

Independent study title	DO SUPPLIERS VALUE ESG PROFILE?: EVIDENCE FROM HONG KONG
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ABSTRACT

This study investigates whether corporate ESG performance influences trade credit provision among firms listed on the Hong Kong Stock Exchange (HKEX). While prior literature highlights both stakeholder trust and agency-driven skepticism as competing lenses through which ESG initiatives are interpreted, empirical evidence on their impact in hybrid institutional environments remains limited. Using a panel dataset of 909 firm-year observations spanning 2015–2023, the study employs fixed-effects regression models to examine the association. Results reveal a consistent negative relationship, particularly when trade credit is measured relative to sales revenue, suggesting that suppliers may perceive ESG engagement as a signal of reduced operational liquidity or managerial distraction. Findings are more aligned with agency theory predictions and highlight the interpretive role of institutional context. In Hong Kong, suppliers appear to respond cautiously to ESG disclosures, potentially discounting their credibility in the absence of strong governance signals or long-term relational trust.

Keywords: ESG performance, Trade Credit provision, Stakeholder Theory, Agency Theory, Hong Kong, Panel Data Analysis