Credit Constraints, Corporate Transparency and Export: Evidence from China's A-Listed Firms

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Abstract

We investigate the impact of corporate transparency on a firm's extensive margin in exports, considering the moderating effect of credit constraints and heterogeneity from regional disparity (i.e., financial development) and firm-specific context (historical corporate transparency). By proposing a theoretical model with an asymmetric information environment and conducting an empirical analysis with Chinese data, we *firstly* demonstrate that the effect of corporate transparency on exports is conditional, depending on a firm's historical corporate transparency levels. *Then*, we show that credit-constrained industries could suffer from increased current corporate transparency, though good historical corporate transparency can mitigate these negative impacts. *Additionally*, we find that financial development plays a crucial role in mitigating the negative effects of credit-constrained industries and facilitating international trade by improving current corporate transparency, particularly for firms with low historical transparency levels. Our study highlights the importance of considering the firm-specific context and regional disparities when implementing transparency policies to enhance exports. Strengthening local financial infrastructure is vital when requiring firms to increase information disclosure; only in this way can firms' disclosed information be effectively interpreted, matched with financing channels, and supported by a favorable business environment. This ensures that firms with low historical transparency levels and weaker competitiveness can increase the probability of exports through enhanced information transparency.

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