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## **ENVIRONMENTAL REGULATIONS, TECHNICAL PROGRESS AND CORPORATE PERFORMANCE: EMPIRICAL STUDY BASED ON CHINESE PROVINCIAL PANEL DATA**

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### **Abstract**

Environmental regulation and its impact on corporate performance have attracted both the Government's and the academia's growing focus. The “Porter Hypothesis” theory shows that environmental regulation would exert direct impact on corporate performance, while technology progress would compensate for it indirectly. In this paper, we completely and specifically examine those two effects by setting the three models and creating the interaction variable in the third one. The panel data from 2000 to 2010 in 30 provinces (including the municipalities) of China can be used for empirical tests, and the results do not support “Porter Hypothesis”, this is partially due to the relatively lower strength of environmental regulation in China, and on the other side the simple-means of the regulation plus the lack of incentive mechanism.

*Key words:* China, corporate performance, environmental regulation, technical progress

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