Alternatives from policies of disclosure of companies' environmental performance and connections with the reduction of information asymmetry and signaling

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Abstract

Regulatory stakeholders force companies to publish their emissions to society through pollutant releases and transfer registers like the EU EPER and US TRI. Governments aim to reduce environmental information asymmetry between firms and community and send signals to the rest of the stakeholders in order to decrease installations' chemical emissions. However, these efforts to reduce this information asymmetry are not effective and sufficient whether these inventories are reported only on this way. From a managerial point of view, environmental responsible firms may have an incentive to present their information or recalculation of these registers because they can better signal their environmental performance. We argue that by doing a new approach the information asymmetry is further reduced and, therefore, the regulatory stakeholder becomes more effective. From these results a number of implications can be concluded for management, the authorities and research.