

# Does Disclosure Mandate Affect Firms' Contribution to Poverty Alleviation?\*

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## Abstract

This paper investigates whether mandatory disclosures of companies' engagement in poverty alleviation influence their actions to reduce poverty and promote social sustainability. We examine the Targeted Poverty Alleviation (TPA) disclosure mandate for companies listed in mainland China. This mandate significantly increases participation in poverty alleviation among mainland China-listed firms, relative to control firms that operate in mainland China but are listed exclusively in Hong Kong. The mandate has a stronger impact on firms that faced less political pressure prior to its implementation, such as small firms and firms without politically connected management. Firms that begin participating in TPA following the mandate—despite spending less and having weaker financial positions—are more likely to support central government-designated impoverished counties than firms already engaged in such activities before the mandate. Overall, our findings suggest that the disclosure mandate motivates economically meaningful poverty alleviation efforts among firms that were otherwise less capable or less willing to contribute.

Keywords: Poverty alleviation, disclosure mandate, political pressure, sustainability

JEL Classification: I38, M41, M48, P36, R11, R58

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*“We recognize that eradicating poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and an indispensable requirement for sustainable development.”*

United Nations, The 2030 Agenda for Sustainable Development

## **1. Introduction**

Poverty is a global phenomenon that significantly threatens the sustainable development of the world. This threat has become increasingly alarming in recent years, as the COVID-19 outbreak, armed conflicts, and climate change have reversed the progress of poverty reduction for the first time over the past two decades (World Bank, 2020). The United Nations designated ending poverty as Goal 1 among its seventeen Sustainable Development Goals and highlighted the critical need for worldwide collaboration to attain this goal (Guterres, 2020). Assessing poverty-alleviation policies has always been at the forefront of economic policymaking and research (Banerjee and Duflo, 2011; United Nations, 2015). While prior research has examined various poverty-alleviation strategies, little is known about the effects of disclosure policies on firms’ contribution to poverty alleviation. How does mandated disclosure affect firms’ participation in poverty alleviation activities? What types of firms are more likely to be affected? What specific actions do firms take in response to the mandate? To address these questions, we explore the unique setting of a poverty alleviation disclosure mandate in China.

Despite China’s considerable economic growth since its reform and opening-up in 1978, poverty has been an enduring challenge. During the 2010s, China’s central government launched a “Targeted Poverty Alleviation” (i.e., TPA) campaign to identify and provide tailored assistance in impoverished regions (People’s Daily, 2013; General Office of the CPC Central Committee [2013] No. 25). In November 2015, the government increased its efforts in the campaign by introducing the Decision on Winning the Battle Against Poverty (the 2015 Decision hereafter),

which called on the whole society, including firms, to contribute to poverty alleviation, aiming to eradicate extreme poverty in China by 2020 (CPC Central Committee and State Council, 2015).

As a specific approach to motivate firms' TPA participation following the 2015 Decision, the China Securities Regulatory Commission (CSRC) issued a disclosure mandate in September 2016. It required all firms listed in mainland China to disclose their involvement in poverty alleviation activities in their annual reports. The Shanghai Stock Exchange and the Shenzhen Stock Exchange followed up with more specific requirements in December 2016. This mandate entailed explicitly stating whether firms had or had not made any contributions to poverty alleviation and, if they had, providing details of their contributions. The disclosure consists of a standardized quantitative table and qualitative discussions about TPA engagement, including TPA-related spending, types of poverty-alleviation activities participated in, and counties supported. The disclosure mandate is a decisive measure implemented by the government to exert political pressure on public firms and encourage their contributions to poverty alleviation (NetEase, 2016; People's Daily, 2018).

Disclosure regulations aligned with the government's social and political objectives often serve as a tool for exerting political pressure on firms in China (Lennox and Wu, 2022). We expect the TPA disclosure mandate to significantly influence firms because of the national priority of poverty reduction behind it. This setting contrasts with other Chinese settings, where public disclosure alone has minimal effect on firm behavior due to the lack of corresponding political pressure (Jiang, Lee, and Yue, 2010). Although regulators can, in principle, directly request information from firms, standardized mandated disclosure reduces their information processing costs (Blankespoor, deHaan, and Marinovic, 2020), helping them more efficiently evaluate and compare firms' poverty-alleviation activities and ultimately strengthening firms' incentives to

participate. Moreover, the requirement for non-participating firms to explicitly disclose this decision, which sets them apart from their participating peers, further intensifies the political pressure to participate. Based on these discussions, we hypothesize that the disclosure mandate incentivizes firms' involvement in poverty alleviation by increasing political pressure.

Several features of our setting are worth noting. First, as the largest developing economy with an active capital market and a sizable impoverished population, China provides a highly relevant setting with sufficient statistical power to study the effects of capital market regulations on firms' poverty-alleviation behaviors. Second, unlike market-based economies, China's relationship-based economy—similar to many other developing nations fighting poverty—enables us to offer evidence that is not only “context-specific” to China but also relevant to the “general interest” of advancing sustainable development around the world (Cheng, Hail, and Yu, 2022). Third, using detailed information revealed by the mandated disclosure, we can observe not only *whether* firms contribute to poverty alleviation but also *how*—through related spending, specific activities, and regions they support. This granular data allows for a deeper understanding of how firms respond to the disclosure mandate and how their responses vary.

To examine the effect of the disclosure mandate, we adopt a difference-in-differences design, comparing the changes in the participation of poverty alleviation activities between firms listed in mainland China (China-listed firms, the treatment group) and those operating in mainland China but listed exclusively in Hong Kong (Hong Kong-listed firms, the control group). Firms in both groups operate in mainland China and, hence, are subject to the same economic and political trends, but only those in the treatment group were affected by the TPA disclosure mandate. In addition, most control firms and treatment firms voluntarily disclosed their poverty alleviation activities in their annual reports and/or corporate social responsibility (CSR) reports even before

the disclosure mandate. This feature allows us to identify firms' TPA participation based on a comprehensive search of keywords related to poverty alleviation in these reports.

We find that the TPA disclosure mandate significantly increased firms' participation in poverty alleviation activities. The likelihood of contributing to poverty alleviation projects for China-listed companies increased by 6.8 percentage points relative to Hong Kong-listed Chinese companies after the disclosure mandate. This increase is economically significant, as it represents a 31% increase relative to the pre-period TPA participation probability of China-listed companies (i.e., 22 percentage points). In addition, China-listed companies significantly increased the descriptions about their poverty alleviation activities in annual reports and CSR reports after the disclosure mandate compared with Hong Kong-listed companies.

To attribute these findings to the disclosure mandate requires that the difference-in-differences identifying assumptions plausibly hold. The primary identifying assumptions in our setting are: (1) when firms engage in poverty alleviation activities, they will disclose these activities; (2) in the absence of the disclosure mandate, the treatment group and the control group would act similarly; and (3) there is no other shock concurrent with the disclosure mandate that only affects the treatment group. We provide support for these assumptions.

First, even without a disclosure mandate, Chinese companies are motivated to disclose their poverty alleviation activities due to positive perceptions by the government and other stakeholders, as well as encouragement from securities regulators (Shenzhen Stock Exchange, 2006; Shanghai Stock Exchange, 2008). Indeed, for a subset of randomly picked firm-years that were not covered by the disclosure mandate and did not disclose poverty alleviation in their annual or CSR reports, we do not find any information about their engagement in poverty alleviation in a comprehensive online search. To further mitigate the concern that small TPA contributions may have been

unobservable during the pre-period—and that our results could be driven by the increased *visibility* of these firms’ TPA participation in the data after the disclosure mandate—we rerun the analysis, coding firms as participating only if their TPA spending exceeds a certain threshold. Our results remain statistically significant even with a high threshold. Second, the gap in TPA participation between China-listed and Hong Kong-listed firms did not widen until 2017, the year following the introduction of the disclosure mandate. The absence of divergence in TPA participation during the pre-period mitigates the concern that our results are driven by differing participation patterns between the treated and the control firms over time. In addition, our results hold when using a subsample of firms matched by size, location, and industry or using a propensity-score-matched sample. Third, we conducted an extensive search of regulations related to poverty alleviation and did not find any other concurrent regulation that only affected the treatment group.

Positive accounting theory posits that large firms or firms with politically connected management face higher political scrutiny than other firms (Watts and Zimmerman, 1978; Fan, Wong, and Zhang, 2007). Thus, these firms likely faced strong pressure to engage in poverty alleviation even before the disclosure mandate and are less affected by it. In contrast, small firms or firms without politically connected management are more likely to participate in TPA when the disclosure mandate intensifies political pressure. Consistent with this argument, our analysis reveals that the TPA disclosure mandate has a greater impact on small firms and firms without politically connected management. These results are consistent with prior research highlighting the importance of political influence on Chinese firms’ valuation and decision-making (Hung, Wong, and Zhang, 2012, 2015; Piotroski, Wong, and Zhang, 2015).

The detailed TPA information revealed by the disclosure allows us to further delve into the impact of the disclosure mandate. First, we use TPA-related spending reported in the mandated

disclosure to assess the economic importance of firms' involvement in poverty reduction. During our post period of 2017-2020, firms subject to the disclosure mandate reported a total of 26.2 billion yuan in spending on poverty reduction activities—an economically significant amount even relative to the 464 billion yuan in special fiscal funds for poverty alleviation invested by the central government during the same period. Firms newly participating in TPA activities in response to the disclosure mandate spent 944 million yuan, which, while modest in absolute terms, accounts for a notable 3.6% of total spending by all firms.

Second, we expect that the disclosure mandate helps guide firms to focus more on supporting the “impoverished counties” designated by the central government, as these counties are the focus of the TPA campaign.<sup>1</sup> Consistent with this prediction, we find that newly participating firms are more likely to support the impoverished counties than long-time participants.

Third, the disclosure mandate is likely to encourage TPA participation from firms that are less capable or less willing to contribute, since those with greater incentives or ability may not need a disclosure mandate to motivate their contribution. In support of this prediction, we find that newly participating firms have less TPA-related spending, support fewer counties, and contribute less to more complex and costlier TPA activities. Furthermore, new participants tend to be smaller and have fewer tangible assets, whereas long-time participants are larger and older, with greater profitability, cash flows, tangible assets, and lower leverage and growth. Non-participants are smaller, younger, grow faster, and have lower profitability and cash flows than participants.

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<sup>1</sup> Impoverished counties are the focus of the TPA campaign (e.g., [https://www.sohu.com/a/433748134\\_120537338](https://www.sohu.com/a/433748134_120537338); [https://www.guancha.cn/politics/2020\\_11\\_23\\_572358\\_s.shtml](https://www.guancha.cn/politics/2020_11_23_572358_s.shtml)). A county is more likely to receive the impoverished status if it has a lower GDP, greater rural-urban income inequality, was once a revolutionary district of China's Red Army, and has more minority and religious residents (CPC Central Committee and State Council, 2011). While the standardized quantitative table reports only activities in impoverished counties, the qualitative discussion in the mandated TPA disclosure discloses all counties a firm supports.

Finally, we use county-year-level data to explore county characteristics that attract firms' TPA support. We find that impoverished counties are significantly more likely to attract firms' support. After controlling for the impoverished status, counties with lower GDP per capita or income per capita are more likely to receive support. Taken together, our findings suggest that the disclosure mandate incentivized less capable or less willing firms to provide economically meaningful support to TPA in a more targeted manner, albeit with a more limited scale and depth.

Our paper contributes to a growing literature on the real effects of mandated CSR disclosures in several ways (Roychowdhury, Shroff, and Verdi, 2019; Christensen, Hail, and Leuz, 2021; Kothari, Zhang, and Zuo, 2023; Friedman and Ormazabal, 2024). First, while prior research has examined the effects of disclosure mandates targeting several aspects of CSR,<sup>2</sup> we know little about the influence of disclosure mandates on firms' contribution to poverty alleviation, which is the greatest challenge for sustainable development and the core mission of global organizations such as the United Nations and the World Bank (United Nations, 2015; Banga, 2023). We bridge this gap by investigating the impact of a disclosure mandate on firms' participation in poverty alleviation activities in a large developing country. Second, while previous research often focuses on the effect of revealing new information about negative actions that firms are reluctant to disclose voluntarily (Christensen, Hail, and Leuz, 2021; Kothari, Zhang, and Zuo, 2023), we study the mandatory disclosure of actions with *positive* social impact. Our paper suggests that even if firms voluntarily disclose positive actions pre-mandate, the disclosure mandate can still promote such actions—as the mandate signals the significance of these actions and intensifies political pressures on firms that did not participate previously. In this way, our paper also complements

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<sup>2</sup> Outcomes examined include food safety (Jin and Leslie, 2003), environmental protection (Chen, Hung, and Wang, 2018; Tomar, 2023), workplace safety (Christensen, Floyd, Liu, and Maffett, 2017), and payment for mineral extraction rights (Rauter, 2020).

prior research that shows firms' suppression of negative information in response to political incentives (Piotroski, Wong, and Zhang, 2015). Third, our study answers the call for research on the effect of mandated sustainability reporting in relationship-based economies where disclosure targets a broader set of stakeholders (Cheng, Hail, and Yu, 2022; Lennox and Wu, 2022; Lu, Shin, and Zhang, 2023).

This paper is also related to research on poverty alleviation policies. Prior research has examined a wide range of poverty-reduction strategies, such as microfinance (Banerjee, Duflo, Glennerster, and Kinnan, 2015), education (Duflo, Dupas, and Kremer, 2011), and conditional cash transfers (Fiszbein and Schady, 2009). We study an information-driven poverty alleviation strategy, i.e., mandatory disclosure of companies' poverty alleviation activities.

Finally, our paper contributes to emerging research on China's TPA campaign.<sup>3</sup> Specifically, a related working paper by Jiang, Kang, and Liang (2024) studies the negative externalities of TPA disclosure on firms' environmental behaviors by examining the incremental effect of disclosing TPA not only in annual reports but also in CSR reports (relative to firms that disclose TPA only in annual reports).<sup>4</sup> Our paper complements theirs by focusing on the positive direct effect of the disclosure mandate on firms' poverty alleviation activities, examining the overall effect of the mandate (relative to unregulated firms).

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<sup>3</sup> Existing research on China's TPA campaign evaluates its overall effects (Zhou, Liu, Wang, and Cheng, 2023; Zhou, Huang, Shen, and Tian, 2023) as well as its specific strategies, including relocating poor rural households (Zhang, Xie, and Zheng, 2023; Liu, Feng, Zhao, and Qiu, 2023), building photovoltaic power stations in impoverished areas (Li, Chen, Ding, Zhang, and Hao, 2023), and tax deductions for corporate spending on poverty reduction (Chen, Yeung, and Delios, 2023). A few recent papers on TPA disclosure focus on the effect of the disclosure on firms' stock performance, analyst forecasts, and reputation (Qiao, Han, and Liu, 2021; Wu, Xu, and Zhou, 2023; Yang, Wei, Chen, and Ren, 2023).

<sup>4</sup> Jiang et al. (2024) report a result related to the positive direct effect of TPA disclosure: firms required to also disclose TPA in CSR reports donate more to poverty alleviation following the disclosure mandate. This analysis differs from our main test not only in its focus on the incremental effect of disclosing in CSR reports but also in its use of poverty-related donations as the outcome variable—donations represent only one aspect of poverty alleviation. As we discuss in Section 2, many poverty alleviation efforts do not necessarily involve donations per se. For example, industrial development—arguably the most effective approach to reducing poverty—primarily involves investing in infrastructure projects and developing industries suited to the local environment.

## 2. Institutional Background

### 2.1. Targeted Poverty Alleviation

Poverty reduction has long been a challenge to China's sustainable development. The proportion of its residents with income below \$2.15 (2017 U.S. dollar) a day, the poverty line the World Bank uses to track global extreme poverty, was 72% (817 million people) in 1990. With its rapid economic growth, China's poverty ratio dropped to 8.5% by the time President Xi Jinping took office in 2012.<sup>5</sup> That ratio still equates to 115 million people living in extreme poverty. To lift the remaining poor out of extreme poverty, the Xi administration elevated poverty alleviation as one of the top national priorities, launching the Targeted Poverty Alleviation (TPA) campaign in 2013 (People's Daily, 2013; General Office of the CPC Central Committee [2013] No. 25).

The TPA campaign requires precise identification of poverty at the household level, followed by tailored assistance based on household-specific needs and local resources. Governmental officials were dispatched to identify and register each poor household based on income and assets. After identifying the households to help, poverty reduction teams led by officials often spent several years in a poverty-stricken region to carry out poverty alleviation strategies that fit local needs. These strategies, such as modernizing the processing and marketing of agricultural products and developing tourism resources, focus on creating local economic opportunities and stable income for the poor to lift themselves out of poverty. These actions are complemented by support in other areas, such as housing, education, healthcare, ecological protection, relocation, and income transfers. In addition, enterprises, organizations, and individuals were encouraged to participate in poverty alleviation initiatives. For example, urban residents supported poverty-stricken counties by purchasing their products (Hou, 2020).

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<sup>5</sup> Poverty headcount ratio at \$2.15 a day (2017 PPP) (% of population) – China.  
<https://data.worldbank.org/indicator/SI.POV.DDAY?locations=CN>

## 2.2. Mandated corporate disclosure on targeted poverty alleviation

In November 2015, the government escalated its commitment to the campaign by introducing the Decision on Winning the Battle Against Poverty (CPC Central Committee and State Council, 2015). The 2015 Decision outlined a comprehensive strategic framework for the TPA campaign and reaffirmed the government's determination to eradicate extreme poverty in China by 2020. In particular, it mobilized the whole society, including companies, to contribute to the campaign. This regulatory change affected all firms operating in China, including both China-listed and Hong Kong-listed firms.

In response to the 2015 Decision and to promote publicly listed companies' participation in poverty alleviation, the China Securities Regulatory Commission (CSRC) issued "The Opinions of the China Securities Regulatory Commission on Leveraging the Role of the Capital Market to Serve the National Strategy of Poverty Alleviation" in September 2016 (CSRC, 2016). The 2016 Opinions required public firms to disclose their engagement in poverty alleviation actions in a designated section of their annual reports. The Shanghai Stock Exchange and the Shenzhen Stock Exchange followed up with details of the disclosure requirements in December 2016 (Shanghai Stock Exchange, 2016; Shenzhen Stock Exchange, 2016). This disclosure mandate is viewed as a forceful measure taken by the government to encourage China-listed firms' actions in poverty alleviation (NetEase, 2016; People's Daily, 2018). Important to our research design, the disclosure mandate did not apply to companies solely listed on the Stock Exchange of Hong Kong.

Under the TPA disclosure mandate, China-listed companies (i.e., companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange) were required to disclose their involvement in TPA in the "Significant Events" section of their annual reports. These firms had to clearly state whether they had or had not participated in poverty-alleviation projects during the

reporting period. Participating firms need to provide a standardized table along with supplementary discussions about the details of their TPA contribution. The standardized table reports quantitative information about the input (e.g., monetary expenditure, personnel, and projects) and output (e.g., number of people lifted out of poverty) related to each of the eight types of TPA assistance (i.e., industrial development, transferred employment, relocation, education, health, ecological protection, basic guarantee, public programs). The supplementary discussions provide additional information about the TPA performance in the reporting year and the plan for TPA activities in the next year. These discussions often include details about the supported regions, invested projects, other implemented strategies, and outcomes achieved.

Companies contributed to poverty alleviation in different ways, often leveraging their expertise. For example, the Metallurgical Corporation of China, an engineering and construction company, invested about 3.36 million yuan in Yanhe County to construct bridges and water supply facilities in 2017. Hefei BOE Hospital, a subsidiary of the BOE Technology Group, donated one million yuan to the local Red Cross to help impoverished patients and carried out voluntary medical examinations and free clinic activities targeting poverty-stricken areas in 2019. Table 1 provides examples of companies' involvement in each of the eight types of poverty alleviation activities based on their TPA disclosures. Appendix B provides two examples of mandated TPA disclosures, one for a firm that participated in TPA activities and the other for a non-participating firm.

### 2.3. Important features of the TPA disclosure mandate

The effect of disclosure regulations in international settings depends importantly on enforcement and implementation (e.g., La Porta, Lopez-De-Silanes, and Shleifer, 2006; Christensen, Hail, and Leuz, 2013, 2016). In economies with weak institutional environments, such as China, disclosure mandates alone are often not enough to affect firm behavior (e.g., Jiang,

Lee, and Yue, 2010). They are better enforced and, hence, more impactful when the government uses them to exert political pressure on firms in pursuit of social and political objectives (Lennox and Wu, 2022). In our setting, the TPA disclosure mandate was introduced in response to the 2015 Decision, which reinforced the national priority in poverty reduction and explicitly called for companies' contribution. Given the considerable political pressure behind it, the disclosure mandate is likely to have a significant influence on companies, providing a powerful setting to study our research question.

We note that most firms voluntarily disclosed their involvement in poverty alleviation through annual reports or CSR reports even without the disclosure mandate, because these activities were strongly encouraged by the regulators, including security regulators. However, the mandated TPA disclosures differ from voluntary disclosures in at least three important ways that strengthen the political pressure they impose.

First, prior to the disclosure mandate, firms offered various levels of detail and emphasized different aspects when reporting their poverty-alleviation activities. While some firms provided extensive information about individual projects and the specific regions they supported, others merely mentioned their participation in poverty alleviation in a few sentences. In contrast, the mandated disclosure includes a standardized table that offers comparable, quantitative information regarding firms' contributions to poverty alleviation. As standardization and comparability reduce the cost of processing financial and CSR information (De Franco, Kothari, and Verdi, 2011; Blankespoor, deHaan, and Marinovic, 2020; Christensen, Hail, Leuz, 2021), mandated disclosure facilitates interested parties to assess companies' TPA action more efficiently.

Second, before the TPA disclosure mandate, while firms contributing to poverty alleviation had strong incentives to disclose, these disclosures were voluntary in nature, and firms not

contributing did not have to declare this decision explicitly. The disclosure mandate, however, is an important approach through which the government exerts pressure on firms to participate in TPA, and it requires an explicit statement of non-contribution. This disclosure could clearly set non-participating firms apart from participating ones and send a salient signal readily noticeable to the government, increasing the political pressure on firms to contribute.

Finally, without the disclosure mandate, firms could report their poverty alleviation information through various channels. Under the disclosure mandate, however, they had to disclose this information within a dedicated section of their annual reports. Because regulatory filings increase the use and dissemination of information (Christensen, Floyd, Liu, and Maffett, 2017), the mandated poverty alleviation disclosure in annual reports is likely to attract more attention from companies' internal and external stakeholders.

Taken together, we expect the mandated TPA disclosure to help the government more efficiently assess and compare firms' poverty-alleviation efforts, increasing political pressure on firms to contribute to TPA. Supporting our argument that government officials use mandated TPA disclosures to learn firms' TPA involvement, these disclosures have been widely cited in government press releases, research studies, and policy documents.<sup>6</sup>

### **3. Research design**

#### **3.1. The effect of the TPA disclosure mandate**

An important feature of our setting is that firms operating in mainland China but solely listed on the Stock Exchange of Hong Kong were not subject to the disclosure mandate. Therefore, we can adopt a difference-in-differences design to identify the effect of the TPA disclosure mandate,

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<sup>6</sup> See, for example, [https://www.gov.cn/xinwen/2018-09/07/content\\_5320205.htm](https://www.gov.cn/xinwen/2018-09/07/content_5320205.htm), <https://www.yicai.com/news/5395367.html>, and <http://www.esrc.gov.cn/esrc/c101800/ca70ce4ae455f4ca0b6b3d44307d9ffaf/content.shtml>.

comparing the changes in the participation of poverty alleviation activities for China-operating firms that are listed in mainland China (the treatment group) and those solely listed in Hong Kong (the control group; “Hong Kong-listed” hereafter). While the treatment and control groups can be different in firm characteristics, our identifying assumption is that these two groups of firms take similar actions in the absence of the disclosure mandate.<sup>7</sup> We assess this assumption based on the pre-treatment data. Taking advantage of this institutional feature, we run the following regressions at the firm-year level to examine the effect of the TPA disclosure mandate on firms’ participation in poverty alleviation activities:

$$PARTICIPATION_{i,t} = \beta_0 + \beta_1 CHINA\_LISTED_i \times POST_t + \gamma X_{i,t-1} + \alpha_i + \alpha_t + \epsilon_{i,t} \quad (1)$$

*PARTICIPATION* is an indicator variable equal to one if a firm participated in poverty-alleviation activities in a year and zero otherwise. We also replace *PARTICIPATION* with *ALLEVIATION* as an alternative dependent variable, defined as the natural logarithm of one plus the number of poverty-alleviation-related keywords in a firm’s CSR and annual reports.<sup>8</sup> We discuss in detail how we measure *PARTICIPATION* and *ALLEVIATION* in the next subsection. *CHINA\_LISTED* is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, and zero otherwise. *POST* is an indicator variable equal to one in and after 2017, and zero otherwise.<sup>9</sup> We include firm fixed effects,  $\alpha_i$ , to control for time-invariant firm characteristics that can contribute to firms’ support for poverty alleviation. In addition, we include year fixed effects,  $\alpha_t$ , to address the concern that firms’ increased participation in poverty alleviation activities is driven by time trends. The main effects of

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<sup>7</sup> In robustness tests, we further restrict sample firms by matching treatment and control firms by size, location, and industry or using a propensity-score-matched sample.

<sup>8</sup> We do not measure *ALLEVIATION* using TPA-related spending because most companies did not voluntarily disclose this spending before the disclosure mandate.

<sup>9</sup> We include the 2016 observations in the estimation. Our results are similar when we drop the 2016 observations.

*CHINA\_LISTED* and *POST* are subsumed by firm fixed effects and year fixed effects, respectively. Standard errors are clustered at the firm level. The sample period starts in 2012, when poverty alleviation was elevated as one of the national priorities, and ends in 2020, when the TPA campaign ended (Xi, 2021). This period is also the typical one officials use to evaluate the effects of the TPA campaign (Xi, 2021).

Since firms' participation in poverty alleviation could be driven by firm characteristics, we control for factors (included in  $X$ ) related to Chinese companies' CSR activities, following prior research (e.g., Chen, Hung, and Wang, 2018; Lu, Sivaramakrishnan, Wang, and Yu, 2021): *SIZE*, *LEVERAGE*, *GROWTH*, *ROE*, *OCF*, *AGE*, *CONCENTRATION*, *HHI*, and *TANGIBILITY*. *SIZE* is the natural logarithm of total assets. *LEVERAGE* is total debt divided by total assets. *GROWTH* is the growth rate of sales. *ROE* is net income divided by total shareholders' equity. *OCF* is operating cash flow divided by total assets. *AGE* is the natural logarithm of the current year minus the year of a firm's initial public offering plus one. *CONCENTRATION* is the percentage of shareholdings of the largest shareholder. *HHI* is the Herfindahl-Hirschman index for the industry to which the firm belongs; the industry classification comes from the Wind database. *TANGIBILITY* is fixed assets divided by total assets. To further alleviate the concern that differences in firm characteristics between China-listed firms and Hong Kong-listed firms drive their differential trends starting in 2017, we also include the interactions between *POST* and these firm characteristics as controls.

### 3.2. Measures of firms' participation in poverty alleviation

To measure our dependent variables of interest, *PARTICIPATION* and *ALLEVIATION*, we need information about firms' participation in poverty alleviation. While the treatment firms were required to disclose this information since 2016, they were not required to do so previously. In addition, control firms were not required to disclose during the sample period. Lacking information

about firms' participation in TPA would complicate the identification of the impact of the disclosure requirement. To overcome this challenge, we apply a textual analysis algorithm to process firms' annual reports and CSR reports, followed by a manual review of the results, to identify keywords that indicate participation in poverty alleviation activities. Specifically, we first use the algorithm to search for poverty alleviation-related keywords in both simplified and traditional Chinese characters (e.g., poverty alleviation, providing support). Second, we exclude keywords found in the first step if they appear within 30 characters of words suggesting a different context (e.g., did not conduct, employee). Finally, one of the coauthors and two research assistants independently review each remaining identified keyword, along with the surrounding 30 Chinese characters, and we exclude it if at least two of the three reviewers decide it does not indicate participation in poverty alleviation.<sup>10</sup>

*PARTICIPATION* is set to one if at least one keyword is found in a firm's annual or CSR report in a year. *ALLEVIATION* is the natural logarithm of one plus the number of poverty-alleviation-related keywords in a firm's CSR and annual reports. We adopt the same keyword search approach for all the firms and years in our sample to ensure that the two variables are defined in the same way for both treatment and control groups and for the pre- and post-periods. As a validation of our approach, we find that the *PARTICIPATION* classification determined by our approach aligns with the classification derived from the mandated disclosure for all the treated firms in the post-period.

One concern with this approach is that treated firms engaged in poverty alleviation activities might not have disclosed their participation in their annual or CSR reports before the disclosure mandate. This is less of a concern in our setting, as Chinese companies consider the

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<sup>10</sup> Our results remain robust if we exclude a keyword as long as one reviewer decides it is unrelated to poverty alleviation or if we rely solely on the algorithm's output without incorporating the manual review step.

demands of a broad set of stakeholders (especially the government) and their social and political objectives when making disclosure decisions (Lu, Shin, and Zhang, 2023). Since poverty alleviation activities are viewed positively by the government, customers, and investors, and the security regulators have long encouraged firms to disclose their CSR activities (Shenzhen Stock Exchange, 2006; Shanghai Stock Exchange, 2008), Chinese companies have little incentive to hide their involvement in TPA activities.

To further alleviate this concern, we conducted two additional analyses. First, we performed an extensive online search for news articles related to poverty alleviation actions related to two hundred randomly picked China-listed firms with a *PARTICIPATION* value of zero in the pre-period. We do not find information on poverty alleviation for any of these firms. Second, to mitigate the concern that our results are driven by the increased visibility of China-listed firms' TPA participation in the data after the disclosure mandate, especially for firms with small TPA spending, we rerun our main analysis, assigning *PARTICIPATION*=1 to a China-listed firm during the post-period only if the firm's TPA spending exceeds a certain threshold. As discussed in Section 5.2, our results hold even with very high thresholds.

#### **4. Data and sample**

We construct the sample using data from several sources. We start by downloading the annual reports and CSR reports of all China-listed and Hong Kong-listed firms from CNINFO and HKEXnews. We search poverty-alleviation-related keywords in these reports to create variables capturing firms' poverty alleviation participation (discussed in Section 3.2). We collect data on firms' expenditures on specific types of poverty alleviation activities revealed in their TPA disclosure from the China Stock Market and Accounting Research Database (CSMAR). Data on counties receiving firms' support are obtained from the Chinese Research Data Services (CNRDS).

Other financial data for China-listed and Hong Kong-listed firms are obtained from the CSMAR and WIND databases. We only keep firms operating in mainland China to ensure that firms in both the treatment and control groups are subject to the same economic trend and concurrent events that could affect firms' decision to engage in TPA.<sup>11</sup> We also exclude financial firms because they contribute to TPA in ways that are not comparable with other firms (e.g., by issuing loans). We collect county-level data from the CSMAR and CNRDS Databases, supplemented by manual online searches. This dataset includes measures of local GDP, household income in urban and rural areas, and demographic information.

Figure 1 illustrates the distribution of economic conditions and firms' poverty-alleviation activities across China. As shown in Panel A, the eastern and southeastern regions of China are wealthier, characterized by a relatively higher GDP per capita. In contrast, China's southwestern, western, and central areas are less affluent. The impoverished counties designated by the central government are concentrated in areas with the most challenging economic conditions, as shown in Panel B. While the impoverished counties, which are the target of TPA, are situated in economically disadvantaged regions, Panel C indicates that firms' poverty alleviation initiatives extended to a much broader geographic scope, covering nearly every prefecture-level city in China.

Table 2 reports the descriptive statistics of firm-year-level variables used in our main analysis. We winsorize all continuous variables at the top and bottom one percent to mitigate the influence of extreme values. The average value of *PARTICIPATION* is 0.329, indicating that, on average, one-third of firms engaged in poverty alleviation activities over the sample period.

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<sup>11</sup> All China-listed firms (i.e., those listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange) are classified as operating in mainland China. Hong Kong-listed firms that operate in mainland China include companies incorporated in mainland China and listed on the Stock Exchange of Hong Kong (H-shares), as well as companies incorporated outside mainland China but listed on the Stock Exchange of Hong Kong, either controlled by the Chinese government (red chips) or privately owned by Chinese entities.

*ALLEVIATION* (before the logarithm transformation) exhibits a highly right-skewed distribution, with an average of 3.41 and a 75<sup>th</sup> percentile of 1. China-listed observations account for 80% of the sample, and 45.4% of the observations are in the post-period. Sample firms have an average asset size of about 20 billion yuan, a 45.5% leverage ratio, a 17.6% revenue growth, and a 2.1% return on equity (ROE). These statistics are consistent with those documented in prior research focusing on Chinese companies (Ke, Lennox, and Xin, 2015; Chen, Kim, Li, and Liang, 2018; Chan, Jiang, Wu, Xu, and Zeng, 2020).

## **5. The effect of TPA disclosure on firms' participation in poverty alleviation**

### **5.1. Main results**

We begin by describing the participation of China-listed and Hong Kong-listed firms in poverty alleviation during our sample period. As reported in Table 3, the gap in TPA participation between China-listed and Hong Kong-listed firms remained steady at around 11 to 13 percentage points (p.p.) during the pre-period (2012-2016), even as their participation rates rose significantly (from 16.8% to 36.3% and 5.3% to 23.3%, respectively), especially in 2016, likely due to the 2015 Decision. These patterns align with our formal parallel trends analysis (Figure 2), indicating the absence of pre-trends. Consistent with the treatment effect of the disclosure mandate, the participation gap sharply widened in 2017, reaching 17 p.p., and it continued to expand, growing to around 25 p.p. by 2020. Overall, the average gap in the TPA participation rates between the two groups of firms rose from 11.6% in the pre-period to 20.2% in the post-period, resulting in an 8.5 p.p. increase in the gap after the disclosure mandate.

We formally examine the effect of the disclosure mandate on firms' participation in poverty alleviation activities using the difference-in-differences specification described in equation (1). The results are reported in Table 4. In column 1, we run an OLS regression, regressing the indicator

for participation in poverty alleviation, *PARTICIPATION*, on the interaction between the indicator for China-listed firms, *CHINA\_LISTED*, and the indicator for the year of the disclosure mandate adoption and subsequent years, *POST*. The main effects of *CHINA\_LISTED* and *POST* are subsumed by the firm and year fixed effects. The regression coefficient of *CHINA\_LISTED*×*POST* is positive and statistically significant at the 1% level. The result is robust to controlling for firm characteristics and their interactions with *POST*, as reported in columns 2 and 3.<sup>12</sup> Based on the estimates with the most stringent controls and fixed effects (column 3), the TPA disclosure mandate increases a China-listed firm’s likelihood of TPA participation by 6.8 percentage points relative to a Hong Kong-listed firm, representing about 31% of the pre-period TPA participation probability of China-listed firms (i.e., 22 percentage points). In addition, we find that the disclosure mandate significantly increased firms’ discussion about issues related to poverty alleviation in their annual and CSR reports. As reported in column 6, the number of poverty-alleviation-related keywords in these reports by China-listed firms increased by 47% ( $=e^{0.387}-1$ ) relative to Hong Kong-listed firms after the disclosure mandate.

Our key identifying assumption is that China-listed and Hong Kong-listed firms would exhibit similar differences in TPA participation in the absence of the disclosure mandate. To assess this assumption, we map out the differential effect of *CHINA\_LISTED* on TPA participation over time in Figure 2. We find that the gap in TPA participation between China-listed and Hong Kong-listed firms remained relatively stable before 2017. In particular, the participation gap between the two sets of firms did not widen in 2016 despite substantial increases in their respective participation rates, as shown in Table 3 (likely driven by the 2015 Decision). Although the parallel trends assumption is inherently untestable, the absence of divergence in TPA participation during

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<sup>12</sup> Results in columns 1 to 3 are robust to using logistic regression models (untabulated).

the pre-period provides support for this assumption. In addition, we conducted an extensive search of regulations related to poverty alleviation around the disclosure mandate and did not find any other regulation that only affected China-listed companies. Overall, these findings mitigate the concern that our results are driven by concurrent events that differentially affect the TPA participation of the treated and the control firms over time.

## 5.2. Robustness checks

We conduct two tests to assess the robustness of our baseline findings. First, one concern with our empirical strategy is that our results might be driven by the increased *visibility*, instead of the actual occurrence, of China-listed firms' TPA participation in our data after the disclosure mandate. Before the TPA disclosure mandate, firms making small contributions to poverty alleviation may not have considered these actions material or important enough to disclose in their CSR or annual reports, resulting in underestimated TPA participation during the pre-period. Such disclosure becomes mandatory during the post-period, leading to increased visibility of participation by China-listed firms with small TPA spending. To alleviate this concern, we rerun the main analysis, redefining *PARTICIPATION* for China-listed firms starting in 2017. Specifically, we assign  $PARTICIPATION = 1$  to these firms during the post-period only if their TPA spending exceeds a certain threshold. As reported in Table 5, our results remain economically and statistically significant for thresholds up to 200,000 yuan, which well exceeds the first quartile level of TPA spending for China-listed firms in the post-period (see Panel A of Table 8).

Second, while we limit the control group to Hong Kong-listed firms that also operate in mainland China to ensure comparability with the China-listed firms in the treatment group, inherent differences between the two groups may still contribute to the documented effects of the disclosure mandate. To alleviate this concern, we impose additional sample restrictions to enhance

the comparability between treatment and control firms. We start by matching each Hong Kong-listed firm with a China-listed firm from the same city, industry, and size quintile, selecting the one with the closest size when multiple China-listed firms meet the criteria. Hong Kong-listed firms without a match are excluded from the sample. As reported in Panel A of Table 6, although imposing this restriction reduces our sample size to less than one-fourth of its original size, we still find a significant positive impact of the TPA disclosure mandate on firms' TPA participation. Next, we create a propensity-score-matched sample of treatment and control firms that are similar in a series of firm characteristics in 2016. The matching is based on the propensity score estimated by a logistic model using 2016 observations. The dependent variable is *CHINA\_LISTED*, and the independent variables include size, leverage, revenue growth, ROE, operating cash flows, firm age, concentration of shareholders, industry concentration, and tangible assets. Panel B of Table 6 reports the summary statistics of control variables for the treatment and control groups before and after the matching. While the two groups differ significantly across most variables before matching, the matched pairs show no significant differences in any of these firm characteristics. In Panel C of Table 6, we rerun our main regressions using the propensity-score-matched sample and find consistent results.

### 5.3. Cross-sectional tests

We conduct cross-sectional tests to examine the heterogeneous effects of the disclosure mandate on firms' poverty-alleviation involvement. Larger firms and firms with politically connected management tend to receive more regulatory attention and experience greater political pressure (Watts and Zimmerman, 1978; Fan, Wong, and Zhang, 2007), so they are more likely to have participated in TPA even before the disclosure mandate.<sup>13</sup> In contrast, smaller firms and firms

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<sup>13</sup> This is supported by our additional finding (untabulated) that larger firms and firms led by chairmen with government affiliations are more likely to participate in poverty alleviation activities during the pre-period.

lacking political connections tend to face less political scrutiny to contribute to poverty reduction prior to the disclosure mandate, and they are more likely to start contributing once the disclosure mandate intensifies the political pressure.

To test this prediction, we regress *PARTICIPATION* on the interactions between *POST* and indicators for China-listed firms that fall into specific categories. The results are reported in Table 7. We find that the treatment effect of the disclosure mandate is concentrated among smaller firms (column 1) and firms led by chairmen without government affiliations (column 2). Overall, these results align with the predictions of positive accounting theory and provide evidence on the types of firms most affected by the disclosure mandate.

## **6. Delving into firms' responses to the TPA disclosure mandate**

After documenting that the TPA disclosure mandate increases firms' participation in poverty alleviation activities, we delve into its specific impact on firms' poverty alleviation actions. The standardized, quantitative information from mandated TPA disclosures provides granular data that allows us to examine the degree of poverty alleviation actions from several aspects, including TPA spending, types of assistance provided, and the regions being assisted. In addition, we leverage these measures to further understand the types of firms that are more influenced by the disclosure mandate and the motives of their TPA contributions.

### **6.1. Newly participating firms' poverty alleviation contributions**

To provide richer insights into the effect of the disclosure mandate, we zero in on the poverty alleviation actions of firms newly participating in these activities in or after 2017. Table 8 provides descriptive evidence. First, we provide evidence of the economic magnitude of firms' TPA contribution. Panel A suggests that TPA participating firms spent around 26.2 billion yuan on poverty alleviation during the post period of 2017-2020. This is economically significant even relative to the 464 billion yuan in poverty-alleviation special fiscal funds allocated by the central

government during the same period.<sup>14</sup> New participants contributed 944 million yuan, which, while modest in absolute terms, accounts for a notable 3.6% of total spending by all firms (944 million yuan / 26,243 million yuan).

Second, we examine firms' focus on helping impoverished counties. Since the TPA campaign focuses on a list of "impoverished counties" designated by the central government, the extent to which companies' support was directed to these counties is an important measure of the degree of their TPA involvement. Panel B of Table 8 suggests that new participants are more likely to focus on impoverished counties than long-time participants. Specifically, 240 out of the 483 (50%) TPA participations (i.e., firm-years with TPA participation) of new participants focused more on impoverished counties, i.e., supported more impoverished counties than other counties in a year (with *FOCUSED*=1), as compared with 701 out of 1,647 (43%) for long-time participants. New participants' greater focus on impoverished counties is likely motivated by their desire to align with the government's poverty alleviation goal, which targets impoverished counties.

Third, we investigate the distribution of TPA-related spending across the eight types of poverty alleviation activities for all firms and for new and long-time participants separately. Table 1 provides descriptions and examples for each type. Industrial development is arguably most helpful for reducing poverty. It primarily involves investing in infrastructure projects and developing industries suitable for the local environment. For example, firms can help build solar power stations, water supply facilities, roads, bridges, reservoirs, and power supply lines. Contributing to industrial development projects is more challenging and resource-intensive than

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<sup>14</sup> See [http://m.mof.gov.cn/czxw/201706/t20170607\\_2617539.htm](http://m.mof.gov.cn/czxw/201706/t20170607_2617539.htm), [https://www.gov.cn/xinwen/2018-05/05/content\\_5288200.htm](https://www.gov.cn/xinwen/2018-05/05/content_5288200.htm), [https://www.gov.cn/xinwen/2019-05/18/content\\_5392677.htm](https://www.gov.cn/xinwen/2019-05/18/content_5392677.htm), and [https://www.gov.cn/xinwen/2020-12/03/content\\_5566565.htm](https://www.gov.cn/xinwen/2020-12/03/content_5566565.htm) for the central government's investment in special fiscal funds for poverty alleviation during 2017-2020. Since our sample excludes financial firms (as explained in Section 4), our analysis underestimates the overall contributions by all public firms.

simply donating money or goods. At the same time, these projects tend to yield lasting benefits in reducing poverty because they focus on enhancing overall economic conditions and labor productivity.<sup>15</sup> Panel C of Table 8 suggests that approximately 71% of the TPA expenditures were directed toward industrial development (18,527 million yuan / 26,243 million yuan). While this category constitutes the largest spending area for participating firms, new participants allocated a smaller share to it than long-time participants—65% vs. 71% of their total contributions, respectively (615 million yuan / 944 million yuan vs. 17,913 million yuan / 25,299 million yuan).

In Panel A of Table 9, we use regressions to formally analyze new participants' TPA contributions. In column 1, we regress TPA-related spending on the indicator of new participants, *NEW\_PARTICIPANT*, without adding control variables. Consistent with the descriptive evidence in Panel A of Table 8, we find that new participants spent significantly less on poverty alleviation activities. The significant association holds after including firm-level controls in column 2 and year fixed effects and industry fixed effects in column 3. We find similar patterns when replacing the dependent variable with the frequency of support, measured by the number of counties a company supports in a year (columns 4 to 6). In column 7, we find that *NEW\_PARTICIPANT* is significantly positively associated with *FOCUSED*, consistent with the descriptive evidence reported in Panel B of Table 8. This result is robust to the inclusion of firm-level controls, year fixed effects, and industry fixed effects (columns 8 and 9).

In Panel B of Table 9, we examine the characteristics of firms that make different TPA participation decisions. We expect that the disclosure mandate primarily encourages TPA participation from firms that are otherwise less capable or less willing to contribute due to their

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<sup>15</sup> Consistent with this argument, prior research finds that the improvement in economic growth and labor productivity is the primary driver of poverty alleviation in China (Montalvo and Ravallion, 2010; Loayza and Raddatz, 2010; Freije-Rodriguez and Zhao, 2022).

weaker financial positions. For those with greater ability or incentives to contribute, they may not need a disclosure mandate to motivate their contribution. Consistent with our conjecture, we find that new participants tend to be smaller and have fewer tangible assets and fewer holdings by the largest shareholder (column 1). In contrast, long-time participants are larger and older, with greater profitability, cash flows, tangible assets, holdings by the largest shareholder, and lower leverage and growth (column 2). This distinction can also explain the new participants' smaller TPA contribution documented above. Compared to participants, non-participants are likely to be the least capable or willing to contribute. Indeed, we find that non-participants are smaller, younger, grow faster, and have lower profitability and cash flows than participants (column 3).

Overall, our analyses in Tables 8 and 9 provide comprehensive evidence of firms' reactions to the disclosure mandate. The mandate was able to promote previously less capable or motivated firms to participate in poverty alleviation. While these firms spent less and participated in less costly poverty alleviation activities compared to long-time participants, potentially due to their weaker financial positions, their contribution is still economically meaningful. More importantly, these firms focused more on helping impoverished counties.

## 6.2. County-level evidence of firms' poverty alleviation efforts

We exploit county-level data to further our understanding of how the TPA disclosure mandate shapes firms' poverty alleviation contributions. Table 10 provides descriptive evidence on local economic conditions and the distribution of firms' TPA efforts across counties. Panel A of Table 10 confirms that impoverished counties are poorer than other counties, with significantly lower GDP per capita as well as lower rural and urban income per capita. According to Panel B, while firms support both impoverished and other counties, they are more likely to support impoverished counties (649 out of 832, or 78%) than non-impoverished counties (967 out of 2,093,

or 46%). This is also evidenced in Panels C and D, which present the GDP per capita of the 20 impoverished and non-impoverished counties that received the most frequent support from companies. These two tables report the GDP per capita for each county and sort counties by the frequency of corporate support received (with those receiving more support placed higher in the table).<sup>16</sup> These tables suggest that the most supported 20 impoverished counties received more support than the most supported 20 non-impoverished counties (mean of 17 vs. 15 and median of 16 vs. 13).

In Table 11, we regress the indicator of a county receiving support from at least one company on the county's impoverished status and county-level economic and demographic characteristics. We find that impoverished counties are more likely to receive support (column 1), consistent with the descriptive evidence reported in Table 10. After controlling for the impoverished status, we find that a county is more likely to receive support if it has a lower GDP per capita, urban income per capita, or rural income per capita, as indicated by columns 2 to 4. Furthermore, counties with impoverished status are significantly more likely to receive support after controlling for other county characteristics (column 5). These results suggest that firms are more interested in helping poorer counties, especially impoverished counties targeted by the TPA campaign, consistent with the political pressure argument.

## **7. Conclusion**

We examine whether mandatory poverty alleviation disclosures affect firms' involvement in reducing poverty. Specifically, we exploit the disclosure mandate that requires China-listed firms to report activities related to China's Targeted Poverty Alleviation (TPA) campaign. We find that the TPA disclosure mandate significantly increases the participation of China-listed firms in

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<sup>16</sup> Counties with the same frequency of support are sorted by GDP per capita.

poverty alleviation relative to Hong Kong-listed firms operating in China. In addition, we find that the effect of the disclosure mandate is more pronounced for firms that faced less political pressure prior to its implementation—small firms and firms lacking politically connected management.

To further assess the impact of TPA disclosure, we examine the TPA involvement for firms newly participating in TPA after the disclosure mandate, exploiting granular firm-level and county-level data from the mandated disclosure. We find that, compared with firms already participating in TPA before the disclosure mandate, newly participating firms—despite spending less, possibly due to weaker financial positions—are more focused on supporting poorer, impoverished counties designated by the central government. These results suggest that the disclosure mandate incentivizes TPA participation for firms that were otherwise less capable or willing to do so.

Our paper contributes to the literature on CSR disclosure, which has examined the disclosure of various aspects of firms' negative impact on society but has been largely silent on the disclosure of positive impact, including poverty-alleviation contributions. Our paper also adds to the literature on poverty reduction. While existing research has examined many poverty alleviation strategies, we know little about how mandated disclosures affect public firms' contribution to poverty alleviation. Our study fills this gap in the literature by investigating the effects of a poverty-alleviation disclosure mandate on firms' contribution to reducing poverty in a major economy.

Our paper should be interpreted with the following caveats. First, while China's relationship-based economy shares similarities with other developing nations fighting poverty, enhancing the generalizability of our findings, its unique political and economic institutions limit the extent to which these findings can be directly applied to other contexts (Lennox and Wu, 2022; Cheng, Hail, and Yu, 2022). Second, our paper does not evaluate the overall optimality of the TPA disclosure mandate. We focus on the effect of the disclosure mandate on firms' contributions to

poverty alleviation. How it affects poverty reduction outcomes or the broader economy is an important unanswered question that would benefit from future research.

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## Appendix A. Variable definitions

Variable	Variable Definition
<i>AGE</i>	The natural logarithm of the current year minus the year of a firm's initial public offering plus one.
<i>ALLEVIATION</i>	The natural logarithm of one plus the number of poverty-alleviation-related keywords in a firm's CSR and annual reports.
<i>CHINA_LISTED</i>	An indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise.
<i>CONCENTRATION</i>	The percentage of shareholdings of the largest shareholder.
<i>DISTANCE_COUNTY_BEIJING</i>	The natural logarithm of the distance between the county and Beijing (kilometer).
<i>FOCUSED</i>	An indicator variable equal to one if a firm supported more impoverished counties than non-impoverished counties in a year and zero otherwise.
<i>FREQUENCY</i>	The total number of counties a company supported in a year.
<i>GDP_PRE</i>	The natural logarithm of a county's GDP per capita in 2016 (Chinese yuan).
<i>GROWTH</i>	The growth rate of sales.
<i>HAN_DIALECT</i>	An indicator variable equal to one if a county's residents speak Han dialect and zero otherwise.
<i>HHI</i>	The Herfindahl-Hirschman index for the industry to which a firm belongs; the industry classification comes from the Wind database.
<i>IMPOVERISHED</i>	An indicator variable equal to one if a county is an impoverished county designated by the central government and zero otherwise.
<i>LEVERAGE</i>	Total debt divided by total assets.
<i>LONGTIME_PARTICIPANT</i>	An indicator variable equal to one if a firm participated in poverty alleviation in a year and participated in poverty alleviation in at least one year before 2017, and zero otherwise.
<i>MINORITY_DIALECT</i>	An indicator variable equal to one if a county's residents speak minority dialect and zero otherwise.
<i>NEW_PARTICIPANT</i>	An indicator variable equal to one if a firm participated in poverty alleviation in a year and did not participate in poverty alleviation before 2017, and zero otherwise.
<i>NON_PARTICIPANT</i>	An indicator variable equal to one if a firm did not participate in any poverty-alleviation activity in a year and zero otherwise.
<i>OCF</i>	Operating cash flow divided by total assets.
<i>PARTICIPATION</i>	An indicator variable equal to one if a firm participated in poverty-alleviation activities in a year and zero otherwise.
<i>POST</i>	An indicator variable equal to one in and after 2017 and zero otherwise.
<i>RELIGION</i>	The natural logarithm of one plus a county's total number of Catholic churches, mosques, Christian churches, and Buddhist and Taoist temples.
<i>REVOLUTIONARY_DISTRICT</i>	An indicator variable equal to one if a county was once a revolutionary district of China's Red Army and zero otherwise.
<i>ROE</i>	Net income divided by total shareholders' equity.
<i>RURAL_INCOME_PRE</i>	The natural logarithm of income per capita of a county's rural areas in 2016 (Chinese yuan).
<i>SIZE</i>	The natural logarithm of total assets (Chinese yuan).
<i>SPENDING</i>	The natural logarithm of the spending on poverty alleviation activities (Chinese yuan).
<i>SUPPORT</i>	An indicator variable equal to one if a county was supported by at least one firm's poverty-alleviation activities from 2017 to 2020 and zero otherwise.
<i>TANGIBILITY</i>	Fixed assets divided by total assets.
<i>URBAN_INCOME_PRE</i>	The natural logarithm of income per capita of a county's urban areas in 2016 (Chinese yuan).

## **Appendix B. Examples of TPA disclosure**

This appendix provides two examples of mandated TPA disclosures. Sections 1 and 2 contain the TPA disclosure in the 2020 annual report of a participating firm, Luzhou Laojiao. Section 3 contains the TPA disclosure in the 2017 annual report of a non-participating firm, Hikvision.

### **1. Excerpt on the discussions of TPA activities from Luzhou Laojiao’s 2020 annual report**

#### **18.2.2 Outline of annual targeted poverty alleviation**

The first is to donate medical supplies to overcome the difficulties together. After the outbreak of the COVID-19 pandemic, the Company quickly provided human, material and financial resources to ensure that both pandemic prevention and control and poverty alleviation of the assistance regions are not neglected. The Company donated mobile DR equipment, ventilators and other medical facilities and equipment to the People’s Hospital of Hongyuan County to improve the inspection and diagnosis capabilities of the hospital; the cadre in the village immediately returned to work, actively participated in the publicity and mobilization of pandemic prevention and control and the distribution of materials, and fought against the pandemic jointly with the cadres and masses of Hongyuan County.

The second is to strengthen infrastructure construction to increase the momentum for poverty alleviation. The Company built new lane rings covering 100,000 mu of pasture, benefiting more than 60 herders; it repaired the pasture lanes to facilitate herders’ travel, fresh milk transportation and yak transfer; it built the Banhan Bridge to ensure the safe discharge of pasture lanes during the flood period and the personal and property safety of herders; it implemented the winter heating project to further improve the working, studying and living conditions of teachers and students in Maiwa Township Primary School.

The third is to build featured industries and carry out poverty alleviation through consumption. Adhering to the industrial poverty alleviation road of “Luzhou Laojiao e-commerce + enterprises in Hongyuan County + collective economy + poverty-stricken herders,” the Company continued to carry out the project of “making a fortune from sales,” and leveraged the brand advantage of Luzhou Laojiao and the e-commerce platform to help Hongyuan County sell processed yak products and unblock sales channels to drive poverty-stricken households to increase their incomes.

The fourth is to deepen the intelligence and ambition enhancement to stimulate endogenous motivation. The Company set up scholarships to help poverty-stricken college students continue their studies; it assisted in the reelection of the village Party branch and village committee, and strengthened the core leadership position of the village Party branch of Xiangtian Village; it insisted on carrying out the “Three Drives Project,” and united the whole village to unswervingly pursue the goal of poverty alleviation and rural revitalization; in accordance with the “ambition enhancement” model of “guidance by village Party branch and village committee - demonstration of non-poor households - conversation with the Company’s volunteer team,” it regularly preached policies and held conversations with all poverty-stricken households, to continuously strengthen the villagers’ spirit of self-reliance; through the “Farmers’ Night School” platform, it regularly carried out training activities for farmers to improve their ability and level of alleviating poverty; it launched activities such as the “selection of moral models,” “light brigade’s poetry towards a well-off society,” and villagers’ dialogue forums, to strengthen impoverished people’s sense of gain in poverty alleviation.

## 2. Standardized table of TPA contributions from Luzhou Laojiao's 2020 annual report

### 18.2.3 Poverty alleviation achievement

Indicator	Unit	Amount/Implementation situation
A. Overall situation	——	— —
Including: 1. Fund	10,000 Yuan	215.81
B. Input by project	——	— —
1. Industrial development	——	— —
Including: 1.1 Type of poverty alleviation projects for industrial development	——	Poverty alleviation through agriculture and forestry, poverty alleviation through electronic commerce, others
1.2 Number of poverty alleviation projects for industrial development	Item	6
1.3 Amount invested in poverty alleviation projects for industrial development	10,000 Yuan	83.42
2. Transfer and employment	——	— —
2.2 Number of persons engaging in vocational training	Person	45
3. Removal and relocation	——	— —
4. Educational poverty alleviation	——	— —
Including: 4.1 Input of aiding poor students	10,000 Yuan	9
4.2 Number of aiding poor students	Person	18
4.3 Amount invested in improving the educational resources in poor areas	10,000 Yuan	74.1
5. Health poverty alleviation	——	— —
6. Ecological protection	——	— —
6.2 Input amount	10,000 Yuan	36
7. Basic guarantee	——	— —
8. Social poverty alleviation	——	— —
9. Other project	——	— —
Including: 9.1. Item	Item	3
9.2. Input amount	10,000 Yuan	13.29

**3. Excerpt on the discussions of no TPA activities from Hikvision's 2017 annual report**

**2. Fulfillment of the social responsibility of targeted poverty alleviation**

The Company did not conduct any targeted poverty alleviation during the reporting period and had no future arrangement for targeted poverty alleviation.

**Figure 1. Distribution of GDP per capita, impoverished counties, and companies' poverty-alleviation activities**

This figure reports the distribution of GDP per capita (Chinese yuan), impoverished counties, and companies' poverty-alleviation activities across prefecture-level cities in China. Each prefecture-level city includes several counties. Poverty-alleviation activities are conducted at the county level.

**Panel A. GDP per capita across prefecture-level cities in China in 2016 (Chinese yuan)**

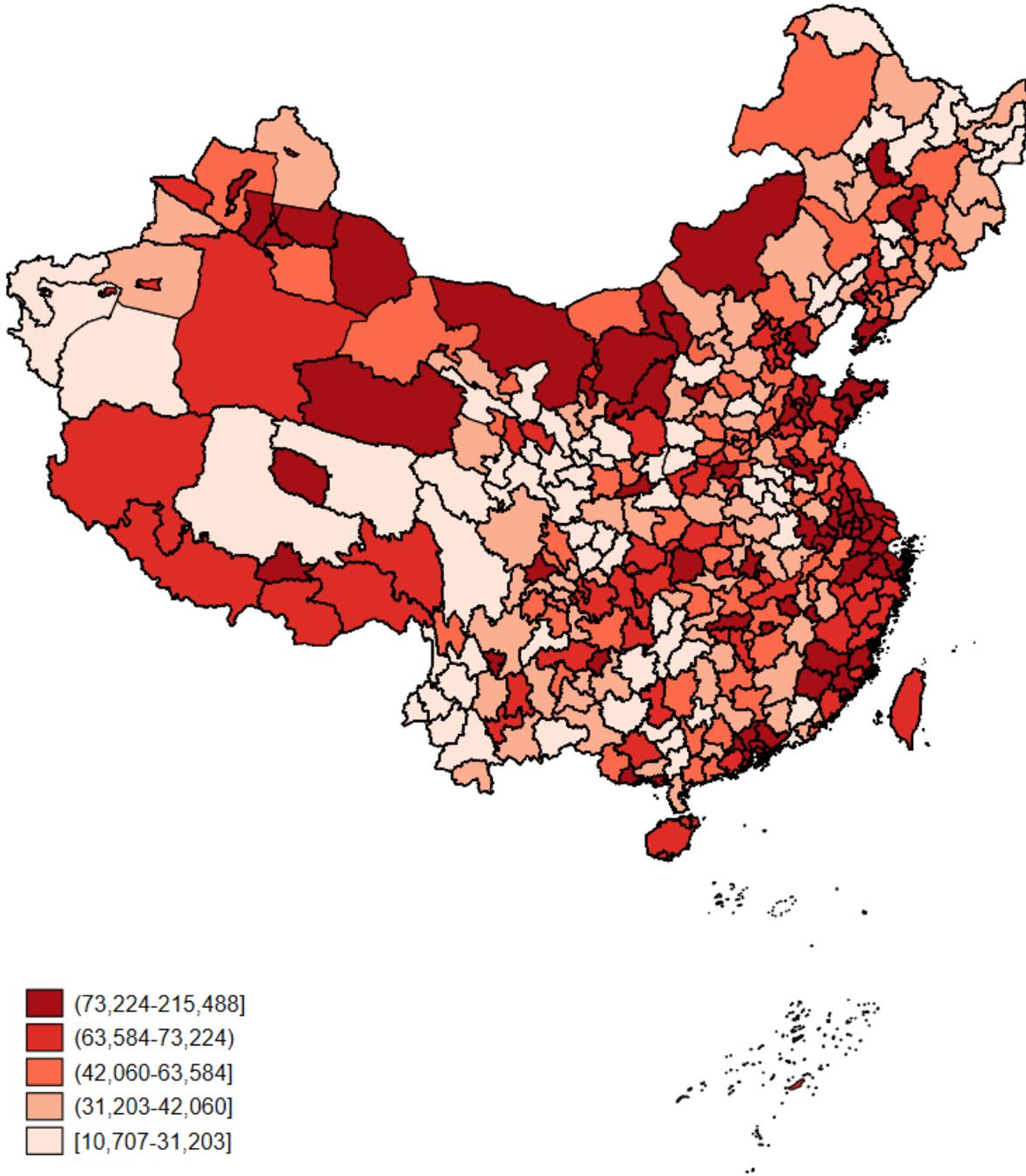


Figure 1 – (Continued)

Panel B. Number of impoverished counties across prefecture-level cities in China in 2016

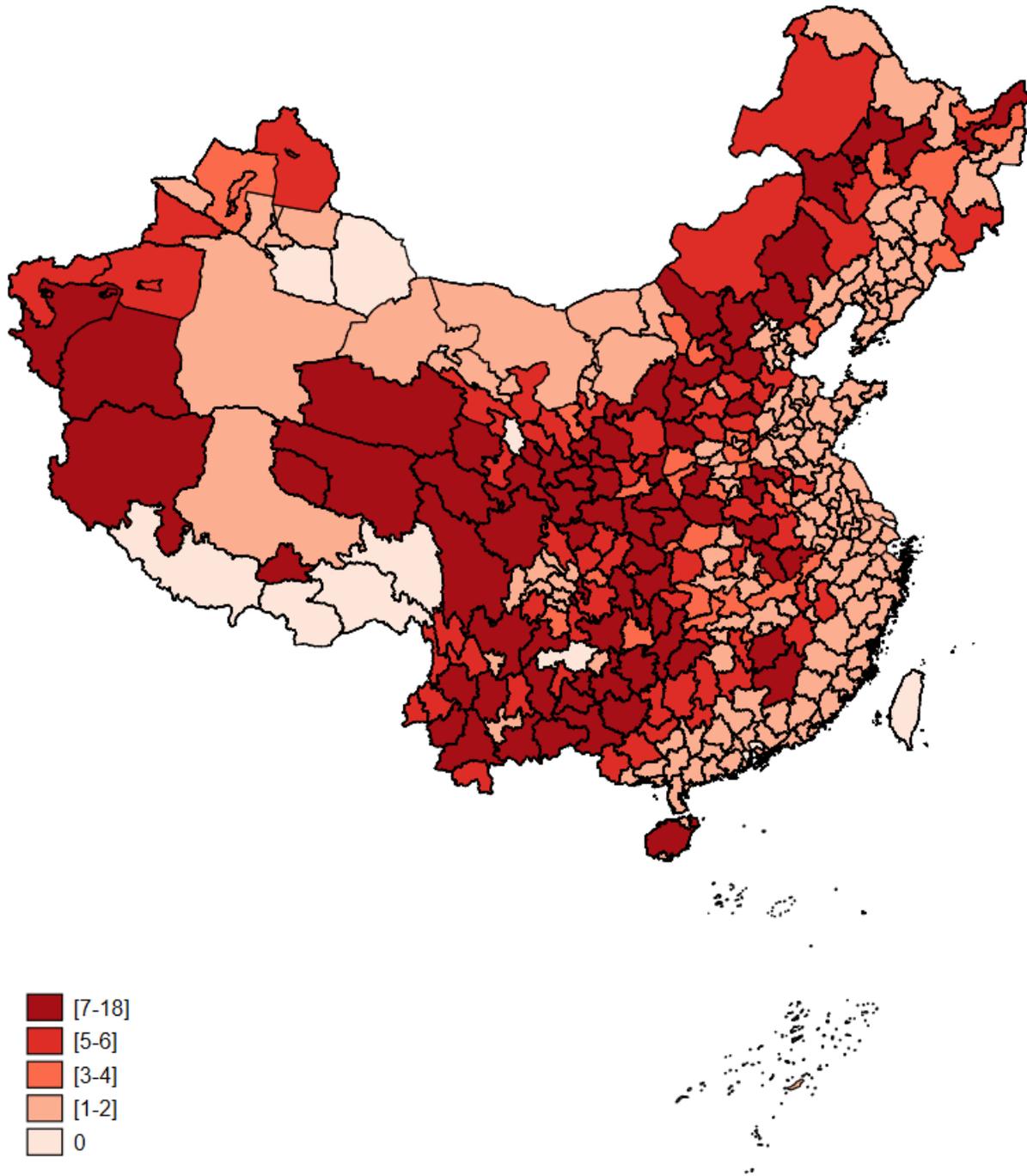
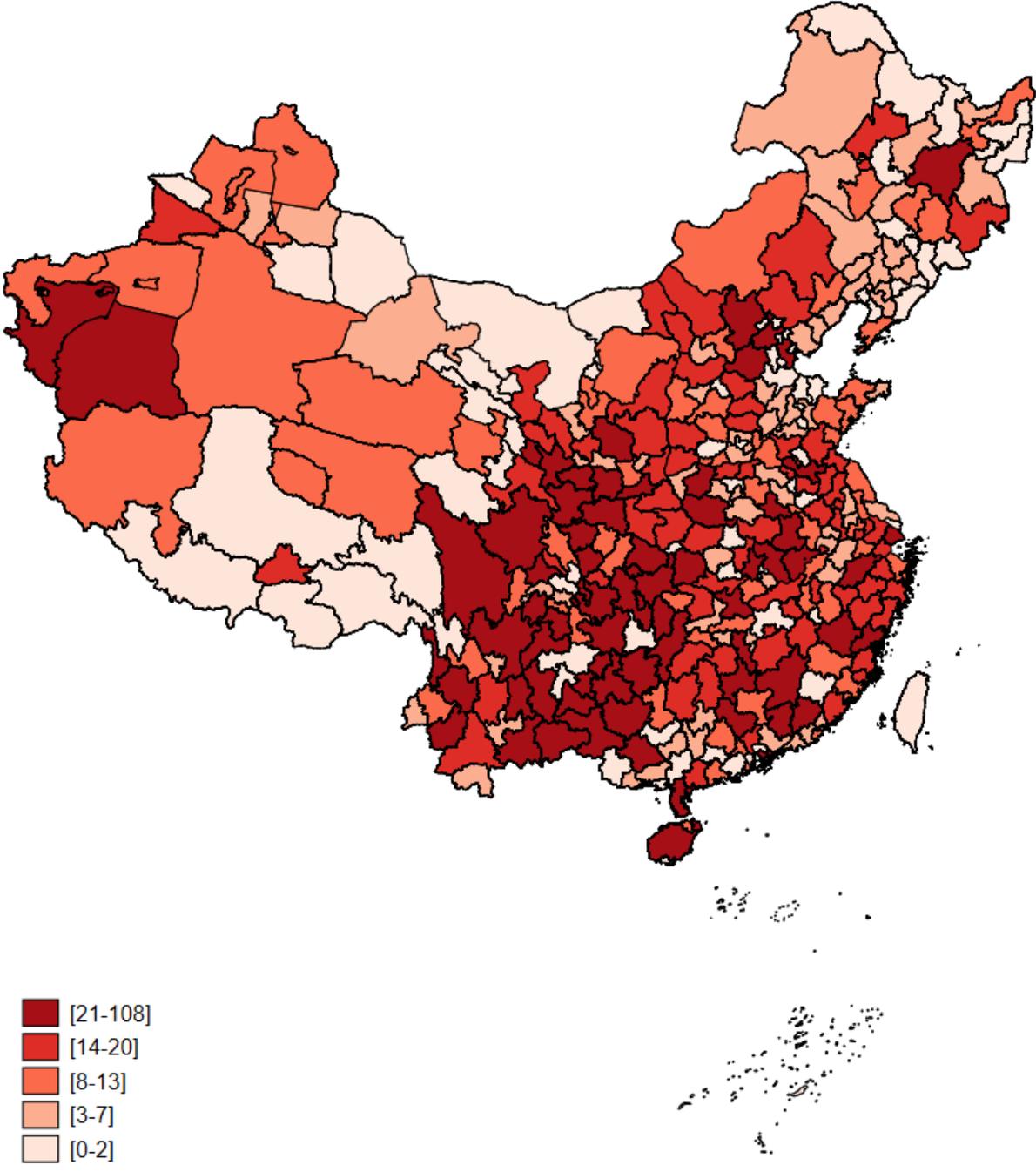


Figure 1 – (Continued)

Panel C. Frequency (i.e., firm-years) of poverty-alleviation support received from listed firms during 2017-2020 across prefecture-level cities in China

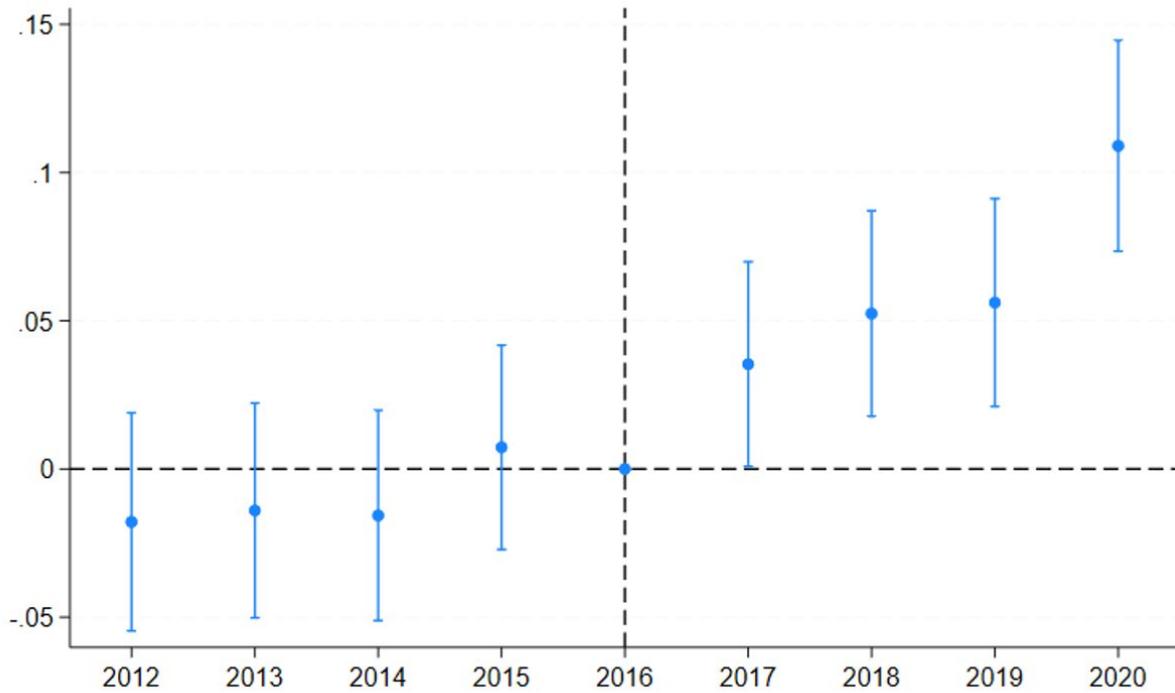


**Figure 2. The effect of the mandatory TPA disclosure over time**

This figure displays OLS regression coefficients and two-tailed 90% confidence intervals (based on standard errors clustered at the firm level) for  $CHINA\_LISTED_i \times YEAR_t$  in the following regression:

$$PARTICIPATION_{i,t} = \beta_0 + \sum_{t=2012(\neq 2016)}^{2020} \beta_t CHINA\_LISTED_i \times YEAR_t + \gamma X_{i,t-1} + \alpha_i + \alpha_t + \epsilon_{i,t}$$

$PARTICIPATION$  is an indicator variable equal to one if a firm participated in poverty-alleviation activities and zero otherwise.  $YEAR$  is an indicator variable equal to one in one of all the years from 2012 to 2020 except 2016 (which serves as the benchmark year, the year prior to the implementation of the mandatory disclosure policy) and zero otherwise.  $CHINA\_LISTED$  is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise. The fixed effects and controls from equation (1) are included.



**Table 1. Examples of poverty-alleviation activities by type**

This table summarizes key activities and provides examples for each type of poverty alleviation activity reported in China-listed firms' TPA disclosures. Excerpts are English translations of relevant TPA disclosure in Chinese.

Type of poverty-alleviation activity	Key activities	Example			
		Company Name	Year	Industry	Excerpt from TPA disclosure
Industrial development	Investing in local infrastructure projects; supporting and developing industries suitable for the local environment; purchasing local products; donating.	Metallurgical Corporation of China	2017	Engineering and Construction	We invested about 3.36 million yuan in Yanhe County in the construction of Bazhujing Bridge, Chanxi River Bridge, and Qitan Township Water Supply Facilities. We invested about 2.07 million yuan in Tongjing Township, Dejiang County, in the construction of roads, reservoirs, and power supply lines for agricultural industrial parks. A total of 5.43 million yuan was provided to the two counties.
Transferred Employment	Providing training and job opportunities locally and in other places.	Chengdu B-Ray Media	2017	Entertainment	We provided vocational skills training for 180 people and related employment positions such as delivery and logistics for qualified personnel...
Relocation	Relocating residents from impoverished areas to more developed areas with more work and training opportunities.	Greenland Holdings	2019	Real estate	The company has undertaken a series of poverty alleviation projects through means such as ..., relocation ... For example, ...; Our Relocation project for poverty alleviation has arranged jobs for 434 relocated households in nearby areas.
Education	Donating to students, teachers, schools, and educational charities.	Ningxia Baofeng Energy Group	2019	Manufacturing	The company invested 375,300 yuan in poverty alleviation through education, of which a total of 292,800 yuan was used to support poor children, and a total of 82,500 yuan was used to support excellent teachers and outstanding students... donated 20,000 yuan to Changbu Primary School...

**Table 1 – (Continued)**

Type of poverty-alleviation activity	Key activities	Example			
		Company Name	Year	Industry	Except from TPA disclosure
Health	Donating to hospitals, clinics, and health charities; providing free clinic services.	BOE Technology Group	2019	Technology	In 2019, Hefei BOE Hospital (a subsidiary of the reporting company) donated one million yuan to the Red Cross of Anhui Province to help impoverished patients with cataracts, diabetes, and other serious diseases across the province; in addition, BOE also carried out a series of voluntary medical examinations and free clinic activities targeting poverty-stricken areas.
Ecological protection	Donating to environmental charities; improving the environmental sustainability of the reporting firm and the areas it operates.	Guangdong Baolihua New Energy Stock	2018	Utilities	The company highly values the protection of the local ecological environment and establishes and improves the compensation mechanism for ecological protection. Meixian Heshuyuan Power Plant will continue to adhere to green production..., strive to reduce energy consumption and pollutant emissions, and improve the sustainability of the development in poverty-stricken areas.
Basic guarantee	Helping disabled and left-behind (i.e., children, women, and the elderly) residents in impoverished areas.	Suzhou Industrial Park Heshun Electric	2020	Manufacturing	The company’s subsidiary, Surong Company, adhered to the excellent tradition of “welfare-oriented enterprise”. We re-employed 20 disabled workers, and the total investment was about 600,000 yuan.
Public programs	Donating to public charitable funds targeting poverty alleviation; supporting public poverty alleviation programs led by the government.	Hubei Century Network Technology	2017	Communication Services	The company donated 1 million yuan through the special fund for targeted poverty alleviation of Yingshan County Charity Federation, Huanggang City, Hubei Province, to carry out public welfare projects in Wangjiayi Village, Yangliuwan Town, Yingshan County. The fund is mainly used to support the construction of village-run teaching sites, install solar street lights, carry out the construction of clinics, and support the construction of planting bases.

**Table 2. Summary statistics of firm-level variables**

This table presents the summary statistics of firm-level variables. We winsorize all continuous variables at the top and bottom one percent to mitigate the influence of extreme values. Q1 and Q3 refer to the 25<sup>th</sup> percentile and 75<sup>th</sup> percentile, respectively. Details on the definition and construction of the variables reported in the table are available in Appendix A. The sample comprises firms listed in mainland China or Hong Kong that operate in mainland China, excluding financial firms. The sample period is from 2012 to 2020.

Variables	N	Mean	Std. Dev.	Q1	Median	Q3
<i>PARTICIPATION</i>	26,976	0.329	0.470	0.000	0.000	1.000
<i>ALLEVIATION</i>	26,976	0.599	1.039	0.000	0.000	0.693
<i>ALLEVIATION</i> (raw)	26,976	3.410	10.149	0.000	0.000	1.000
<i>CHINA_LISTED</i>	26,976	0.800	0.400	1.000	1.000	1.000
<i>POST</i>	26,976	0.454	0.498	0.000	0.000	1.000
<i>SIZE</i>	26,976	22.303	1.492	21.324	22.167	23.169
<i>SIZE</i> (raw in million yuan)	26,976	19,898	74,013	1,823	4,237	11,543
<i>LEVERAGE</i>	26,976	0.455	0.217	0.283	0.449	0.617
<i>GROWTH</i>	26,976	0.176	0.635	-0.061	0.076	0.235
<i>ROE</i>	26,976	0.021	0.230	0.016	0.058	0.106
<i>OCF</i>	26,976	0.039	0.078	0.002	0.041	0.083
<i>AGE</i>	26,976	2.505	0.585	2.079	2.565	2.996
<i>AGE</i> (raw)	26,976	13.267	7.366	7.000	12.000	19.000
<i>CONCENTRATION</i>	26,976	0.354	0.161	0.227	0.328	0.464
<i>HHI</i>	26,976	0.035	0.029	0.015	0.028	0.040
<i>TANGIBILITY</i>	26,976	0.215	0.173	0.078	0.177	0.314

**Table 3. Firms' participation in poverty alleviation**

This table reports the average *PARTICIPATION* for China-listed and Hong Kong-listed companies, as well as their difference and t-statistics, each year from 2012 to 2020. *PARTICIPATION* is an indicator variable equal to one if a firm participated in poverty-alleviation activities in a year and zero otherwise. The sample comprises firms listed in mainland China or Hong Kong that operate in mainland China, excluding financial firms. The *t*-statistics shown in parentheses. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

Year	China-listed	Hong Kong-listed	Difference	<i>t</i> -stats
2012	0.168 [N=2,168]	0.053 [N=514]	0.115***	(6.72)
2013	0.172 [N=2,335]	0.063 [N=537]	0.108***	(6.36)
2014	0.176 [N=2,357]	0.069 [N=583]	0.107***	(6.47)
2015	0.211 [N=2,474]	0.080 [N=648]	0.131***	(7.72)
2016	0.363 [N=2,471]	0.233 [N=648]	0.130***	(6.29)
2017	0.459 [N=2,474]	0.288 [N=646]	0.171***	(7.92)
2018	0.528 [N=2,462]	0.336 [N=637]	0.192***	(8.77)
2019	0.560 [N=2,428]	0.363 [N=611]	0.197***	(8.81)
2020	0.569 [N=2,405]	0.322 [N=578]	0.247***	(10.88)
Pre-TPA disclosure mandate	0.220 [N=11,805]	0.104 [N=2,930]	0.116***	(14.29)
Post-TPA disclosure mandate	0.529 [N=9,769]	0.327 [N=2,472]	0.202***	(18.18)
Difference	0.308***	0.223***	0.085***	(6.32)
<i>t</i> -stats	(49.59)	(21.01)	(6.32)	

**Table 4. The effect of the TPA disclosure mandate on firms' poverty-alleviation activities**

This table reports the estimates from the OLS regressions of firms' participation in and the length of firms' discussion about poverty-alleviation activities on  $CHINA\_LISTED \times POST$ .  $PARTICIPATION$  is an indicator variable equal to one if a firm participated in poverty-alleviation activities and zero otherwise.  $ALLEVIATION$  is the natural logarithm of one plus the number of poverty-alleviation-related keywords in a firm's CSR and annual reports.  $CHINA\_LISTED$  is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise.  $POST$  is an indicator variable equal to one in and after 2017 and zero otherwise. The list of control variables is as follows:  $SIZE$  is the natural logarithm of total assets.  $LEVERAGE$  is total debt divided by total assets.  $GROWTH$  is the growth rate of sales.  $ROE$  is net income divided by total shareholders' equity.  $OCF$  is operating cash flow divided by total assets.  $AGE$  is the natural logarithm of the current year minus the year of a firm's initial public offering plus one.  $CONCENTRATION$  is the percentage of shareholdings of the largest shareholder.  $HHI$  is the Herfindahl-Hirschman index for the industry to which a firm belongs.  $TANGIBILITY$  is fixed assets divided by total assets. The sample comprises firms listed in mainland China or Hong Kong that operate in mainland China, excluding financial firms. The sample period is from 2012 to 2020. The  $t$ -statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

	<i>PARTICIPATION</i>			<i>ALLEVIATION</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>CHINA_LISTED</i> × <i>POST</i>	0.082*** (5.47)	0.069*** (4.54)	0.068*** (4.44)	0.405*** (12.41)	0.376*** (11.38)	0.387*** (12.15)
Controls <sub>t-1</sub>	No	Yes	Yes	No	Yes	Yes
Controls <sub>t-1</sub> × <i>POST</i>	No	No	Yes	No	No	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	26,976	26,976	26,976	26,976	26,976	26,976
Adj-R <sup>2</sup>	0.485	0.490	0.494	0.578	0.589	0.618

**Table 5. Robustness of the effect of TPA disclosure mandate: Removing the effect of small TPA spending during the post-period.**

This table reports the estimates from the OLS regressions of firms' participation in poverty-alleviation activities on  $CHINA\_LISTED \times POST$  after removing the effect of small TPA spending during the post-period.  $PARTICIPATION$  is an indicator variable equal to one if a firm participated in poverty-alleviation activities in the current year and zero otherwise. However, for China-listed firms that participated in TPA during the post-period but spent less than a minimum threshold (ranging from 50k to 200k Chinese yuan) in a year, we code their  $PARTICIPATION$  as zero in that year.  $CHINA\_LISTED$  is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise.  $POST$  is an indicator variable equal to one in and after 2017 and zero otherwise. Control variables are the same as those in Table 4. The sample comprises firms listed in mainland China or Hong Kong that operate in mainland China, excluding financial firms. The sample period is from 2012 to 2020. The  $t$ -statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

Dependent Variable:	(1)	(2)	(3)	(4)
$PARTICIPATION$				
Minimum TPA spending:	50k	100k	150k	200k
$CHINA\_LISTED \times POST$	0.055*** (3.63)	0.044*** (2.89)	0.036** (2.39)	0.026* (1.75)
Controls <sub>t-1</sub>	Yes	Yes	Yes	Yes
Controls <sub>t-1</sub> × $POST$	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
N	26,976	26,976	26,976	26,976
Adj-R <sup>2</sup>	0.487	0.478	0.473	0.467

**Table 6. Robustness of the effect of TPA disclosure mandate: Subsamples of firms with similar characteristics****Panel A. Robustness to using a subsample of firms of similar size and in the same city.**

This table reports the estimates from the OLS regressions of firms' participation in and length of discussion about poverty-alleviation activities on  $CHINA\_LISTED \times POST$  for a subsample of firms of similar size, same industry, and in the same city. Each Hong Kong-listed firm is matched with a China-listed firm from the same city, industry, and size quintile. In cases of more than one matched China-listed firm, we keep the one with the closest size. If such a match is unavailable, we exclude the Hong Kong-listed firm from the sample.  $PARTICIPATION$  is an indicator variable equal to one if a firm participated in poverty-alleviation activities and zero otherwise.  $ALLEVIATION$  is the natural logarithm of one plus the number of poverty-alleviation-related keywords in a firm's CSR and annual reports.  $CHINA\_LISTED$  is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise.  $POST$  is an indicator variable equal to one in and after 2017 and zero otherwise. Control variables are the same as those in Table 4. The  $t$ -statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

	<i>PARTICIPATION</i>			<i>ALLEVIATION</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>CHINA_LISTED</i> × <i>POST</i>	0.066** (2.47)	0.057** (2.13)	0.060** (2.21)	0.430*** (6.69)	0.424*** (6.62)	0.483*** (8.15)
Controls <sub>t-1</sub>	No	Yes	Yes	No	Yes	Yes
Controls <sub>t-1</sub> × <i>POST</i>	No	No	Yes	No	No	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	5,908	5,908	5,908	5,908	5,908	5,908
Adj-R <sup>2</sup>	0.471	0.478	0.484	0.577	0.588	0.635

**Table 6 – (Continued)****Panel B. Summary statistics of control variables for the treated and control groups**

This table reports the results of summary statistics of control variables for the treated and control groups before and after propensity score matching. Columns 1 and 4 (columns 2 and 5) report the mean values of firm characteristics for observations with *CHINA\_LISTED*=0 (*CHINA\_LISTED*=1) in the samples before and after propensity-score matching. Column 3 (Column 6) reports the *p*-values for the two-tailed t-test of the differences between mean values in columns 1 and 2 (4 and 5). *CHINA\_LISTED* is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise. The matching is based on the propensity score estimated by a logistic model using 2016 observations, with *CHINA\_LISTED* as the dependent variable. The independent variables include *SIZE*, *LEVERAGE*, *GROWTH*, *ROE*, *OCF*, *AGE*, *CONCENTRATION*, *HHI*, and *TANGIBILITY*. See Appendix A for the definitions of these variables.

Variables	Before Matching			After Matching		
	(1) <i>CHINA_LIST</i> <i>ED</i> =0 (N=648)	(2) <i>CHINA_LIST</i> <i>ED</i> =1 (N=2,471)	(3) <i>Mean Diff.</i> ( <i>p</i> -value)	(4) <i>CHINA_LIST</i> <i>ED</i> =0 (N=603)	(5) <i>CHINA_LIST</i> <i>ED</i> =1 (N=603)	(6) <i>Mean Diff.</i> ( <i>p</i> -value)
<i>SIZE</i>	22.136	22.206	0.261	22.200	22.237	0.686
<i>LEVERAGE</i>	0.475	0.436	0.000	0.469	0.459	0.461
<i>GROWTH</i>	0.205	0.180	0.445	0.184	0.177	0.887
<i>ROE</i>	-0.024	0.036	0.000	-0.008	-0.001	0.624
<i>OCF</i>	0.024	0.044	0.000	0.030	0.031	0.872
<i>AGE</i>	2.342	2.402	0.027	2.346	2.332	0.707
<i>CONCENTRATION</i>	0.427	0.341	0.000	0.415	0.427	0.242
<i>HHI</i>	0.043	0.036	0.000	0.042	0.045	0.237
<i>TANGIBILITY</i>	0.211	0.225	0.080	0.216	0.212	0.671

**Table 6 – (Continued)**

**Panel C. Robustness to using a propensity-score matched sample**

This table reports the estimates from the OLS regressions of firms' participation in and length of discussion about poverty-alleviation activities on *CHINA\_LISTED*×*POST* for a propensity-score matched sample described in Panel B. *PARTICIPATION* is an indicator variable equal to one if a firm participated in poverty-alleviation activities and zero otherwise. *ALLEVIATION* is the natural logarithm of one plus the number of poverty-alleviation-related keywords in a firm's CSR and annual reports. *CHINA\_LISTED* is an indicator variable equal to one if a firm is listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange and zero otherwise. *POST* is an indicator variable equal to one in and after 2017 and zero otherwise. Control variables are the same as those in Table 4. The *t*-statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

	<i>PARTICIPATION</i>			<i>ALLEVIATION</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>CHINA_LISTED</i> × <i>POST</i>	0.068*** (3.39)	0.062*** (3.09)	0.061*** (3.14)	0.415*** (8.59)	0.407*** (8.43)	0.405*** (9.36)
Controls <sub>t-1</sub>	No	Yes	Yes	No	Yes	Yes
Controls <sub>t-1</sub> × <i>POST</i>	No	No	Yes	No	No	Yes
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
N	10,194	10,194	10,194	10,194	10,194	10,194
Adj-R <sup>2</sup>	0.476	0.480	0.489	0.567	0.575	0.615

**Table 7. Heterogeneous effects of the TPA disclosure mandate**

This table reports the estimates from the OLS regression of firms' participation in poverty-alleviation activities on the interactions of *POST* and indicators of China-listed firms that meet certain criteria. *CHINA\_LISTED\_SMALL* (*CHINA\_LISTED\_LARGE*) is an indicator variable equal to one if the company is China-listed and its asset size is below (above) the median in 2016, and zero otherwise. *CHINA\_LISTED\_POL* (*CHINA\_LISTED\_NONPOL*) is an indicator variable equal to one if the company is China-listed and its chairman was (was not) a government official or a member of the National People's Congress (NPC) or the Chinese People's Political Consultative Conference (CPPCC) in 2016, and zero otherwise. Control variables are the same as those in Table 4. The sample comprises firms listed in mainland China or Hong Kong that operate in mainland China, excluding financial firms. The sample period is from 2012 to 2020. The *t*-statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

Dependent Variable:	(1)	(2)
<i>PARTICIPATION</i>		
<i>POST</i> × <i>CHINA_LISTED_SMALL</i>	0.113*** (6.06)	
<i>POST</i> × <i>CHINA_LISTED_LARGE</i>	0.022 (0.93)	
<i>POST</i> × <i>CHINA_LISTED_NON_POL</i>		0.076*** (4.19)
<i>POST</i> × <i>CHINA_LISTED_POL</i>		-0.008 (-0.18)
Controls <sub>t-1</sub>	Yes	Yes
Controls <sub>t-1</sub> × <i>POST</i>	Yes	Yes
Firm FE	Yes	Yes
Year FE	Yes	Yes
Equal effects ( <i>p</i> -value):	0.0022	0.0739
N	26,976	26,976
Adj-R <sup>2</sup>	0.495	0.494

**Table 8. Descriptive statistics of firms' contribution to poverty alleviation activities**

This table reports descriptive statistics of firms' contribution to poverty alleviation activities. Panel A reports summary statistics of firms' TPA-related spending provided by firms newly participating in TPA after the disclosure mandate, those participating before the mandate, and all participating firms, respectively. *NEW\_PARTICIPANT* is an indicator variable equal to one if a firm participated in poverty alleviation in a year and did not participate in poverty alleviation before 2017, and zero otherwise. Q1 and Q3 refer to the 25<sup>th</sup> percentile and 75<sup>th</sup> percentile, respectively. Panel B reports the number of firm-years with newly participating and long-time participating firms that are focused on or not focused on supporting impoverished counties. *FOCUSED* is an indicator variable equal to one if a firm supported more impoverished counties than non-impoverished counties in a year and zero otherwise. Panel C reports firms' spending on each type of poverty alleviation activity (except for Relocation, as the standardized table does not include the spending on Relocation) according to the standardized tables in TPA disclosures. Contributions from newly participating firms and other firms are listed separately. The sample comprises firms listed in mainland China, excluding financial firms.

**Panel A. Firm-year-level TPA-related spending during 2017-2020 (million yuan)**

	N	Mean	Std. Dev.	Q1	Median	Q3	Sum
<i>NEW_PARTICIPANT</i> =1	483	1.95	9.16	0.00	0.12	0.53	944
<i>NEW_PARTICIPANT</i> =0	1,647	15.36	118.71	0.09	0.60	2.88	25,299
All firms	2,130	12.32	104.62	0.05	0.44	2.16	26,243

**Panel B. Number of firm-years by *NEW\_PARTICIPANT* and *FOCUSED***

<i>NEW_PARTICIPANT</i>	<i>FOCUSED</i>		Total
	0	1	
0	946	701	1,647
1	243	240	483
Total	1,189	941	2,130

**Table 8 – (Continued)**

**Panel C. Firms' spending on each type of poverty alleviation activities (million yuan)**

Year	New Participant	Industrial development	Transferred Employment	Education	Health	Ecological protection	Basic guarantee	Public programs	Other	Subtotal
2017	No	2,740	15	123	30	100	18	896	196	4,117
	Yes	13	0	2	0	0	1	4	2	23
2018	No	4,165	53	297	125	71	14	824	814	6,362
	Yes	228	1	20	15	0	1	38	8	309
2019	No	8,300	32	245	78	98	14	533	810	10,111
	Yes	205	0	67	8	0	0	35	7	323
2020	No	2,708	142	398	104	92	17	750	498	4,709
	Yes	168	0	31	1	0	1	43	43	288
Subtotal	No	17,913	241	1,062	337	361	63	3,002	2,318	25,299
	Yes	615	1	121	24	1	3	120	60	944
<b>Total</b>		<b>18,527</b>	<b>242</b>	<b>1,183</b>	<b>361</b>	<b>362</b>	<b>66</b>	<b>3,123</b>	<b>2,379</b>	<b>26,243</b>
<b>% of all types</b>		<b>71%</b>	<b>1%</b>	<b>5%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>12%</b>	<b>9%</b>	<b>100%</b>

**Table 9. TPA contribution of newly participating firms**

**Panel A. New participants' spending and focus on reducing poverty**

The table reports the estimates from the OLS regressions of measures of firms' TPA involvement on the indicator of newly participating firms and other firm characteristics. *SPENDING* is the natural logarithm of the spending on poverty alleviation activities (Chinese yuan). *FREQUENCY* is the total number of counties a company supported in a year. *FOCUSED* is an indicator variable equal to one if a firm supported more impoverished counties than non-impoverished counties in a year and zero otherwise. *NEW\_PARTICIPANT* is an indicator variable equal to one if a firm participated in poverty alleviation in a year and did not participate in poverty alleviation before 2017, and zero otherwise. Other variables are defined in Appendix A. The sample comprises TPA-participating firm-years for firms listed in mainland China, excluding financial firms. The sample period is from 2017 to 2020. The *t*-statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

	<i>SPENDING</i>			<i>FREQUENCY</i>			<i>FOCUSED</i>		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>NEW_PARTICIPANT</i>	-1.348*** (-8.17)	-0.826*** (-4.99)	-0.817*** (-4.72)	-0.487*** (-5.49)	-0.243*** (-2.81)	-0.264*** (-2.62)	0.071** (2.05)	0.101*** (2.82)	0.106*** (2.95)
<i>SIZE</i>		0.732*** (10.61)	0.779*** (11.28)		0.355*** (6.40)	0.393*** (6.93)		0.060*** (4.36)	0.058*** (5.77)
<i>LEVERAGE</i>		-0.746* (-1.75)	-0.574 (-1.30)		-0.130 (-0.51)	-0.151 (-0.54)		-0.066 (-0.68)	-0.014 (-0.27)
<i>GROWTH</i>		-0.083 (-0.72)	-0.055 (-0.50)		-0.052 (-0.75)	0.005 (0.07)		0.006 (0.27)	0.003 (0.11)
<i>ROE</i>		0.243 (0.71)	0.222 (0.65)		0.213 (0.96)	0.196 (0.87)		-0.170** (-2.19)	-0.150* (-1.76)
<i>OCF</i>		1.797* (1.83)	1.372 (1.39)		0.730 (1.10)	0.329 (0.50)		-0.213 (-1.06)	-0.266 (-1.36)
<i>AGE</i>		-0.023** (-2.08)	-0.022* (-1.80)		-0.006 (-0.80)	-0.013 (-1.48)		-0.003 (-1.24)	-0.002 (-0.70)
<i>CONCENTRATION</i>		-1.200** (-2.33)	-1.018* (-1.94)		-0.811** (-2.40)	-0.751** (-2.18)		0.043 (0.41)	0.072 (0.42)
<i>HHI</i>		-3.656 (-0.91)	0.340 (0.03)		5.610** (2.21)	-4.607 (-0.47)		1.609** (2.29)	0.099 (0.03)
<i>TANGIBILITY</i>		0.473 (1.12)	0.406 (0.83)		0.102 (0.37)	0.111 (0.38)		-0.072 (-0.83)	0.019 (0.15)
Industry FE	No	No	Yes	No	No	Yes	No	No	Yes
Year FE	No	No	Yes	No	No	Yes	No	No	Yes
N	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130	2,130
Adj-R <sup>2</sup>	0.048	0.173	0.190	0.012	0.072	0.091	0.003	0.029	0.050

**Table 9 – (Continued)**

**Panel B. Determinants of TPA participation types.**

This table presents the estimates obtained from the OLS regression of firms' TPA participation types on firm characteristics. *NEW\_PARTICIPANT* is an indicator variable equal to one if a firm participated in poverty alleviation in a year and did not participate in poverty alleviation before 2017, and zero otherwise. *LONGTIME\_PARTICIPANT* is an indicator variable equal to one if a firm participated in poverty alleviation in a year and participated in poverty alleviation in at least one year before 2017, and zero otherwise. *NON\_PARTICIPANT* is an indicator variable equal to one if a firm did not participate in any poverty-alleviation activity in a year, and zero otherwise. Other variables are defined in Appendix A. The sample comprises firms listed in mainland China, excluding financial firms. The sample period is from 2017 to 2020. The *t*-statistics shown in parentheses are adjusted for clustering by firm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

	<i>NEW_PARTICIPANT</i>	<i>LONGTIME_PARTICIPANT</i>	<i>NON_PARTICIPANT</i>
	(1)	(2)	(3)
<i>SIZE</i>	-0.011*** (-3.25)	0.119*** (29.85)	-0.109*** (-25.82)
<i>LEVERAGE</i>	0.023 (1.06)	-0.067*** (-2.58)	0.044 (1.62)
<i>GROWTH</i>	-0.007 (-1.09)	-0.023*** (-2.85)	0.030*** (3.56)
<i>ROE</i>	0.006 (0.40)	0.067*** (3.41)	-0.073*** (-3.55)
<i>OCF</i>	0.066 (1.19)	0.144** (2.14)	-0.209*** (-2.96)
<i>AGE</i>	0.005 (0.62)	0.148*** (14.30)	-0.153*** (-14.08)
<i>CONCENTRATION</i>	-0.057** (-2.12)	0.191*** (5.91)	-0.135*** (-3.96)
<i>HHI</i>	-0.235 (-1.51)	0.257 (1.36)	-0.022 (-0.11)
<i>TANGIBILITY</i>	-0.056** (-2.37)	0.331*** (11.63)	-0.275*** (-9.20)
N	9,769	9,769	9,769
Adj-R <sup>2</sup>	0.002	0.188	0.154

**Table 10. Descriptive statistics of county-level economic conditions and poverty-alleviation support received**

This table reports descriptive statistics of county-level economic conditions and poverty-alleviation support received. Panel A reports the average of and the difference between county-level economic conditions for impoverished and non-impoverished counties. *IMPOVERISHED* is an indicator variable equal to one if a county is an impoverished county designated by the central government and zero otherwise. See Appendix A for other variable definitions. Statistics of *GDP\_PRE*, *RURAL\_INCOME\_PRE*, and *URBAN\_INCOME\_PRE* are based on values before taking the natural logarithm. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively. Panel B reports the number of impoverished and non-impoverished counties that received or did not receive poverty-alleviation support from listed firms during 2017-2020. Panels C and D report the GDP per capita for the 20 impoverished and non-impoverished counties that received the most frequent support from companies, respectively. Support frequency is measured by the number of firm-years a county receives TPA support during 2017-2020.

**Panel A. County-level economic conditions**

	<i>IMPOVERISHED</i> =0	<i>IMPOVERISHED</i> =1	Difference
<i>GDP_PRE</i> (yuan)	59,254 [N=1,523]	24,343 [N=658]	34,901***
<i>RURAL_INCOME_PRE</i> (yuan)	14,673 [N=1,530]	8,228 [N=613]	6,445***
<i>URBAN_INCOME_PRE</i> (yuan)	29,835 [N=1,548]	22,995 [N=538]	6,840***

**Panel B. Numbers of counties**

	<i>IMPOVERISHED</i> =0	<i>IMPOVERISHED</i> =1	Total
# of counties that did not receive support from any firm	1,126	183	1,309
# of counties that received support from at least one firm	967	649	1,616
Total	2,093	832	2,925

**Table 10 – (Continued)**

**Panel C. Impoverished counties that received the most frequent support from companies**

County	City	Province	Support Frequency	GDP per capita (yuan)
Pingjiang	Yueyang	Hunan	25	24,370
Yilong	Nanchong	Sichuan	21	18,124
Taihu	Anqing	Anhui	20	20,269
Jiange	Guangyuan	Sichuan	20	20,388
Laiyuan	Baoding	Hebei	18	23,057
Lankao	Kaifeng	Henan	18	40,844
Weining Yi Hui and Miao Autonomous	Bijie	Guizhou	17	16,803
Qichun	Huanggang	Hubei	17	26,803
Wuxi	Chongqing	Chongqing	16	21,120
Yiyang	Luoyang	Henan	16	42,853
Du'an Yao Autonomous	Hechi	Guangxi Zhuang Autonomous Region	15	8,310
Zhaojue	Liangshan Yi Autonomous Prefecture	Sichuan	15	10,669
Honghe	Honghe Hani and Yi Autonomous Prefecture	Yunnan	15	11,781
Jinzhai	Lu'an	Anhui	15	18,393
Min	Dingxi	Gansu	14	7,983
Muli Tibetan Autonomous	Liangshan Yi Autonomous Prefecture	Sichuan	14	22,037
Heqing	Dali Bai Autonomous Prefecture	Yunnan	14	24,045
Pengshui Miao Tujia Autonomous	Chongqing	Chongqing	14	25,619
Xishui	Zunyi	Guizhou	14	26,728
Zhangbei	Zhangjiakou	Hebei	14	31,703
<b>Average</b>			<b>17</b>	<b>22,095</b>
<b>Median</b>			<b>16</b>	<b>21,579</b>

**Table 10 – (Continued)**

**Panel D. Non-impovertised counties that received the most frequent support from companies**

County	City	Province	Support Frequency	GDP per capita (yuan)
Longchuan	Heyuan	Guangdong	31	19,286
Fengxian	Shanghai	Shanghai	25	62,632
Miyun	Beijing	Beijing	22	52,211
Xichang	Liangshan Yi Autonomous Prefecture	Sichuan	19	59,804
Shiqian	Tongren	Guizhou	17	21,869
Ebian Yi Autonomous	Leshan	Sichuan	16	27,855
Mentougou	Beijing	Beijing	14	51,005
Zongyang	Tongling	Anhui	13	24,091
Chun'an	Hangzhou	Zhejiang	13	67,454
Chaoyang	Beijing	Beijing	13	132,404
Zhongjiang	Deyang	Sichuan	12	28,818
Dayi	Chengdu	Sichuan	12	40,159
Sihong	Suqian	Jiangsu	12	45,039
Fangshan	Beijing	Beijing	12	56,639
Guyang	Baotou	Inner Mongolia Autonomous Region	12	70,552
Wuhua	Meizhou	Guangdong	11	13,960
Shouning	Ningde	Fujian	11	41,670
Jiangjin	Chongqing	Chongqing	11	50,210
Guanyun	Lianyungang	Jiangsu	10	40,926
Zhouning	Ningde	Fujian	10	44,142
<b>Average</b>			<b>15</b>	<b>47,536</b>
<b>Median</b>			<b>13</b>	<b>44,590</b>

**Table 11. The relation between a county's economic condition and firms' poverty alleviation support**

The table reports estimation from the OLS regressions of the poverty-alleviation support a county received during 2017-2020 on the county's economic condition in 2016. *SUPPORT* is an indicator variable equal to one if a county was supported by at least one firm's poverty-alleviation activities during 2017 to 2020 and zero otherwise. *IMPOVERISHED* is an indicator variable equal to one if a county is an impoverished county designated by the central government and zero otherwise. *GDP\_PRE* is the natural logarithm of a county's GDP per capita in 2016 (Chinese yuan). *RURAL\_INCOME\_PRE* is the natural logarithm of income per capita of a county's rural areas in 2016 (Chinese yuan). *URBAN\_INCOME\_PRE* is the natural logarithm of income per capita of a county's urban areas in 2016 (Chinese yuan). Other variables are defined in Appendix A. The sample includes all counties in mainland China. The sample period is from 2017 to 2020. The *t*-statistics shown in parentheses are adjusted for clustering by county. \*\*\*, \*\*, and \* indicate statistical significance at the 1%, 5%, and 10% levels (two-tailed), respectively.

Dependent Variable: <i>SUPPORT</i>	(1)	(2)	(3)	(4)	(5)
<i>IMPOVERISHED</i>	0.363*** (10.76)	0.302*** (7.41)	0.204*** (4.59)	0.312*** (7.49)	0.202*** (4.00)
<i>GDP_PRE</i>		-0.149*** (-5.64)			-0.074* (-1.88)
<i>RURAL_INCOME_PRE</i>			-0.435*** (-6.12)		-0.398*** (-4.24)
<i>URBAN_INCOME_PRE</i>				-0.345*** (-3.49)	-0.014 (-0.09)
<i>REVOLUTIONARY_DISTRICT</i>	0.071 (0.82)	0.308*** (15.45)	0.226*** (46.64)	0.193*** (119.56)	0.278*** (9.50)
<i>RELIGION</i>	0.057*** (4.67)	0.040*** (3.10)	0.041*** (3.11)	0.044*** (3.12)	0.043*** (2.73)
<i>MINORITY_DIALECT</i>	0.123* (1.91)	0.045 (0.54)	0.052 (0.64)	0.135 (1.63)	0.026 (0.25)
<i>HAN_DIALECT</i>	0.064 (1.44)	0.000 (0.01)	-0.009 (-0.16)	0.061 (1.19)	-0.034 (-0.49)
<i>DISTANCE_COUNTY_BEIJING</i>	-0.007 (-0.07)	0.042 (0.59)	-0.005 (-0.06)	-0.044 (-0.50)	0.061 (0.81)
N	2,849	2,167	2,127	2,070	1,550
Adj-R <sup>2</sup>	0.228	0.220	0.221	0.219	0.237