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UNDERSTANDING THE CHINESE GOVERNMENT'S INFLUENCE ON CORPORATE ENVIRONMENTAL REPORTING OF CHINESE FIRMS

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ABSTRACT

Previous studies done on developed countries show that, in developed countries where there is a more liberal and developed capital market and where environmental awareness is relatively high, government's intervention on Corporate Environmental Reporting (CER) is relatively low. The forces on companies to voluntarily disclose environmental information is pluralist.

However, in this study, our results show that CER increased dramatically in 2008, when China's Measures for the Disclosure of Environmental Information (MDEI) was enacted. Energy saving and pollutant emission reduction, which are the main themes of Chinese government's Green Policy, appear to be the main theme that is disclosed by the examined companies. Plus SOEs perform much better than non-SOEs. The findings of the study provide evidence that the Chinese government influences Chinese CER considerably, which is quite different from the previous studies done on developed countries.

The major contribution of this study is the evidence that Chinese CER is largely driven by State Capitalism. The development of CER in a state capitalist country, such as China, does not follow the same course of events as in the West.

Keywords: corporate environmental reporting, China, government, state capitalism