

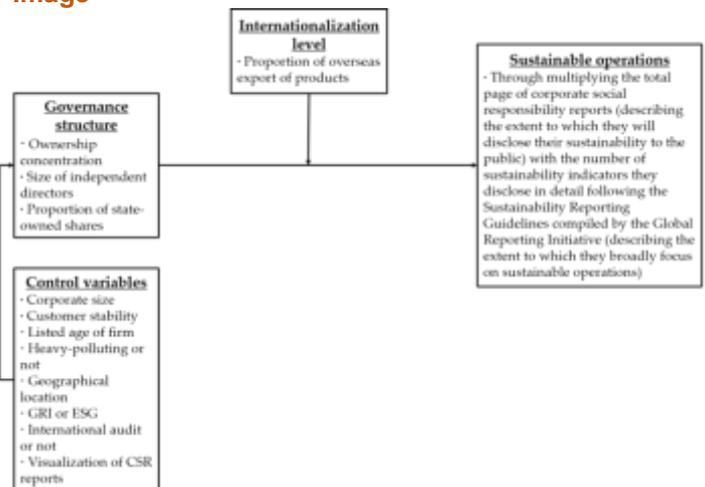
Linking corporate governance and sustainable operations of manufacturing firms in China: The moderating effect of internationalization

Tiansen Liu, Harbin Engineering University, P.R. China
Yufeng Zhang, University of Birmingham, United Kingdom
Yazhi Song, Jiang Normal University, P.R. China
Wanhong Li, Harbin Engineering University, P.R. China
Dapeng Liang, Harbin Institute of Technology, P.R. China

Abstract (300 word limit)

Linking governance structure and sustainability has been a key research issue in mainstream literatures on corporate governance and operations management. This paper contributes to our understanding of whether corporate internationalization level can improve the impact of their governance structure on sustainable operations in the broad context that internationalization strategies may lead to more climate-friendly actions. Chinese manufacturing firms are analyzed because of their significant impact on global climate change and their distinctive governance structure. Specifically, we examine effects of corporate governance structure from perspectives of major shareholders' decision-making authority (ownership concentration), intensity of internal supervision (size of independent directors), and state-holding (proportion of state-owned shares) through 2775 firm-year observations. Integrating the OLS regression, Fixed Effect test, and Random Effect test, the change of sustainable operations can be robustly explained by a series of explanatory variables. Our findings suggest that the internationalization level of Chinese manufacturers is still low. Stronger state-holding can significantly improve sustainable operations, and internationalization level can motivate major shareholders to focus more on sustainable operations. Further, a higher level of internationalization, when it exceeds the sample average, can also significantly motivate major shareholders to focus on sustainable operations, but a lower level of internationalization has not motivated any indicator related to governance structure to produce positive effects. Additionally, the size of independent directors has not been able to improve sustainable operations. These empirical results enlighten that indicators related to board of directors' decision-making usually more directly affect internal sustainable behaviors, which indicates that manufacturers with a centralized governance structure are more likely to develop sustainable operations in China. Moreover, international expansion provides an attemptable path that helps link corporate governance and sustainable operations.

Image



Recent Publications (minimum 5)

1. Zhang Y, Yang Z, Zhang T (2018) Strategic resource decisions to enhance the performance of global engineering services. *International Business Review* 27: 678-700.
2. Qiu Y, Shaukat A, Tharyan R (2016) Environmental and social disclosures: Link with corporate financial performance. *The British Accounting Review* 48: 102-116.
3. Chiarvesio M, De Marchi V, Di Maria E (2015) Environmental innovations and internationalization: Theory and practices. *Business Strategy and the Environment* 24: 790-801.
4. Amran A, Lee S P, Devi S S (2014) The influence of governance structure and strategic corporate social responsibility towards sustainability reporting quality. *Business Strategy and the Environment* 23: 217-235.
5. Walls J L, Berrone P, Phan P H (2012) Corporate governance and environmental performance: Is there really a link?. *Strategic Management Journal* 33: 885-913.



Biography (150 word limit)

Tiansen Liu is a lecturer whose research interests are energy economics, environmental governance, and firm's green operations. He has published more than 30

related papers. In these studies, he explained how Chinese government should establish the unified carbon market and coordinate the allocation of carbon quota, how manufacturing firms should more proactively develop environmental management, and how to integrate environmental production factors within specific regions. He broadly uses mathematical and econometric models as well as develops new models to measure the risk of carbon price and the effectiveness of carbon policy in China. He also serves as the reviewer for some international journals in the field of environmental science. In the following stage, he will more focus on the green operations of manufacturing firms.

Email: tiansen0328@hotmail.com

Notes/Comments: