achieve this goal.

Triangulation of the data with the documents confirmed the above findings that stakeholders are an important group of concern for corporate institutionalisation. Based on its Shareholders Communications Policy, this company ensures that its stakeholders are informed in a timely and accurate manner in accordance with the framework and guidelines in line with disclosure requirements (Sustainability Report, 2021, p.135). Table 2 illustrates this company’s active and open engagement with its stakeholders to address the issues that are important to them. These are, of course, the confirmations on the issues that are important to stakeholders and how the company is accountable to its stakeholders.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Matters important to stakeholders</th>
<th>Comments on business accountability</th>
</tr>
</thead>
</table>
| Board of directors (BOD) & Employees | • Upholding human rights & labour standard  
• Operational excellence  
• Occupational health & safety | BOD and employees play the upmost important roles in institutionalising sustainability initiatives. Continuous communication by making business’s grievance mechanism is accessible to all. Implicitly, it helps to establish high-performance culture, maintain a good welfare and work engagement among employees. |
| Field workers & settlers      | • Occupational health & safety  
• Upholding human rights & labour standard  
• Employee engagement | Ongoing sessions between business & settlers on land and palm oil industry’s development, challenges and regulatory |
Investors & capital providers
- Sustainability certification
- Traceability, Responsible Sourcing & Supply Chain Management
- Upholding human rights & labour standard

The effective communication on the efficiency and productivity of business operation as well as the sustainability initiatives is important to disseminate information on the business agenda. The positive and negative consequences of the operations have to be shared in order to be transparent and accountable towards business activities and reporting.

JV & business partners
- Traceability, Responsible Sourcing & Supply Chain Management
- Sustainability certification
- Upholding human rights & labour standard

The sharing of the business operation and sustainability initiatives create interests and knowledge on the business agenda and its implication on the livelihood of the local community. Not only these sharing are important for success and continuity of business but also for the image and agenda.

Media
- Upholding human rights & labour standard
- Climate action
- Governance, ethics and integrity

Clear communication and relationship with the media helps to disseminate true information on the agendas, programs, campaigns and sustainability initiatives of the business. Indirectly it reduces information gap between business and stakeholders.

NGOs and community
- Upholding human rights & labour standard
- Sustainability certification
- Climate action

Clear and continuous communication will help in maintaining good relationship and livelihood of the local community. Educating them on the sustainability initiatives, programs and training will provide positive exposure and interest in the participation in the business agendas.

Industry expert and corporate membership
- Upholding human rights & labour standard
- Sustainability certification
- Climate action

Persistence communication will create good networking and learning on sustainability initiatives and issues. Implicitly, the aspects of accountability and transparency will be further improved to reflect the business commitment in the agenda.

Source: Annual Integrated Report 2020, 2021 (p.37)

4.2 Self-Regulation and Assurance

Self-regulation in institutionalising sustainability initiatives refers to the ability of the organisation’s ability to set and enforce its own standards and guidelines for sustainable practices, rather than relying on external regulation and oversight. This includes the
development of internal policies, procedures and monitoring mechanisms that enable the organisation to track and measure its progress towards achieving its sustainability goals. The self-regulation and assurance aspects serve as a means of holding the company accountable to its stakeholders.

The Senior Manager (SM) of Group Sustainability shared that the company maintains its integrity as a “Responsible Business” in its sustainability agenda and corporate reporting. With reference to national and global standards and frameworks, reporting is tied to Bursa Malaysia, Global Reporting Initiative, ISO14001, AccountAbility 1000 (AA1000) and is audited by external auditors for third party assurance. The Bursa Malaysia Sustainability Reporting Guide (2nd Edition) and the Global Reporting Initiative Standard 2021 serve as guidelines for sustainability reporting. The AA1000 is the standard for stakeholder engagement while the ISO140001 is the environmental management system (EMS). The relevant standards serve as evidence of the company’s commitment to the relationship between core business strategies.

Triangulation of data demonstrates that the report reviewed and approved by the Board is consistent with the core business strategies. The element of assurance regarding the validity of the reported and disclosed information in the report has been demonstrated here. The engagement of an external audit firm, Ernst & Young Consulting provides assurance on selected key performance indicators of the GRI application level. In this context, an additional report from SIRIM QAS International Sdn. Bhd. was obtained, which confirms the company’s activities in the area of sustainability. As a palm oil company, a global certification system for certified sustainable palm oil, namely the Roundtable on Sustainable Palm Oil (RSPO) certification, is important to ensure that the company complies with the RSPO principles and criteria for sustainable practices. As the SM points out, the certification signifies the company’s recognition of compliance with internationally recognised industry sustainability standards. He mentioned that “Although we started RSPO certification as a voluntary initiative back in 2008, by end of 2022, a total of 30 of the 67 mill complexes will be RSPO-certified. With that, we have set a target in our timeline for all mill complexes to be certified in our Time-Bound Plan.” (Sustainability Report, 2021, p. 65). Through this third-party certification, the company is helping to improve its reputation and trust with customers and stakeholders’ to become a global leader in the palm oil industry. Verifiably, the company’s production has a proven positive impact on climate change, employee safety and community well-being.

4.3 Performance Assessment and Evaluations

Performance assessment in this study refers to the monitoring of results from the business sustainability agenda. As mentioned in the Sustainability Report 2021, it is published biennially to the public. As stipulated in the Annual Integrated Report 2021, “The company holds the integrity in corporate reporting and maintain a good relationship with stakeholders by having frequent communications, either face-to-café or virtual, on the progress and performance of the company. It consistently hosts briefings and / conference call with analysts and the business media following the announcement of our quarterly results. In addition, general meetings also held as the primary platform for face-to-face interactions for forum dialogue between the shareholders and the company” (p142).

With the engagement of third party for assurance of the performance, both Ernst & Young Consulting and SIRIM QAS International Sdn. Bhd., are in support of the company’s vision to increase the aspects of transparency and accountability in its performance reporting. Their recent re-strategised approach to sustainability has encapsulate the latest Group
Sustainability Framework covering the period of 2022-2024 has put the main priority for full adoption of a holistic sustainability approach to becoming zero-impact business operation.

The formulation of GSP has been the guidance to shape the strategies and implementation of the sustainability agenda of this company. With that, the Board of Directors (BOD) has the ultimate responsibility to provide leadership and policy direction on sustainability matters. However, the Head of Group Sustainability Division (GSD) in particular, will oversee the day-to-day work of the GSD will report directly to the Group CEO, who provides leadership and direction for sustainability initiatives. With the help of 4 departments under the GSD, they are given the responsibility to deal with the full spectrum of the company’s sustainability activities. As mentioned by the SM, “their annual Materiality Assessment is the main assessment mechanism to identify and assess the materiality of economic, environmental, social and governance risks that collectively covers the sustainability matters of the company. The five phase process with each phase feeding into the next will form a validation mechanism of the materiality assessment, which the outcome will be finalised and reported to the eventually will be reported to the BOD for resolution and approval”.

Triangulation of data evidenced that the detailed process shared by the SM is consistent with the diagram presented in the Sustainability Report 2021 (p.43). Table 3 below will further explain the five phase process of Materiality Assessment conducted by this company.

Table 3: Materiality Assessment as a mechanism of Validation

<table>
<thead>
<tr>
<th>1st Phase Review</th>
<th>2nd Phase Impact Assessment</th>
<th>3rd Phase Stakeholder Engagement</th>
<th>4th Phase Harmonisation</th>
<th>5th Phase Board Review and Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>A comprehensive review of sustainability matters with relevant stakeholders to assess applicability of previous sustainability matters and identify new and emerging ones that warrant attention.</td>
<td>Impact assessment determines potential positive and negative consequence(s), materiality and likelihood of occurrence of identified sustainability matters. Also, the sustainability matters’ relative priority are ascertained and appropriate mitigation responses are formulated</td>
<td>Stakeholder engagement solicits views and feedback from our multiple stakeholders and gives voice to their opinions to help us shape inclusive and balanced responses to sustainability matters</td>
<td>Impact assessment is harmonised with feedback from stakeholder engagement sessions to present a balanced representation of sustainability matters that gives credence to external and internal stakeholders’ viewpoints</td>
<td>The outcome of the materiality assessment is finalised and presented to the Board Sustainability Committee (BSC) and subsequently to the Board of Directors (BOD) for resolution and approval.</td>
</tr>
</tbody>
</table>

Source: Sustainability Report 2021 (p.43)

4.4 Reporting and Disclosure Statement

Reporting has become a formal institutional process established in this company. Indeed, it has become a mechanism of responsibility to stakeholders that indirectly reflects the company’s commitment to accountability (Boiral & Heras-Saizarbitoria, 2020). Based on the data, this company discloses all its performance in the reporting to promote value creation in supporting its sustainability efforts. As the Sustainability Report must be read in conjunction with the Annual Integrated Report, this reporting reflects its relevance to the 3 pillars of the Group
Sustainability Policy (GSP) 4.0. As mentioned by the SM about the company’s vision, “In Delivering Value to customers and stakeholders, clear communication with our stakeholders has become our key anchor for responsibility and accountability, with effective governance and prudent financial practices” (Sustainability Report 2021, p.18).

5. Discussion and Conclusion

This paper examined the process of institutionalisation of sustainability initiatives by an award-winning Malaysian palm oil plantation company. The results showed that this company applies the four processes of institutionalisation; namely, participation & assurance, self-regulation and assurance, performance assessment and evaluation and reporting and disclosure. The data shows that this company has a top-down strategy in dealing with its employees and multi-stakeholders. Their commitment and contribution to the process is reflected only in the participation and engagement and self-regulation and assurance. In terms of standards, this business discharges its responsibility and commitment to stakeholders through the reporting and disclose of its performance assessment and evaluation. In this regard, the GRI has become the main standard for reporting. In addition, this business develops its own framework such as the Materiality Matrix, which it uses for its evaluation and reporting.

Institutionalisation requires company to demonstrate how it fulfils its obligations to its many stakeholders and institutions. It also explains how individual or departmental data sources for sustainability reporting must be included in the corporate reporting principles. This study provides one key insight: that multi-stakeholders engagement demands an understanding of the system, the process and most importantly, the corporate image and culture that the company wishes to portray. Indirectly this institutionalisation involves the process of effectively implementation goals, using indicators based on the standard of practice to portray not only image and culture but also commitment to accountability.

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