

Estimation of the Company Value of Palm Oil Production In Malaysian Listed Companies: The Panel Data Model Approach

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ABSTRACT

The production of crude palm oil in Malaysia fluctuated from 1.2 million tonnes in 2010 to 1.8 million tonnes in 2018. For the domestic consumption of crude palm oil in Malaysia increase gradually between 2.2 million tonnes in 2010 and 3.6 million tonnes in 2018. Besides that, Malaysia was one of the major oil exporters among the 10 countries of the Association of South East Asian Nations (ASEAN) and the exports of palm oil constituted about 90% of Malaysia's palm oil production. The exports of palm oil in Malaysia fluctuated from 1.3 million tonnes in 2010 to 1.4 million tonnes in 2018 whereas the imports of Malaysia's crude palm oil also fluctuated significantly from 121,300 tonnes in 2010 to 108,600 tonnes in 2018. Recently, there were many accusations on palm oil in Malaysia due to the environmental unfriendly product by the European Parliament and decided to ban palm oil biofuel by 2020. This will have negative impact on the company value (company's share price) by reduction in the revenue for the palm oil production companies. Moreover, palm oil was one of the most important agricultural commodities in the world and it was also the fourth-largest contributor to the Malaysian economy. Malaysia's palm oil industry has been a prominent industry that created economic growth and development. Therefore, this research was very important because the world's palm oil production was growing every year, driven largely by the growth of the European Union's biofuel markets and food demand in India and China (Clay, 2013). The palm oil industry facing the another challenging issue was to demonstrate its commitment to sustainable palm oil production. To overcome this issue, many agricultural food industries were promoting certified sustainable palm oil (CSPO) as proof of sustainability in the palm oil supply chain and achieved the buyer's demand (May, 2012). This situation has raised uncertainty to investigate the determinants of the company value in Malaysia's palm oil industry. Furthermore, there are many researchers had done the research over the past few decades, so there are many different perspectives on the determinants of company value in the palm oil industry in Malaysia.

Keywords: Environmental Accounting (EA), Environmental Performance (EP), Information Disclosure (IN), Company Value (CV), Malaysian Selected Palm Oil Listed Companies