Corporate Water Risk and Return

Dr Alex Money,
Research Fellow, Smith School of Enterprise & Environment, University of Oxford

Abstract:
Corporate water risk is a function of resource dependence, which exposes firms to uncertainty. Firms rationally seek to reduce this risk, and this shapes their disclosure strategies. However, the consequence is that corporate water risk disclosure is becoming increasingly unfit for purpose. As current approaches begin to acquire institutional legitimacy a status quo is becoming embedded, which results in sub-optimal resource allocation by both companies and investors. This problem is compounded by the large and growing global infrastructure deficit for water supply and services. This presentation will offer a framework by which the disclosure of corporate water risk can be meaningfully evaluated by investors and other stakeholders. It also proposes how the water infrastructure investment gap could be narrowed by the development and application of the corporate water return concept. The research couples resource dependence and real options theory with empirical evidence to offer new approaches that address the problems of the status quo.

Biography:
Dr Alex Money is a research fellow at the Smith School of Enterprise and the Environment, at the University of Oxford. He directs the School’s Business Fellows programme, which periodically convenes senior business executives in the field of sustainability with members of Oxford’s academic community. The programme provides a ‘sandbox’ environment to originate and test interventions, in areas including water risk. Formerly a fund manager, Alex set up ACE Consensus, a technology start-up, in 2013. He is currently writing a book on managing and measuring corporate water risk.