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RESOURCE

Drivers of corporate water-related disclosure: evidence from Japan

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Description / Abstract

This paper presents an analysis of water-related disclosure in Japan. In an era when water is becoming more widely recognised as a risk to businesses, drivers of corporate water-related disclosures for stakeholders are examined through the lens of managerial stakeholder theory. Using content analysis of annual, sustainability and integrated reports for the year 2013/14 a water-related disclosure index was derived for a sample of 100 listed companies with different water sensitivity in industries taken from the Nikkei 225. Six potential drivers of company water-related disclosures were identified. OLS (Ordinary Least Squares) multiple linear regression was used to analyse the data. Size, water sensitivity and ownership concentration were found to be significant predictors of water-related disclosures of the sample companies. While media exposure was rejected a significant reverse relationship to that hypothesized was established. Cross-listings and profitability were not associated with water-related disclosures. In this first large sample study of the factors which affect corporate water-related disclosures the examination of large Japanese companies suggests industries with larger, water-sensitive companies and dispersed ownership have the highest disclosure levels and will need to respond proactively to stakeholder concerns. Contrary to expectation greater media exposure was associated with less water-related disclosure. International listings and profitability were not drivers of disclosure. Opportunities exist for mentoring of smaller companies by large firms, and provision of new accounting services, especially where there is low ownership concentration with higher stakeholder concern.

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