The Hong Kong Polytechnic University
Department of Logistics and Maritime Studies
Research Seminar

Learning through Internationalizations: Do Overseas Expansions of Chinese Firms Reduce their Environmental Violations?

by

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(Conducted in English)

Abstract:

In this research, we attempt to empirically explore if overseas expansions of Chinese firms improve their environmental performance. In recent years, developing countries' outward investment has been growing faster than ever, and share of developing countries in total world outward foreign investment increased from a 7.6% (USD 89 billions) in 2000 to 26% (USD 381 billion) in 2017[1]. In particular, China has undergone a major transformation from a receiver of foreign investment to a contributor of world's outward foreign investment, raising from USD 0.9 billion in 2010 to USD 125 billion in 20171, providing an interesting context for this study. In this paper, we consider expansion history of 1,410 public Chinese manufacturers listed on the Shanghai/Shenzhen Stock Exchange from 2008 to 2013 and their environmental violations before and after overseas expansions. We also postulate the reduction of environmental violations through overseas expansions are more significant for state-owned enterprises and firms with higher transparency. We find empirical evidence that overseas expansions of Chinese firms reduce the firms' environmental violation counts. Interestingly, we also find that the percentage of state ownership has a very strong moderation effect on the impact of overseas expansions on the reduction of violation counts in that state-owned enterprises reduce their environmental violations much more substantially after overseas expansion. However, firm transparency (as indicated by CSR report) does not have a significant moderation effect. We discuss the theoretical and managerial implications.

Bio:

Abe Jong received her Bachelor's degree in Fashion & Textile Marketing & Merchandising from The Hong Kong Polytechnic University in 2015. She is now pursing her PhD under the supervision of Prof. Andy Yeung and Dr Chris Lo.

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All are welcome!

[1] Statics from The United Nations Conference on Trade and Development accessed from https://unctad.org