

**ENVIRONMENTAL DISCLOSURE & FINANCIAL
PERFORMANCE: AN EMPIRICAL STUDY OF MALAYSIA,
THAILAND AND SINGAPORE**



**INSTITUTE OF RESEARCH, DEVELOPMENT AND
COMMERCIALIZATION (IRDC)
UNIVERSITI TEKNOLOGI MARA
40450, SHAH ALAM
SELANGOR DARUL EHSAN**

PREPARED BY:

SHARIFUL AMRAN B. ABD. RAHMAN

RUSLAINA BT. HJ. YUSOFF

WAN NAZIHAH BT. WAN MOHAMED

SAMSURIA BT ABD. RAHMAN

APRIL 2008

ACKNOWLEDGEMENTS

Praise to Allah Al-Mighty for giving us the strength and patience to complete this project paper within the period given.

This project paper would not be possible without the help from many people. I am especially grateful to my co-researchers, Pn. Ruslaina Yusoff, Pn. Wan Nazihah and Pn Samsuria Abd Rahman, for their wonderful and thoughtful comments, suggestions, guidance and constant encouragement. Their enlightenment and encouragement are greatly appreciated.

Finally, I wish to express my deepest gratitude to all the people that involved in the course of completing this project paper.

ABSTRACT

This study was carried out to examine the relationship between environmental disclosure and financial performance among the companies in Malaysia, Singapore and Thailand that voluntarily disclose environmental information in their financial report. Two hundred and fifty (250) companies listed in Bursa Malaysia, Singapore Stock Exchange and Thailand Stock Exchange has been identified as samples in the current study. From the total of 250 companies selected, 56 companies are from Malaysia, 37 companies from Thailand and 15 companies from Singapore have been identified as environmental reporting companies. The study hypothesizes that high performance companies have a higher tendency of having formal environmental disclosure in their environmental disclosure. However, the result shows that the performance of the company has no bearing on the decision whether to produce a formal or non-formal environmental disclosure.

TABLE OF CONTENTS

	PAGE
Acknowledgements	i
Abstract	ii
List of Tables	v
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Problem Statement	3
1.3 Objectives of the Study	5
1.3.1 Main Objective	5
1.3.2 Specific Objectives	5
1.4 Significance of the Study	6
1.5 Chapter Organization	6
CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	8
2.2 General Overview of Environmental Reporting	8
2.3 Environmental Disclosure In Malaysia	12
2.4 Environmental Disclosure In Singapore	15
2.5 Environmental Disclosure In Thailand	19
2.6 The Relationship Between Environmental Disclosure and Financial Performance	22

CHAPTER ONE
INTRODUCTION

1.1 Introduction

For more than a decade, environmental disclosure is considered a subject of increasing importance and concern. Businesses have started to accept the challenge of environmentalism in their daily operating procedures. This challenge stems from both increased public interest and the recognition of the need to preserve the environment. As it is at the top-of-mind in the business world, more companies are now anxious to demonstrate that they care about the social and environmental impacts of their business, and are doing something about them.

With an increasing importance of environmental issues, companies have started to provide information regarding the environmental implications of their operations and thus increasing the trend for environmental disclosure. Environmental reports are stand-alone documents, produced on a voluntary basis. Its practices have emerged as a result of various influence factors including stakeholders' benefit, pressures from various interest groups, and political and cultural conditions. Responding to voluntary environmental disclosures offers economic benefits such as being able to develop stronger business