

NOT ALL POLITICAL TIES ARE THE SAME: FIRMS' TIES TO THE GOVERNMENT AND POLLUTION

(Sincerity in Corporate Philanthropy, Stakeholder Perceptions and Firm Value)

Abstract / Synopsis

Following extensive investigations into the implications of political ties for firms, researchers have more recently started to study how such ties also influence firm actions in the domain of social and environmental issues. We advance this vital area of inquiry by proposing an integrative framework to synthesize the mechanisms that link political ties to firms' polluting behavior (i.e., bridging, buffering, and binding) and identifying an important contingency (i.e., level of the government). We then apply this framework to the context of China to derive hypotheses that predict contrasting implications of a firm's political ties for its pollution, depending on the level of the government to which these ties connect the firm. In line with our hypotheses, we find a negative association between having high-level political ties and firm pollution, but a positive association between having low-level political ties and firm pollution. Our study advances the political ties literature by synthesizing the implications of political ties in multi-tiered governments and contributes to the growing research on corporate sustainability.



Fri, 29 March 2024



14:00 pm.



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