

City Digitalization and Corporate Environmental Investment: Evidence from China

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Abstract

Despite the rapid digitalization of the economy, the impact of digital development on corporate environmental responsibility and initiatives remains unclear. Drawing on institutional theory, our study examines the impact of city digitalization on corporate environmental investment (CEI), as well as the contingent role of local institutional environments. Utilizing data from 1,881 Chinese listed firms operating in heavy pollution industries from 2014 through 2019, our findings indicate that city digitalization positively affects CEI. Moreover, such positive impact is stronger in regions with more environmental courts, advanced green finance development, and heavy environmental pollution. Our study sheds light on the intersection of digital and institutional development, offering valuable insights into how digital technologies can effectively address pressing environmental challenges in emerging markets.

Subject Areas: *Marketing Strategy, Public Policy*

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