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DO GREEN BONDS RESTRAIN CORPORATE FINANCIALIZATION?

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Abstract

With the growth of the number and financing scale of green bonds, the economic performance of green bonds has become a hot issue of social concern and academic research. As a policy tool, green bonds can influence the business strategy of enterprises. Taking green bonds as an example, this study tests the inhibitory effect of green finance on corporate financialization using a difference-in-difference model. The results show the following: (1) green bonds can significantly inhibit the financialization level of issuers; (2) research and development expenditure of corporate entities is an intermediary way for green bonds to restrain corporate financialization; and (3) heterogeneity test found that the inhibitory effect of green bonds on the corporate financialization of issuing corporates was mainly reflected in state-owned corporates, heavily polluting ones and those with high equity incentive. The study clearly identifies the causal relationship and mechanism between green bonds and corporate financialization, and provides a new perspective for understanding the formation mechanism and solution path of corporate financialization from the perspective of green finance. Therefore, it is necessary to promote green bonds, ultimately helping to achieve green development.

Key words: corporate financialization, difference-in-difference, green bonds, green transformation, research and development expenditure

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