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### Key Finding

Publicly listed firms in China face conflicting pressures from different levels of government when responding to the regulatory requirement of CSR disclosure.

### Business Application

Firms can adopt a decoupling strategy of CSR disclosure to satisfy the different demands of different levels of government.

Research on the reporting of corporate social responsibility (CSR) and on social responsibility in general increasingly recognises the influence of government regulations and guidelines as an important driving force. However, the way corporate behaviour is affected by the coexistence of conflicting pressures from the government is less well understood. With their potential monitoring, enforcement and signalling of appropriate corporate activity, governments can incentivise CSR disclosure. But a government is not a monolithic entity. For instance, a divergence in priorities between central and local governments is common in a broad range of political systems. Yet how conflicting goals and pressures from different levels of government affect firms' disclosure has received little attention.

I and my colleagues have developed a framework wherein CSR reporting is viewed as an organisational response to institutional complexity that arises from the conflicting demands of central and local government. We apply this framework to publicly listed firms in China, following the issue of guidelines on CSR reporting by central government agencies. The high priority some provincial governments place on short-term GDP growth creates tension with central government's expectation of CSR reporting. Both firms with attributes that increase scrutiny from institutional constituencies, such as those owned by the central government and firms with political connections, experience heightened tension, and respond with a decoupling strategy: early adoption but low-quality reports.

#### Read more:

**Danqing Wang** is an Assistant Professor of Management and Strategy in the Faculty of Business and Economics at the University of Hong Kong. Her research focuses on state-firm interactions and firms' non-market strategies. To know more, visit her [website](#)

**Research interests:** state-firm interaction, non-market strategies, emerging markets and political sociology