Corporate Voluntary Greenhouse Gas Emission Reporting in United Kingdom: Insights from Institutional and Upper Echelons Theories

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Abstract : This paper reports the results of an investigation into the extent to which various stakeholder pressures influence voluntary disclosure of greenhouse-gas (GHG) emissions in the United Kingdom (UK). The study, which is grounded on institutional theory, also borrows from the insights of upper echelons theory and examines whether specific managerial (chief executive officer) characteristics explain and moderates various stakeholder pressures in explaining GHG voluntary disclosure. Data were obtained from the 2011 annual and sustainability reports of a sample of 216 UK companies on the FTSE350 index listed on the London Stock Exchange. Generally the results suggest that there is no substantial shareholder and employee pressure on a firm to disclose GHG information but there is significant positive pressure from the market status of a firm with those firms with more market share disclosing more GHG information. Consistent with the predictions of institutional theory, we found evidence that coercive pressure i.e. regulatory pressure and mimetic pressures emanating in some industries notably industrials and consumer services have a significant positive influence on firms' GHG disclosure decisions. Besides, creditor pressure also had a significant negative relationship with GHG disclosure. While CEO age had a direct negative effect on GHG voluntary disclosure, its moderation effect on stakeholder pressure influence on GHG disclosure was only significant on regulatory pressure. The results have important implications for both policy makers and company boards strategizing to reign in their GHG emissions.