Management-ICOR Research Seminar

«Environmental performance and the market for corporate assets»

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11.30 am – 1.00 pm

Abstract:

Prior research suggests that there may be environmental consequences when a corporate owner sells some or all production assets to another firm, but the direction of the effect is not clear. One perspective is that such asset sales increase environmental harm because they tend to replace environmentally protective managers with ones more focused on shareholder returns. A contrasting perspective suggests that such sales tend to reduce environmental impacts by facilitating the transfer of capabilities needed for the reduction of harmful byproducts. Based on quantitative analysis of a large longitudinal sample of US manufacturers, we find evidence consistent with the latter perspective. The effect of assets sales depends on the relative capabilities of the old and new parents, and we observe a pattern of personnel changes consistent with the transfer of capabilities. For management and finance scholars, our results extend and support previous findings on the contingent effect of asset sales. For policy makers, our results suggest that asset sales can speed the transfer of environmental capabilities. Thus, new corporate forms designed to impede such sales may have unforeseen consequences.

- **Paris: Room H426**
- Lille : Visio Room E202