

Accepted Manuscript

Environmental corporate social responsibility, firm dynamics and wage inequality

Mong Shan Ee, Chi-Chur Chao, Leonard F.S. Wang, Eden S.H. Yu

PII: S1059-0560(18)30255-7

DOI: [10.1016/j.iref.2018.03.018](https://doi.org/10.1016/j.iref.2018.03.018)

Reference: REVECO 1619

To appear in: *International Review of Economics and Finance*



Please cite this article as: Ee M.S., Chao C.-C., Wang L.F.S. & Yu E.S.H., Environmental corporate social responsibility, firm dynamics and wage inequality, *International Review of Economics and Finance* (2018), doi: 10.1016/j.iref.2018.03.018.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Environmental Corporate Social Responsibility, Firm Dynamics and Wage Inequality

Mong Shan Ee ^{a,*}, Chi-Chur Chao ^b, Leonard F.S. Wang ^c and Eden S. H. Yu ^d

^a*Department of Finance, Deakin University, Geelong 3125, Australia*

^b*Department of Economics, Deakin University, Geelong 3125, Australia*

^c*Wenlan School of Business, Zhongnan University of Economics and Law, Wuhan, China*

^d*Chu Hai College of Higher Education, Tuen Men, Hong Kong*

ABSTRACT

Based on a general-equilibrium framework, this paper examines the income distributional effect of firms which commit to environmental corporate social responsibility (ECSR) investments. In the short run with fixed number of firms, ECSR investment raises capital rental cost and hence widens wage inequality between skilled and unskilled workers via the factor substitution effect, while the increased capital cost causes firms to exit in the long run. This releases capital and hence lowers the capital rental cost. Thus, the wage gap can be mitigated or even narrowed by a rise in unskilled wage and a drop in skilled wage via the firm-exit effect. This theoretical prediction is confirmed by the empirical result.

JEL classifications: J31, L13, L33, R23

Keywords: Environmental CSR, Firm exit, Wage inequality

*Corresponding author: Mong Shan Ee. Email: mong.e@deakin.edu.au

Download English Version:

<https://daneshyari.com/en/article/7355404>

Download Persian Version:

<https://daneshyari.com/article/7355404>

[Daneshyari.com](https://daneshyari.com)