



**RESOURCE**

# What drives voluntary corporate water disclosures? The effect of country-level institutions

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**Description / Abstract**

The purpose of this cross-country comparative research is twofold. First, it investigates the country-level institutional factors that affect corporate incentives to voluntarily disclose water information. Second, it examines the way in which the interaction between formal and informal institutions affects corporate reporting decisions regarding water-related risks. The results reveal that the country-level legal system shapes the firm's propensity to voluntarily respond to the 2015 Carbon Disclosure Project water survey. Uncertainty avoidance and societal trust are negatively related to the propensity to provide voluntary water disclosures, whereas countries' future orientation is positively related to the likelihood of water reporting. More importantly, the results indicate that the effect of informal institutions on water disclosure practices is contingent on the strength of formal institutions at the country level. The paper contributes to the emerging water literature and provides insights on the effects of the interaction between formal and informal institutions on corporate behavior.

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