

# How climate change affects misc berhad



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The purpose of this study is to place the effects of climate alteration towards MISC Berhad. MISC Berhad is a company renowned for its transportation services throughout the universe. As one of the biggest houses in Malaysia, MISC has a reputation to keep as not merely as one of the longest transportation companies established, but besides one of the largest transportation companies in the universe. Without a doubt, climate is an important issue in the present and besides the approaching hereafter. Due to the effects of climate alteration, mankind itself is at hazard to risky and even fatal menaces. The universe has come united to happen ways to cut down emanations of developed or developing states to the minimal as possible, like in the Copenhagen Summit. None the less, Malaysia took minor but meaningful steps like the "no plastic bag" years in selected provinces in the state.

The four underside lines were used to measure the public presentation of MISC Berhad. To counter the of all time altering demands, MISC Berhad implements economic and fiscal underside line, societal, environmental and corporate administration underside line to make full the demands and guarantee its endurance in the industry. Through group brainstorming, it would be assumed that MISC Berhad would be affected by climate alteration in assorted facets. Pressure from external forces, a lessening in entire gross revenues, hold of transporting clip, the wellbeing of employees on board the ship and an increase in cost are jobs the company would confront through climate alteration. The jobs would be ranked through K. T. Situational Appraisal which would in bend consequence in cognizing the chief job, which in this instance is the force per unit area from external forces. The the duncker

diagram, KT Problem Analysis and Decision Analysis was so prepared in conformity to the chief job.

As the climate differs from clip to clip, MISC Berhad would necessitate to fix itself for the menaces faced and guarantee that jobs would be of minimum impact to the company. MISC Berhad would necessitate to eliminate the force per unit area from external forces to maintain a good reputation in manus. The company would describe its position to the stakeholders on a timely footing and do necessary amendments to the company to further heighten its public presentation. The company should besides pattern environmental friendly activities within the company and non merely cut down its carbon footprint of its operations. The study besides further discusses some solutions to the chief job face by MISC berhad, where MISC Berhad should negotiate with the WWF and other conservationist organisations to make an applicable and practical solution to the carbon footprint left by the company to fuss Earth.

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## **1. 0 Introduction**

The thought of this study is to analyze how climate alteration is impacting on MISC Berhad and how MISC Berhad is reacting to the alterations. MISC Berhad was integrated in 1968 as Malaysia International Shipping Corporation Berhad and is the top international transportation line of Malaysia ( MISC Berhad 2010. It is presently the 3rd largest transporting corporation in the universe by market capitalisation ( MISC Berhad 2010 ) . From being simply a transportation line in 1968, MISC has become a to the full incorporate maritime, offshore drifting solutions, heavy technology and logistics services supplier ( MISC Berhad 2010 ) . Now, with a modern and well-diversified undertaking force, MISC provides steadfast, safe, well-organized and competitory transportation services both locally and internationally. MISC 's vision is to be a planetary title-holder in the proviso of logistics services and supply concatenation solutions ( 2004 MISC

Integrated Logistics Sdn Bhd ) . In add-on, its end is to wholly serve its clients ' planetary oil conveyance demands.

Recently climate alteration has taken a first-time bend in the recent yesteryear. Global heating has caused climate alteration due to the addition of mean earth temperature in conformity of what is known as the nursery consequence. As the nursery gases accumulate in the ambiance the Earth gets hotter ( Young People Trust for the Environment ) . In add-on to that, Televisions, visible radiations and computing machines use electricity that is created chiefly from firing coal. Every clip we switch on a visible radiation we are adding to the nursery consequence ( Young People Trust for the Environment ) .

Due to the climate alteration, protecting the environment in which the ships operate is critical. The company are carry oning trials for usage of a new hull coating system to cut down emanations that will foul the environment ( Impressions of AET 2009 ) . Oil spill preparation was organised to aware them of the oil spill consciousness.

## **1. 1 Bottom Line**

### **a. Economic and Financial**

MISC berhad studies its company 's hard currency flow and fiscal positions through a series of statements which are available in the one-year study. The company recorded an operating net income of RM1, 914. 4 million from RM2, 585. 7 from twelvemonth of 2008. Data shows that the company suffered a decrease in net income of RM671. 3 million which is tantamount to 26 % against the net income of twelvemonth 2008. MISC berhad studies

that this loss was chiefly caused by the loss in the Integrated Linear Logistics section ( MISC Annual Report 2009 ) .

MISC would be affected economically and financially by climate alteration as MISC is a transportation company and serious conditions changes would greatly impact on transportation agenda and reaching of cargos. Customers of MISC would be in hazard of holding of import bringings getting on a delayed period where non merely would MISC endure a loss of net income, but besides the client would be losing valuable resources which are in demand. Consumers of MISC`s services would hold unsatisfactorily deny use of the company`s service as due to climate alteration, consumers would instead utilize companies of close distance or even choose to pay more for on clip bringings. MISC might lose believable clients and therefore be reduced of net income to the company. Knowing the hazards involved in the climate alterations happening, MISC can choose for the transporting vehicles used to be upgraded to a faster velocity to cut down going period. MISC can besides see utilizing eco-friendly upgrading to farther guarantee reduced jobs in the hereafter as the transit used by the company consumes a high capacity of fuel which will in bend harm the environment.

## **B. Corporate Social Responsibility**

The societal underside line wages concern on the effects of every action taken by a company towards the society public assistance ( Elkington 2005 ) . CSR is about the interaction of the corporation with the legal and societal duties of the societies in which it operates, and how it accounts for those duties ( WBCFD 2010 ) .

MISC had built the young person development which focuses on instruction that related to their nucleus concern and personal development.

Furthermore, MISC had built a maritime preparation academy which is known as Akademi Laut Malaysia ( ALAM ) to guarantee that young person have the skilled and competent forces every bit good as to remain on class towards going a prima maritime state. Furthermore, MISC besides provided sponsorship for pupils to foster their instruction for both locally or overseas. Consequently, MISC are besides caring for their corporate citizen as to make avenue for their forces.

### **c. Environmental**

### **d. Corporate Administration**

The Board of Directors of MISC Berhad is devoted in guaranting the highest criterions of corporate administration are practise throughout the MISC Berhad Group ( MISC Berhad Annual Report 2009 ) . The Board to the full supports the rules of Corporate Governance as laid down in the Malayan Code of Corporate Governance. Corporate Governance is the key to accomplish competent and high quality transporting operations that delivers quality to clients and stakeholders ( MISC Berhad Annual Report 2009 ) . The Board of Directors of public listed companies are required to keep a sound system of internal control to safeguard stockholders ' investing and the Group 's assets ( MISC Berhad Annual Report 2009 ) .

Additionally, the company is get bying with low planetary demand and decreases in trade volume ( MISC Berhad Annual Report 2009 ) . They will happen out new value-added services and realine its concern schemes in the non-energy subdivision to better its place in the coming twelvemonth

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( Impressions of AET 2009 ) . The concern keeps its stockholders and other stakeholders informed of its determination devising procedure by specifying hazard parametric quantities and criterions guided by the corporate aim ( Impressions of AET 2009 ) . This is to maximize long term stockholders ' value at the same clip as run intoing the demands of the clients, employees and all related stakeholders.

## **2. 0 Background Issues**

The chief issue discuss by our group is the force per unit area from the external force followed by less net income generated due to diminish in gross revenues and transporting clip delayed.

The green organisations are established to give bounds and promote companies to cut down their emanations that can harm the environment. Therefore, this is one of the force per unit areas from the external force that can be able to act upon the client 's positions. For illustration, WWF will advise the company to cut down transportation activities due to the emanation of CO<sub>2</sub> and if no action is taken, the company would confront serious adversity.

As the universe is working towards salvaging the environment, there will fewer purchases on crude oil, coal that will harm the environment. If certain companies would desire to salvage the environment and prevent less of climate alteration that drastic, this will impact MISC 's gross revenues excessively. This will do a autumn in the figure of gross revenues.

Third, the transportation clip to make its finish might be delayed. The thaw of polar ice causes sea degree rises which makes more hard for the ship to

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harbour. The company might desire to be prepared for the utmost and extremely variable environmental conditions, chiefly in the Southern Ocean, for illustration ( Impacts of Climate Change on the Maritime Industry Conference 2008 ) .

### **3.0 Problem Statement Ranking & A ; Solution**

Harmonizing to the K. T situational assessment ( Appendix 1 ) , it ranks the job by their importance ( Fogler & A ; LeBlanc 2008 ) . In this instance, the top graded issue of climate alteration that affect MISC is the force per unit area from external force such as WWF and IMO. Harmonizing to WWF Malaysia ( 2010 ) , they recognises that the function of Business and Industry ( B & A ; I ) as accelerators to cut down the CO<sub>2</sub> emanation and may at best become portion of the solution to CO<sub>2</sub> decrease. Therefore, this will straight impact the MISC as WWF aims to prosecute with B & A ; I in working towards altering patterns as a solution to climate alteration. For IMO ( 2009 ) , work on bar of air pollution and control of nursery gas emanations from ship engaged in international trade is their chief aim.

Second, the issue for MISC would be the gross revenues decreased. This is due to the production of crude oil and chemical is the cause of climate changed, therefore it will coerce to cut down the production and straight affected the gross revenues of MISC. Furthermore, the 3rd graded job is the transportation clip delayed as the sea degree had addition due to the ice thaw in the North Pole lead was hard to ground safely. The Forth graded issue is the safety of employees as the natural catastrophe could do in danger state of affairs during transporting clip. Last, the fifth ranked job for MISC is

the cost increased as they need to construct more progresss mechanism for their ships that has clean emanation.

K. T. Problem Analysis ( Appendix 2 ) is one of the most utile tools in trouble-shooting an operation ( Fogler & A ; LeBlanc 2008 ) . The major job is the force per unit area from external force but is non from the internal force. The differentiation is the WWF put force per unit area on MISC as the emanation from transporting caused air pollution which is the WWF 's concern. The job occurred globally but non merely happened in Malaysia. The ground is the emanation of CO<sub>2</sub> is non confined by territorial boundary lines but in the ambience. The job occurs when transportation activities are runing on the ocean but non ground on the seaport. However, transporting activities is the chief concern for MISC. The extent of the job is the related to the concern field which produce CO<sub>2</sub> lead planetary heating but non the concern field that does n't impact the clime alteration. The differentiation is able to track and command the sum of CO<sub>2</sub> that emitted.

From the Duncker diagram ( Appendix 3 ) , the top job for MISC is the force per unit area from external forces. If all right to work out the job, the solution would be the attempt to carry through WWF 's concern by cut downing the transportation activities. Besides that, it can negotiate with the external force which is to do understanding with the IMO or WWF. Furthermore, MISC can alter the major transit from transporting to submarine or airplane. On the other manus, if it is non all right to work out the job, the solution can be increase the corporate societal duty by patronizing for environmental run. Furthermore, it besides can seek to carry through other stakeholders by supplying better service for clients.

## **4. 0 Solutions**

As the chief issues is the force per unit area from the external force, less net income generated due to diminish in gross revenues and transporting clip delayed.

The suggested solutions to meet the force per unit area from the external force would be seeking to carry through WWF 's concern by cut downing transportation activities or negotiate with WWF to come out with an understanding. In add-on, upgrading the oiler that can cut down the emanations of gas will be another suggested ways.

On top of that, to keep the net income, the company would hold to take down the monetary value of the crude oil as it would be less expensive compared to an alternate ways that is less harmful to the environment.

Last, the company would hold to upgrade the oiler engine and put up subdivision companies in abroad land. This mean they would hold the storage at that place and so, so whenever there is orders nearby it could be deliver every bit shortly as possible.

## **5. 0 Rational & A ; Recommendation**

After deliberation and a farther apprehension of the company`s needs, our group would urge MISC Berhad to negotiate and make a consensus with the IMO. Besides that, MISC Berhad should besides set its engagement in caring for the environment as one of its major precedences. Our group besides recommends the transportation company to put a larger amount of its gross into research to cut down the current degree of emanations given out by the company`s operations. These stairss would help MISC berhad to hold

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peaceable and good comments from multiple major conservationist organisations as the company has taken a immense spring into accomplishing an eco-friendly company. It would construct a reputable name for the company and it would besides be seen as a innovator of transporting companies which took the first stairss into making an environmental end.

## **6. 0 Decision**