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### **The Effect of Organizational Attention Granularity on Corporate Water Performance**

How does organizational attention affect corporate water performance? As climate change is shifting global precipitation patterns, more and more industries are becoming subject to water-related risks (Bowen, Bansal, & Slawinski, 2018), making it crucial to pinpoint the drivers of effective water management. Bansal, Kim, and Wood (2018) noted that organizations might miss out on such issues, e.g., because of a misfit between their attentional scale and the spatial scale of water problems. I used their framework to develop testable hypotheses. Since water-related emergencies occur within a geographically bounded region, I argued that water is essentially a local rather than a global issue (Savenije, 2002). I therefore expected fine-grained attention to foster higher performance around this issue than broad-level attention.

*H1: Fine-grained attention to water is positively associated with water performance.*

*H2: Broad-level attention to water is not associated with water performance.*

**Methods:** My sample was comprised of 881 responses to the CDP water survey (from 635 different respondents) between 2015-2018. I used fixed-effects panel data regression analysis (Croissant & Millo, 2008) with errors clustered at the firm-level.

To measure water performance (dependent variable) I used a Thomson Reuters water performance score (0-100). As a measure of fine-grained attention to water (independent variable), I employed item W1.4a from the CDP water survey (Dahmann & Bullock, 2020): “What proportion of suppliers do you request to report on their water use, risks and/or management information?”. As a measure of broad-level attention, I employed item W1.1: “Rate the importance (current and future) of water quality and water quantity to the success of your business”.

**Table 1: Water performance regressed on organizational attention (2015-2018)**

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>
	Baseline	Fine-grained	Broad level	Combined
Fine-grained attention	---	1.57* (1.27)	---	1.51* (1.26)
Broad-level attention	---	---	1.31 (0.91)	1.28 (0.89)
Revenues	2.72 (1.0)	2.31 (0.77)	1.99 (0.85)	1.91 (0.84)
Profit	-7.07** (-2.06)	-5.13** (-1.85)	-4.16** (-1.8)	-3.95** (-1.79)
Age	0.8 (0.2)	0.51 (0.01)	0.22 (0.1)	-0.01 (0.2)
Fixed effects	Yes	Yes	Yes	Yes
N	881	881	881	881
R-squared	0.045	0.051	0.05	0.053

Beta coefficients (t-statistics), \* p-value<0.1, \*\* p-value<0.05

My findings supported both hypotheses. In support of *H1*, the coefficient of fine-grained attention (Model 2) was positive and significant. In support of *H2*, the coefficient of broad-level attention (Model 3) was insignificant. Examining both proxies in tandem (Model 4) did not change the results.

## References

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