

**A STUDY ON
MALAYSIAN INDUSTRIAL PRODUCT CORPORATE
ENVIRONMENTAL CONCERNS & RESPONSES,
FACTORS MOTIVATING DISCLOSURES AND
LEGITIMACY THEORY**

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ABSTRACT

This research aims in identifying the importance of given factors in motivating Malaysian industrial product sector corporation decision to disclose environmental disclosure in its annual report. In addition it seeks whether any link can be made between those factors of importance with the actual environmental disclosure made in the annual report to support legitimacy theory argument. The study is in some way similar to the one done by Trevor Wilmshurst and Geoffrey R. Frost in Australia but with certain modification. The possible existence of environmental concerns and responses among the corporations is also investigated. The results indicated overall corporations were being environmentally concerned but still lack in environmental responses. In addition several factors found to be important in motivating environmental disclosure decision. Nevertheless only factor “shareholders right to information” showed correlation with actual environmental disclosure, which provide little support to legitimacy theory argument.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Living Planet Report 2002 released by the World Wide Fund For Nature (WWF), have warned that Mankind is running up a huge deficit with the earth due to the consumption of 20% more natural resources than can be generated. Should the pattern continues, mankind will need to colonise another 2 planets within 50 years to sustain the current demand level. The report in another words implied that the world environmental well-being is in serious condition and require immediate consideration. Economic progress is one of the key factors causing the environmental deterioration. This was due to the fact that corporations which engage in industrialisation are central to economic development tend to contribute towards the ever-worsening environmental problems such as the depletion of environmental natural resources, pollutions, contamination and most importantly, increased exposure to health hazards (World Resources Institute, 98-99).

Due to the concern and awareness of the adverse implications that might affect the mankind following the increasing degradation of the earth, environment has become a major topic of debate in this decade. Environmental awareness however has been around for a long time, but it took several recent environmental disasters such as Bhopal, Exxon Valdez and Chernobyl for it to change from being a minority green fringe issue to a public issue (Smith, 1993, p.27). This can be witnessed through the recognition of the environmental issues as the main agenda in the United Nations Conference on Environment and Development (UNCED). The conference also has been known as the Earth Summit and being held once in every 10 years. The first ever Earth Summit was held in Rio De Janeiro, Brazil in 1992 and to be held again in Johannesburg, South Africa in 2002. Such summit will provide a formal meeting platform among the