

Awareness and Recognition: A Legitimate-Geographic Model for Analyzing the Determinants of Corporate Perceptions of Climate Change Risk

Authors : Seyedmohammad Mousavian, Hanlu Fan, Quingliang Tang

Abstract : Climate change is emerging as a severe threat to our society, so businesses are expected to take actions to mitigate carbon emissions. However, the actions to be taken depend on managers' perceptions of climate change risks. Yet, there is scant research on this issue, and understanding of the determinants of corporate perceptions of climate change is extremely limited. The purpose of this study is to close this gap by examining the relationship between perceptions of climate risk and firm-level and country-level factors. In this study, climate change risk captures physical, regulatory, and other risks, and we use data from European companies that participated in CDP from 2010 to 2017. This study reveals those perceptions of climate change risk are significantly positively associated with the environmental, social, and governance score, firm size, and membership in a carbon-intensive sector. In addition, we find that managers in firms operating in a geographic area that is sensitive to the consequences of global warming are more likely to perceive and formally recognize carbon-related risks in their CDP reports.

Keywords : carbon actions, CDP, climate change risk, risk perception

Conference Title : ICREECC 2021 : International Conference on Renewable Energy, Environment and Climate Change

Conference Location : Paris, France

Conference Dates : July 19-20, 2021