APEC Disaster Risk Management Strategies to Support MSMEs Business Sustainability

Submitted by: Universiti Utara Malaysia
APEC DISASTER RISK MANAGEMENT STRATEGIES TO SUPPORT MSMEs BUSINESS SUSTAINABILITY

13TH SDMOF, CHILE
20 AUG 2019
SPONSORING ECONOMIES

• Chinese Taipei
• Japan
• Papua New Guinea
• Chile
PROJECT BACKGROUND
**Benefits to Region**

- SMEs account for over 90 percent of all enterprises in APEC Economies
- MSMEs are vulnerable to disasters

**Eligibility & Fund Priorities**

- APEC Support Fund (ASF) – General Fund
- ECOTECH Priority Themes - Developing and strengthening the dynamism of Small and Medium Enterprises (SMEs).

**Capacity Building**

- to attain sustainable growth and equitable development in the Asia-Pacific region, and
- to improve the economic and social well-being of the people.
PROGRAM OBJECTIVES

01 To identify MSMEs knowledge gap and coping strategies against natural disaster risks

02 To increase MSMEs coping capacity through capacity building program and private-public partnership

03 To recommend policy to support MSMEs recovery
### ALIGNMENT

<table>
<thead>
<tr>
<th><strong>APEC DRR Framework</strong></th>
<th><strong>FORUM</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pillar 1: Prevention and Mitigation</td>
<td>• EPWG Strategic Plan 2017-2020 - to enhance resilience capacities of MSME through sharing of best practices and lesson learned among public and private entities.</td>
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<tr>
<td>• Pillar 2: Preparedness</td>
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METHODOLOGY
PROGRAM WORK PLAN

**Stage 1**
Project Initiation and Gap analysis
- Gap analysis via survey
- Identification of speakers, survey respondents, workshop participants
- Workshop date and venue

**Stage 2**
Capacity Building and Policy Discussion
- Draft toolkit
- Survey results
- Participants and speakers invitation
- Workshop Agenda

**Stage 3**
Report Writing
- Improvement of Toolkit to include Strategies for MSMEs
- Evaluation of Policies

**Stage 4**
Dissemination
- Submission of Report
- Final toolkit and policy brief

**Key Outcomes**
MICRO, SMALL, MEDIUM SIZED ENTERPRISES

Manufacturing

Sales turnover: 
RM15 mil ≤ RM50 mil
OR
Employees: From 75 to ≤ 200

Sales turnover: 
RM300,000 < RM15 mil
OR
Employees: From 5 to < 75

Sales turnover: 
< RM300,000
OR
Employees: < 5

Services and Other Sectors

Sales turnover: 
RM3 mil ≤ RM20 mil
OR
Employees: From 30 to ≤ 75

Sales turnover: 
RM300,000 < RM3 mil
OR
Employees: From 5 to < 30

Sales turnover : 
< RM300,000
OR
Employees: < 5

SME Corp Malaysia
ERM + BCM = Resiliency

Risk Index vs Mitigation Cost

- Predictable threats, cost justifiable mitigation
- Unpredictable disruptions

Domain of:
- Enterprise Risk Management
- Governance Risk Compliance
- Standard Operating Procedure

Objective of:
- Business Continuity Management
- Disaster Recovery Plans
- Crisis Management
## Gap Analysis

### Risk Management Maturity Index

<table>
<thead>
<tr>
<th>Parameters of Implementation</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
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</thead>
<tbody>
<tr>
<td><strong>Strategic Focus</strong></td>
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<tr>
<td>Lack of board level</td>
<td>Novice</td>
<td>Basic</td>
<td>Defined</td>
<td>Operational</td>
<td>Advanced</td>
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<tr>
<td>commitment and support</td>
<td>Lack of board level commitment and support</td>
<td>Some form of board-level commitment &amp; support</td>
<td>Defined scope of board-level commitment &amp; support</td>
<td>Occasional board-level commitment &amp; support</td>
<td>Full board-level commitment &amp; support</td>
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<tr>
<td><strong>Framework</strong></td>
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<tr>
<td>No written framework &amp; risk</td>
<td>No written framework &amp; risk management policies</td>
<td>Basic framework &amp; risk management policies</td>
<td>Risk management framework with some tools &amp; techniques (qualitative/quantitative)</td>
<td>Risk management framework with best practices &amp; standards (qualitative/quantitative)</td>
<td>Sound risk management framework with effective qualitative &amp; quantitative measures</td>
</tr>
<tr>
<td>management policies</td>
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<tr>
<td><strong>Process</strong></td>
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<tr>
<td>No formal risk management</td>
<td>No formal risk management activities being undertaken</td>
<td>Conduct some risk management activities (ad-hoc), insufficient resources</td>
<td>Standard operating procedures in risk management and carry out activities when time permits</td>
<td>Risk management program formally in place &amp; engage all stakeholders</td>
<td>Risk management embedded in the organization and decision making</td>
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<tr>
<td>activities being undertaken</td>
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<tr>
<td><strong>People</strong></td>
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</tr>
<tr>
<td>Lack of knowledge of risk</td>
<td>Lack of knowledge of risk management discipline</td>
<td>Aware of risk management, not clear on how it may benefit the organization</td>
<td>Understanding of risk management across some parts of the organization (Use of some tools &amp; techniques)</td>
<td>Sound knowledge of risk management and its value to the organization (Use of some tools &amp; techniques)</td>
<td>High Degree of organization awareness, knowledge of risk management focus on value creation (Excellent use of tools &amp; techniques)</td>
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<td>management discipline</td>
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<tr>
<td><strong>Organization &amp; Culture</strong></td>
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<tr>
<td>Unsure how risk management</td>
<td>Unsure how risk management benefit the organization</td>
<td>Aware of need to conduct formalized risk management, not clear on broader organization benefits</td>
<td>Aware of some of the benefits risk management brings to the organization</td>
<td>Aware of benefits of risk management with deployment across the organization</td>
<td>Risk management incorporated into business planning &amp; strategic thinking</td>
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<td>benefit the organization</td>
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Our Approach on Documenting Strategies

ISO 31000: 2018 RISK MANAGEMENT GUIDELINES

**Value Creation and Protection**
- Integrated
- Structured & Comprehensive
- Customized
- Inclusive
- Dynamic
- Best Available Information
- Human & Cultural Factors
- Continual Improvement

**Leadership and Commitment**
- Integration
- Design
- Implementation
- Evaluation
- Improvement

**PRINCIPLES**

**FRAMEWORK**

**PROCESS**
- Scope, Context, Criteria
- Risk Assessment
  - Risk Identification
  - Risk Analysis
  - Risk Evaluation
- Risk Treatment
- Recording and Reporting
- Monitoring
- Consultation and Communication
## PROPOSED TOPICS FOR WORKSHOP

### Disaster Risk Preparedness
- Paper 1: Risk Management
- Paper 2: Business Continuity Management

### Disaster Risk Financing
- Paper 3: Risk Financing Mechanism
- Paper 4: Insurance Claim Experience

### Forum 1: Capacity Building Strategies

### Forum 2: Government Policies in DRR

### Forum 3: Innovative Public-Private Partnership in DRM

### Focused Group Discussion – PPP Initiatives, Capacity Building Program, Toolkit
Proposed Speakers/Moderators

**Public Agencies**
- SME Corporation Malaysia
- SMIDEC
- National Disaster Management Agency (NADMA)

**PRIVATE Entities**
- Malaysian Association of Risk and Insurance Management (MARIM)
- General Insurance Association of Malaysia (PIAM)
- Malaysian Insurance Takaful Brokers Association (MITBA)
- BCP ASIA

**Research Institute**
- Institute of Risk Management, UUM
- APEC SME Crisis Management Center

**Sponsoring Economies**
- Experts from Sponsoring Economies
Dissemination of Results

Website
- APEC
- MARIM
- UUM

Thought Leadership Events
- Forum
- Conference

Articles/Reports
- Journals
- Magazines
- Flyers
Cross Fora with SMEWG
Guidebook on SME Business Continuity Planning (2014)
How to Promote BCP to Mitigate the Impact of Disaster (2014)
BCP Status of Private Sector in APEC Region (2011)
Previous APEC Projects

2009
Public-Private Partnership for Business Resilience Workshop

2011
Workshop on Private Sector Emergency Preparedness

2011-2014
APEC SME Crisis Management Training Workshop
OUR PROJECT TEAM
EXPERIENCES

• Dr Arpah received her education specializing in risk management, insurance and actuarial science.
• In her 20 years experience, she hold various management positions at University Utara Malaysia including Head of Department and Deputy Deans. Her current post is the Director of AACSB Accreditation Unit, UUM College of Business
• She conducts various trainings, workshops, seminars and conferences
• She is passionate about research and development in the field of risk management and insurance. Other than leading several research projects, she speaks at various conferences and seminars.

PAST AND CURRENT ENGAGEMENTS AND APPOINTMENTS INCLUDE:

• Head, Risk Management and Insurance, Science and Technology Expert Panel for Disaster Risk Reduction (STEP for DRR), National Disaster Management Agency (NADMA), Prime Minister’s Department, 2019 – current
• Chairman, MARIM CRO Forum 2019
• Member, Audit Committee, UUM Holdings Sdn Bhd
• Risk Management Committee, UUM
• Member, Disaster Risk Reduction (DRR) Research Alliance, Academy Science Malaysia, 2018-2019
• Member, Technical Committee for ISO 31000 Committee, SIRIM
• Honorary Secretary, Malaysian Association of Risk and Insurance Management (MARIM)
• Academy Advisory Committee, Institute of Risk Management, UK
Partners

• Research Fellows, Institute of Risk Management, Universiti Utara Malaysia
• Members, Malaysian Association of Risk and Insurance Management (MARIM)
Dr. Arpah Abu Bakar
arpah@uum.edu.my

Research Fellow,
UUM Institute of Risk Management
Universiti Utara Malaysia
www.uum.edu.my