UNIVERSITI TEKNOLOGI MARA

CORPORATE DIGITAL TRANSFORMATION, CORPORATE GREEN TRANSFORMATION, ECONOMIC POLICY UNCERTAINTY, AND CORPORATE RISK TAKING

——EVIDENCE FROM CHINESE LISTED COMPANIES

WANG JUAN

Thesis submitted in fulfilment
Of the requirements for the degree of
Doctor of Philosophy
(Accountancy)

Faculty of Accountancy

July 2025

ACKNOWLEDGEMENT

My doctoral journey is coming to an end. Looking back on this long and fulfilling journey, although there were no shortage of loneliness and hardships, there were more of growth and gains. Here, I would like to express my most sincere gratitude to all those who have illuminated my academic journey.

Firstly, I sincerely thank my supervisors, Dr Khairul Ayuni Mohd Kharuddin and Dr Rina Fadhilah Ismail. Thank you for pointing out the direction for my research with your profound knowledge, rigorous academic attitude and inclusive academic viewpoint. You have always helped me break through the limitations of my thinking with patient guidance and constructive criticism.

Secondly, I would like to express my gratitude to friends like In Malaysia, we have both the collision of ideas during academic debates and the mutual encouragement during the bottleneck period. You are not only sincere friends on the academic journey but also family in a foreign land, making this journey both radiant with rationality and warm with humanity.

Thirdly, the deepest gratitude is dedicated to my family. Thank you, my parents, for your decades of selfless dedication. You have set an example for me in life with your tenacity and optimism. Thank you, my parents-in-law, for your selfless dedication. It is you who have taken on the trivialities of life, allowing me to pursue my ideals without distractions. Thank you, my husband for your company. You have shielded me from the wind and rain of life and given me great courage. Thank you, my children for the pure joy and sincere encouragement you have brought me. You are my eternal source of motivation.

Last but not least, we extend our highest respect to all the examiners who participated in the thesis review and defence. The points not covered in the text can only be answered through more in-depth research in the future.

Obtaining a doctoral degree is not the end but a new starting point for exploring the unknown. I only wish to always keep this academic original aspiration bestowed by you, and continue to be the one chasing the light on the path of exploring the truth.

ABSTRACT

This study mainly examines four empirical issues. Firstly, this study examines the relationship between corporate digital transformation (CDT) and corporate risk taking (CRT). Secondly, this study examines the relationship between corporate green transformation (CGT) and CRT. Thirdly, this study examines the moderating effect of economic policy uncertainty (EPU) on the relationship between CDT and CRT. Fourthly, this study examines the moderating effect of EPU on the relationship between CGT and CRT. The CDT will also be examined from six perspectives which are corporate digital strategy, corporate digital technology, corporate digital organization, corporate digital environment, corporate digital application, and corporate digital achievement. This study uses panel data of Chinese listed companies from the financial period 2013 to 2022. Firstly, this study found that CDT significantly promotes CRT, specifically from three perspectives which are corporate digital strategy, corporate digital application, and corporate digital achievement. However, corporate digital technology, corporate digital organization, and corporate digital environment have no significant effect on CRT. Secondly, this study shows that CGT also significantly promote CRT. Thirdly, the results indicate that EPU positively and significantly moderates the relationship between CDT and CRT. Fourthly, the finding on the moderating effect of EPU on the relationship between CGT and CRT is somehow inconsistent. The results are robust to a battery of sensitivity analyses. The results are consistent in the presence of endogeneity and when alternative definition of variables and alternative sample period are being used. In addition, the significant positive effects of CDT and CGT in promoting CRT are prevalent in companies that are small in size, state-owned, companies that listed on SMEs Boared and ChiNext Board, low level of pollution. Overall, the findings support the agency theory, information asymmetry theory, and resource-based theory. According to agency theory, CDT, CGT and EPU can lessen agency costs between shareholders, managers, and creditors, enhance performance, and consequently enhance CRT. Also, consistent with information asymmetry theory suggest that CDT, CGT and EPU help to alleviate information asymmetry within companies and between companies and external stakeholders, hence enhance CRT. Whereas in support of the resource-based theory holds that CDT, CGT, and EPU alter the resource allocation mechanism of companies, enhance resource utilization efficiency, thereby increase CRT. The research findings of this study help regulators formulate targeted risk management guidance to guide CRT behavior based on the degree of CDT and CGT, and help companies to promote CDT and CGT in the background of EPU.

TABLE OF CONTENTS

CHAPTER 1

INTRODUCTION

1.1 Chapter Overview

This chapter presents an overview of this study. Firstly, the research background of this study discussed, which focuses on the development of corporate digital transformation (CDT), corporate green transformation (CGT) and corporate risk taking (CRT). Secondly, the problem statement of this study introduced. Thirdly, the main questions and objectives of this study outlined. Fourthly, the contributions and the organization of this study stated.

1.2 Research Background

China's economy is expanding quickly on the world stage. China's economy has grown from 1.8% of the world's total to 15% in the last forty years, with an average annual growth rate of roughly 9.5% in GDP and 14.5% in foreign trade[1]. The healthy development of companies is the fundamental driving force for the sustained growth of the macro-economy.

In the past 40 years, Chinese companies have changed by opening up to globalization, and optimized resource allocation to support high-quality development by undertaking investment projects of high-risk and high-reward (Wright et al., 1996; W. Zhang et al., 2021).

1 https://www.stats.gov.cn/