
Discussion of “Does Disclosure Mandate Affect Firms
Contribution to Poverty Alleviation”
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Research Questions

Research questions:

Does a mandatory disclosure requirement regarding firms' participation in targeted poverty alleviation (TPA) activities affect firms' real engagement in poverty alleviation?

Specifically, the paper studies whether China CSRC's 2016 Targeted Poverty Alleviation (TPA) disclosure mandate caused firms to increase their participation in poverty alleviation activities.

Findings and Mechanism

Main Findings:

1. Mainland-listed firms became significantly more likely to participate in TPA activities after the disclosure mandate relative to Hong Kong-listed firms.
2. The effect is stronger among firms facing weaker pre-existing political pressure (e.g., smaller firms without politically connection, non-central SOEs, more market-oriented regions, etc.).
3. Newly participating firms contribute less, but appear more targeted - more likely to support officially designated impoverished counties。

Mechanism:

Political incentives and pressure. Consistent with the mechanism, non-participating firms receive fewer bank loans and receive more regulatory inquiry letters.

Stated Three Contributions

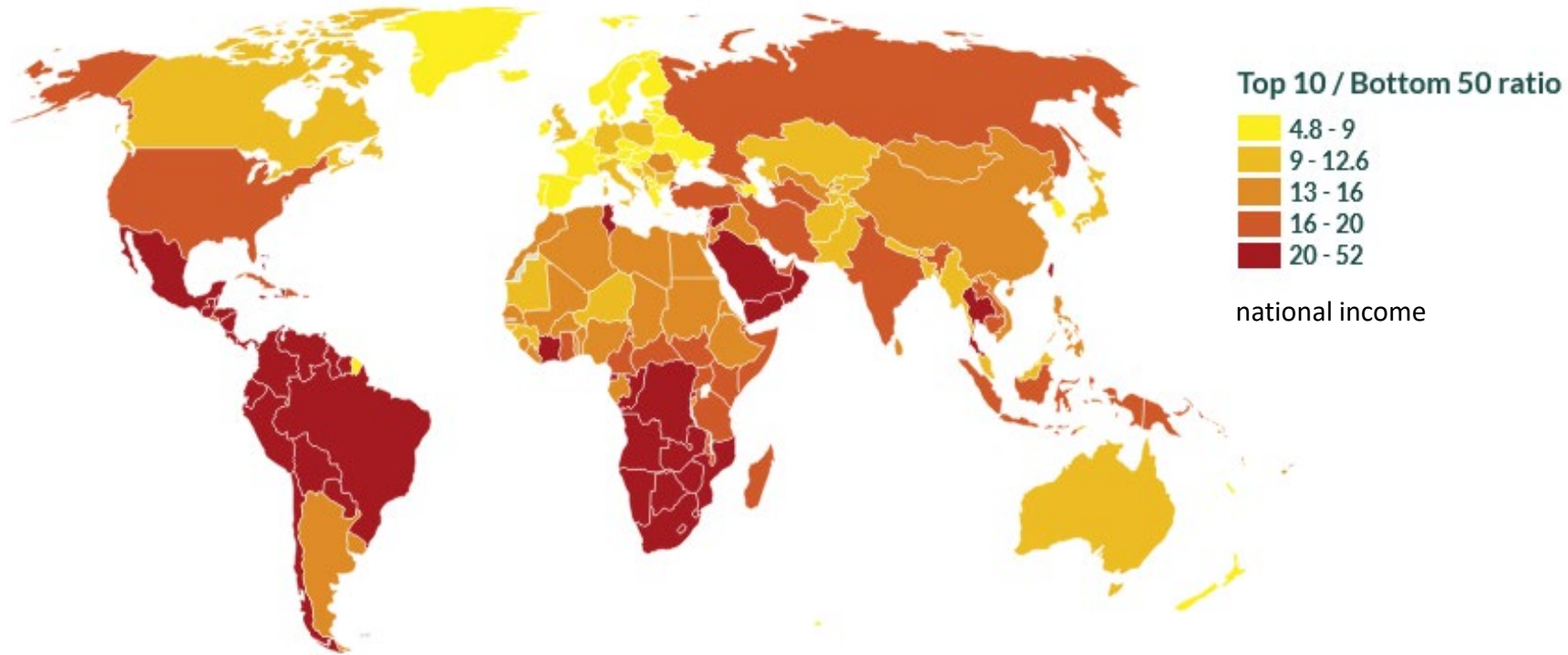
- Contributes to a growing literature on the real effects of mandated CSR disclosure in several ways (mechanism, social, positive)
- Adds to the literature on the interaction between wealth inequality, redistribution, and CSR.
- Contribute to emerging research on China's TPA campaign

General comments

- **The topic is important and policy relevant**, especially given the global emphasis on poverty alleviation and sustainability.
- **The China TPA setting is unique and institutionally rich**, offering a rare opportunity to study mandatory social disclosure in a government-led economy.
- **The paper is well executed empirically**, with substantial hand-collected data and extensive analyses.

A very interesting and important paper

Wealth Inequality - Why We Care about ESG?



Difference in income between top 10%/bottom 50%

For China in 2023, top 1% controls 30.3% wealth, bottom 50% controls 6.4% wealth

Source: World Inequality Database (<https://wid.world/>).

Suggestion #1: Confounding with Rural Revitalization Program?

	Poverty Alleviation 精准扶贫(2013)	Rural Revitalization 乡村振兴 (2017)
Goal	Eliminate absolute poverty	Long-term rural development
Focus	Poor households	Rural economy and society
Logic	Redistribution	Sustainable development
Time Horizon	Short/medium-term	Long-term
Policy Nature	Social assistance	Structural transformation

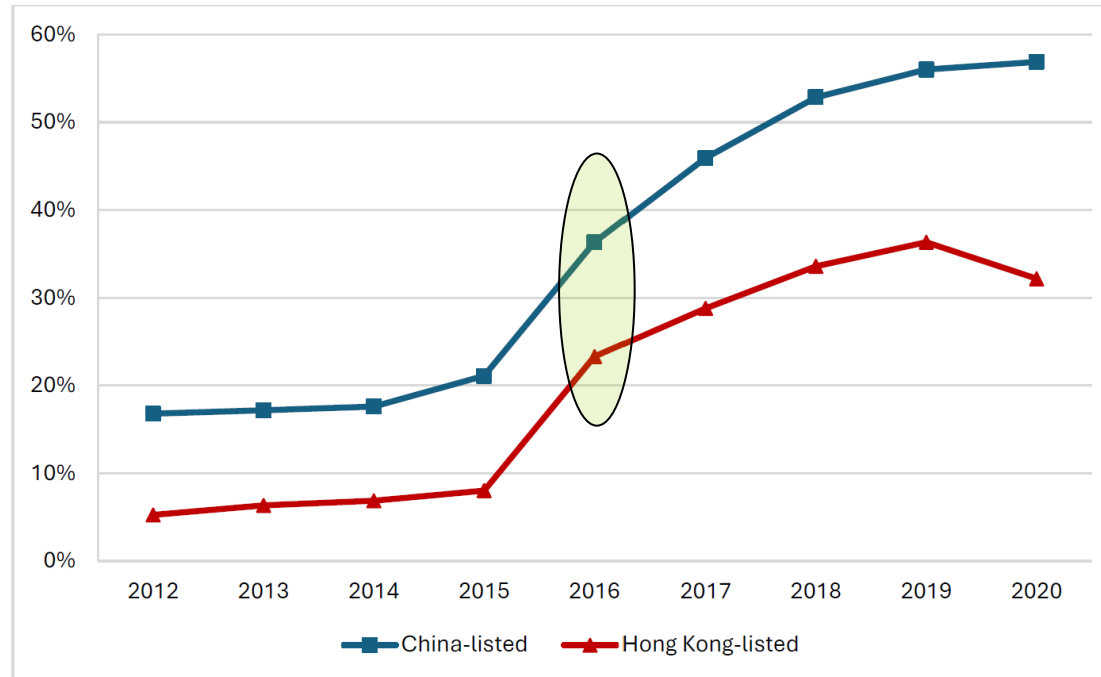
Several of eight types of TPA assistance (i.e., **industrial development**, transferred employment, relocation, education, health, **ecological protection**, basic guarantee, and **public programs**) overlap with the missions in Rural Revitalization.

Suggestion: Separate into those more likely related to RR vs. less likely.

Related to Suggestion #1:

Panel A. Poverty alleviation participation rate from 2012 to 2020

This figure reports the proportion of firms participating in poverty alleviation among China-listed and Hong Kong-listed firms that existed during the entire sample period from 2012-2020, excluding financial firms.



RR was announced in the 19th meeting in Oct 2027, so fiscal year 2016 is a clean year, what types of firms participating in the program? What are the keywords used? These information may provide additional insights.

Suggestion #2: Control sample

Year	Small firms			Large firms		
	China-listed	Hong Kong-listed	Difference	China-listed	Hong Kong-listed	Difference
2012	0.103 [N=1,000]	0.008 [N=257]	0.095*** (4.97)	0.223 [N=1,168]	0.097 [N=257]	0.126*** (4.60)
2013	0.109 [N=1,125]	0.007 [N=271]	0.102*** (5.33)	0.230 [N=1,210]	0.120 [N=266]	0.110*** (3.99)
2014	0.106 [N=1,137]	0.013 [N=300]	0.093*** (5.13)	0.241 [N=1,220]	0.127 [N=283]	0.114*** (4.19)
2015	0.126 [N=1,236]	0.015 [N=342]	0.111*** (6.10)	0.296 [N=1,238]	0.154 [N=306]	0.142*** (5.07)
2016	0.245 [N=1,236]	0.087 [N=346]	0.158*** (6.47)	0.482 [N=1,235]	0.401 [N=302]	0.081** (2.54)
2017	0.338 [N=1,232]	0.128 [N=344]	0.210*** (7.73)	0.579 [N=1,242]	0.470 [N=302]	0.109*** (3.42)
2018	0.397 [N=1,224]	0.142 [N=338]	0.255*** (8.97)	0.658 [N=1,238]	0.555 [N=299]	0.103*** (3.34)
2019	0.430 [N=1,208]	0.164 [N=324]	0.266*** (9.04)	0.689 [N=1,220]	0.589 [N=287]	0.100*** (3.24)
2020	0.437 [N=1,202]	0.155 [N=304]	0.282*** (9.31)	0.701 [N=1,203]	0.507 [N=274]	0.194*** (6.20)
Pre-TPA disclosure mandate	0.140 [N=5,734]	0.028 [N=1,516]	0.112*** (12.21)	0.296 [N=6,071]	0.185 [N=1,414]	0.111*** (8.46)
Post-TPA disclosure mandate	0.400 [N=4,866]	0.147 [N=1,310]	0.253*** (17.55)	0.656 [N=4,903]	0.530 [N=1,162]	0.126*** (8.05)
Difference	0.260***	0.119***	0.141***	0.360***	0.345***	0.015
<i>t</i> -stats	(31.81)	(11.61)	(8.50)	(40.41)	(19.76)	(0.74)

Understand small HK firms. It seems that the results are mainly driven by no significant changes in participation among HK small firms.

What are these firms? What's their political incentive? size? Location, etc.? Draw Figure 1 for small and large should clearly see it. Is matching by size quartile sufficient?

Suggestion #3: Key variable - Participation

- The disclosure mandate could directly changes disclosure incentives, and PARTICIPATION are disclosure/text-based, therefore the estimates may primarily capture changes in reporting behavior rather than changes in actual poverty-alleviation behavior.
- Firms may engage in “social washing,” and firms may simply relabel existing CSR activities as poverty alleviation.

More validations, Suggestions?

- third-party or government validation data,
- charitable donation data,
- cash outflow proxies,
- or any other non-disclosure-based measures of actual activities.
- **Disclose the list of keywords and discuss more.**

Suggestion #4: More broad question – Will the disclosure mandate crowd out voluntary CSR?

Rajgopal, S., P. Tantri. 2023. Does a Government Mandate Crowd Out Voluntary Corporate Social Responsibility? Evidence from India. *Journal of Accounting Research*, 61, 1: 415-447.

India's Companies Act of 2013: Qualifying Firms meeting certain thresholds are required to spend at least 2% of average net profits on CSR activities.

Eligible CSR areas include: poverty reduction, education, health, environmental sustainability, and rural development.

Findings:

Firms reduce voluntary CSR activities after the mandate. Particularly, firms that historically spent more than required tend to reduce excess spending;

CSR becomes more standardized and compliance-oriented. This suggests government mandates partially substitute for intrinsic or voluntary CSR motivation.

Implications for this study?

Suggestion #5:

Main Table 3 – include coefficients for controls.

Dependent variable: <i>PARTICIPATION</i>	(1)	(2)	(3)
<i>CHINA_LISTED</i> × <i>POST</i>	0.082*** (5.47)	0.069*** (4.54)	0.068*** (4.44)
Controls _{t-1}	No	Yes	Yes
Controls _{t-1} × <i>POST</i>	No	No	Yes
Firm FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
N	26,976	26,976	26,976
Adj-R ²	0.485	0.490	0.494

Summary

- The paper examines an important regulation which may have global implications on fighting against poverty. Significant contributions come from **great practice relevance and social impact**.
- I really enjoy reading the paper.
- Best luck!