



# KEY GLOBAL TRENDS IMPACTING ASEAN

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# Organization of Talk

1. Corporate Environmentalism
2. Automation
3. Digitalization
4. Conclusion



# CORPORATE ENVIRONMENTALISM EXPERIMENT

Testing the theories in ASEAN

# What motivates private firms to invest in green technologies and environmentally friendly operations?



GOVERNMENT REGULATION  
AND ENFORCEMENT



CIVIL SOCIETY PRESSURE



MARKET PRESSURE

# Moderating effects of product markets

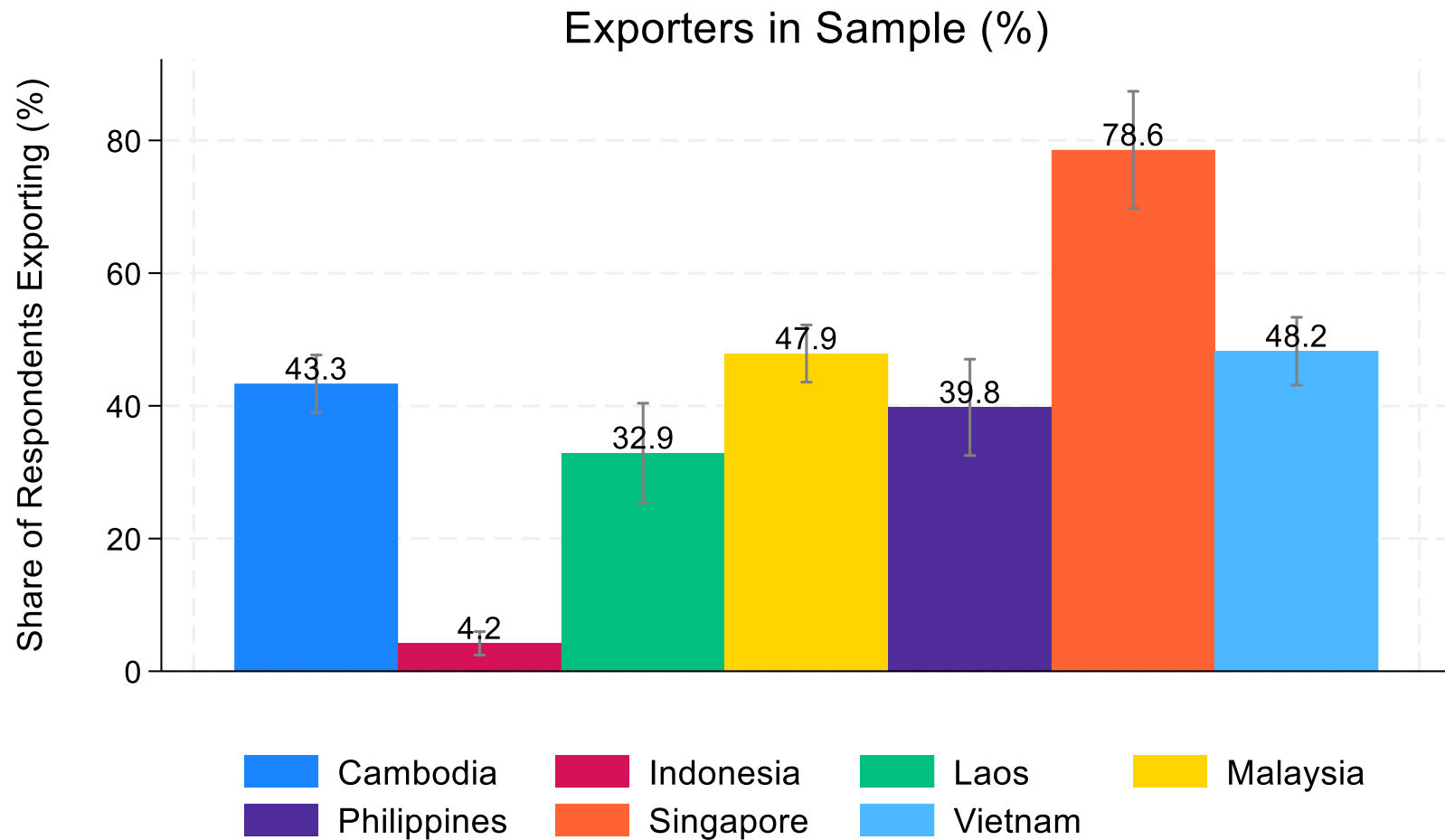
- Exporting firms need to not only comply with the regulations of the foreign market, but also with the consumer preferences in these markets.
  - Especially when exporting their products to developed country markets, which typically have more stringent environmental regulations and a more environmentally conscious consumer base, firms are more likely to be sensitive to societal pressure to upgrade their corporate environmental practices.
- California effect leads to general environmental upgrading because of higher regulation in California.



# ASEAN Survey Experiment to Test Drivers

Country	Local Survey Partner	Number of Respondent Firms
Singapore	Institute of Policy Studies, Lee Kuan Yew School of Public Policy	101
Cambodia	Indochina Research Cambodia (IRL Cambodia)	501
Indonesia	Katadata Insight Center	500
Laos	Indochina Research Laos (IRL Laos)	152
Malaysia	Merdeka Center for Opinion Research	518
Philippines	University of the Philippines Los Baños	176
Vietnam	Development and Policies Research Center (DEPOCEN)	378
Total		2,326

# ASEAN Survey Experiment to Test Drivers



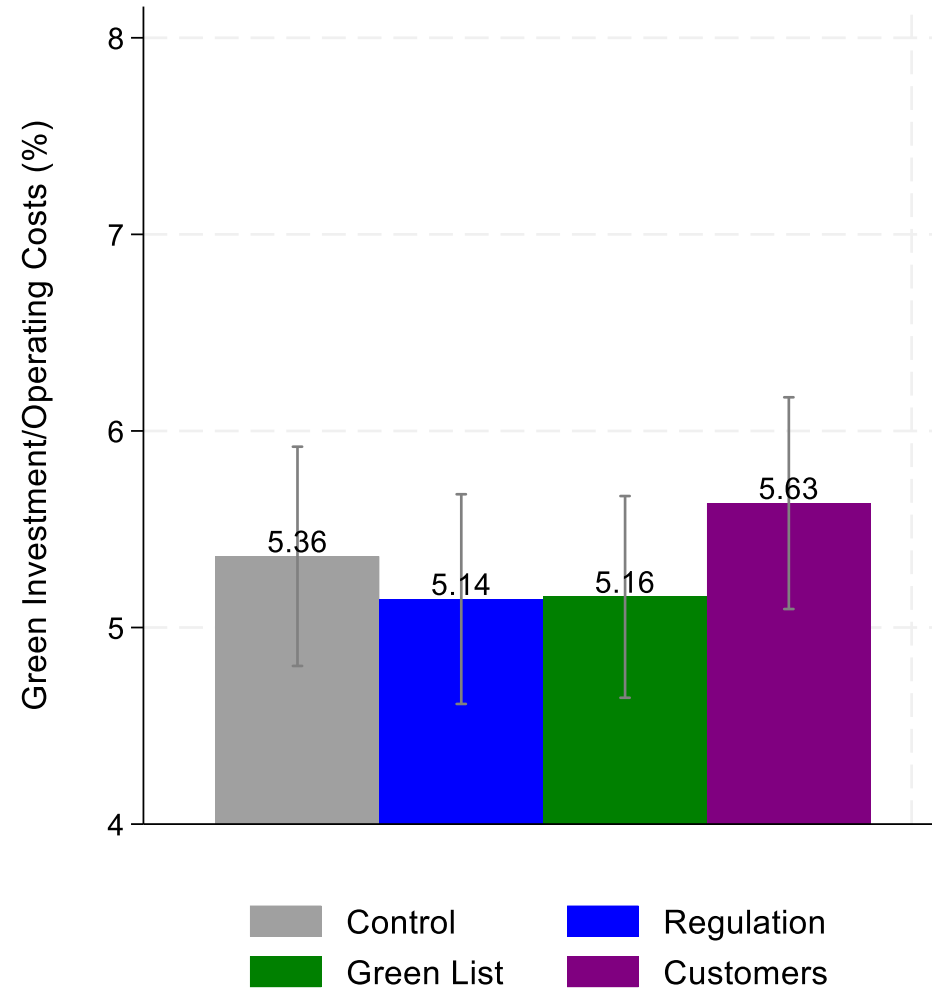
# Random Assignment to Four Treatments

<b>Standard</b> <b><u>Control Conditions</u></b>	<b>Treatment 1</b> <b><u>Regulatory pressure</u></b>	<b>Treatment 2</b> <b><u>Green List</u></b>	<b>Treatment 3</b> <b><u>Customer pressure</u></b>
The national government announced its commitment to sustainable economic growth.	The national government has announced stricter environmental laws (i.e. environmental impact assessments for new investment projects, compliance review of environmental regulations). These laws involve high penalties, including the withdrawal of firm's business license in case of violation.	A non-state organization in Cambodia has begun to publish a green list, categorizing individual firms (including SMEs) as green champions, dirty polluters, and categories in-between. This ranking will be released to the public.	Your most important customers have approached you to tell you that they have decided that, starting sometime in the coming year, they will only continue buying from businesses that they are convinced are taking all possible measures to minimize their negative effects on the environment. decisions based on a firms' environmental reputation.

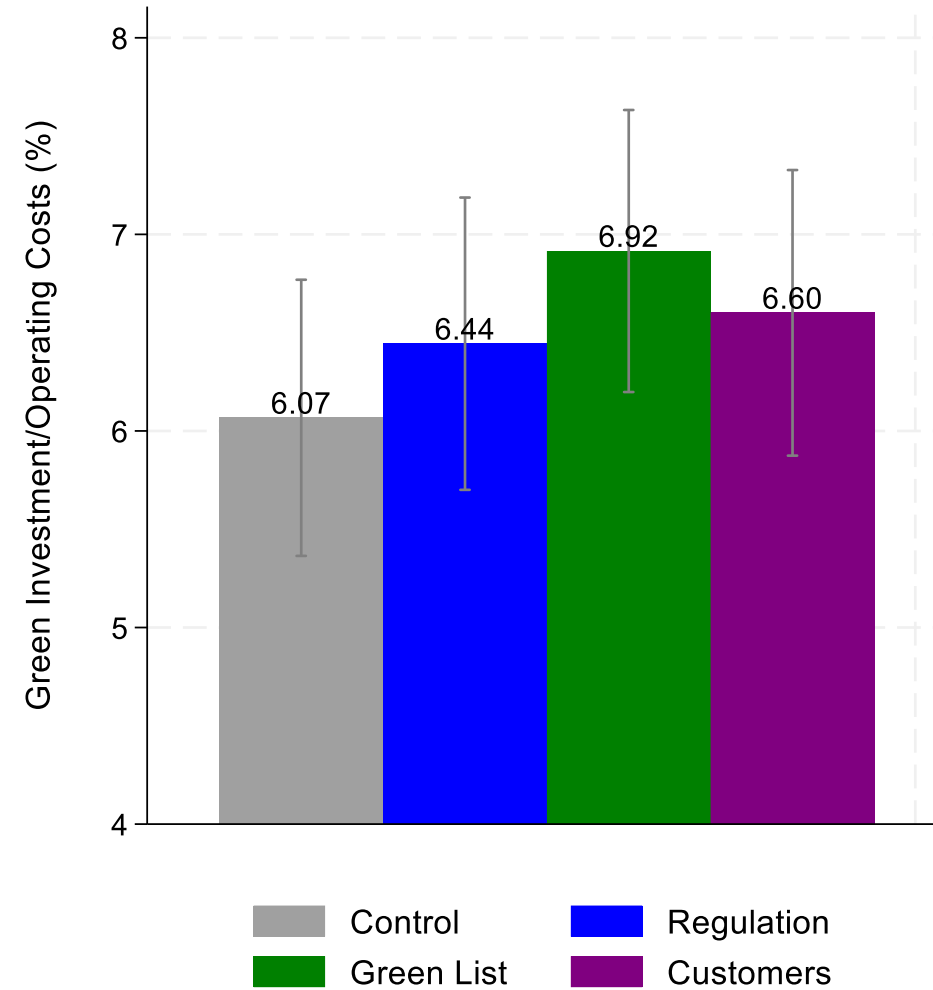


## Total Green Investment (%)

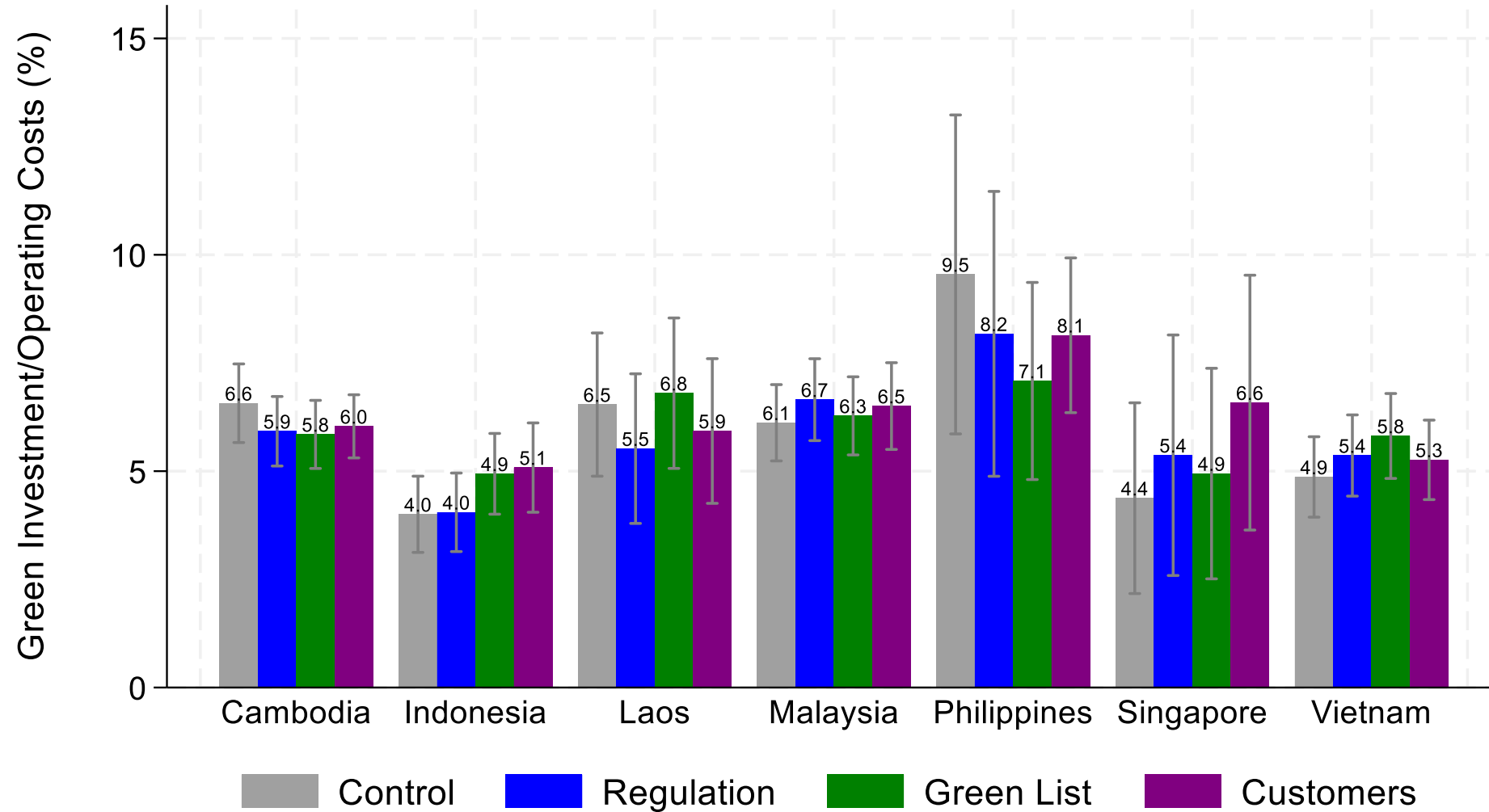
Domestic Oriented



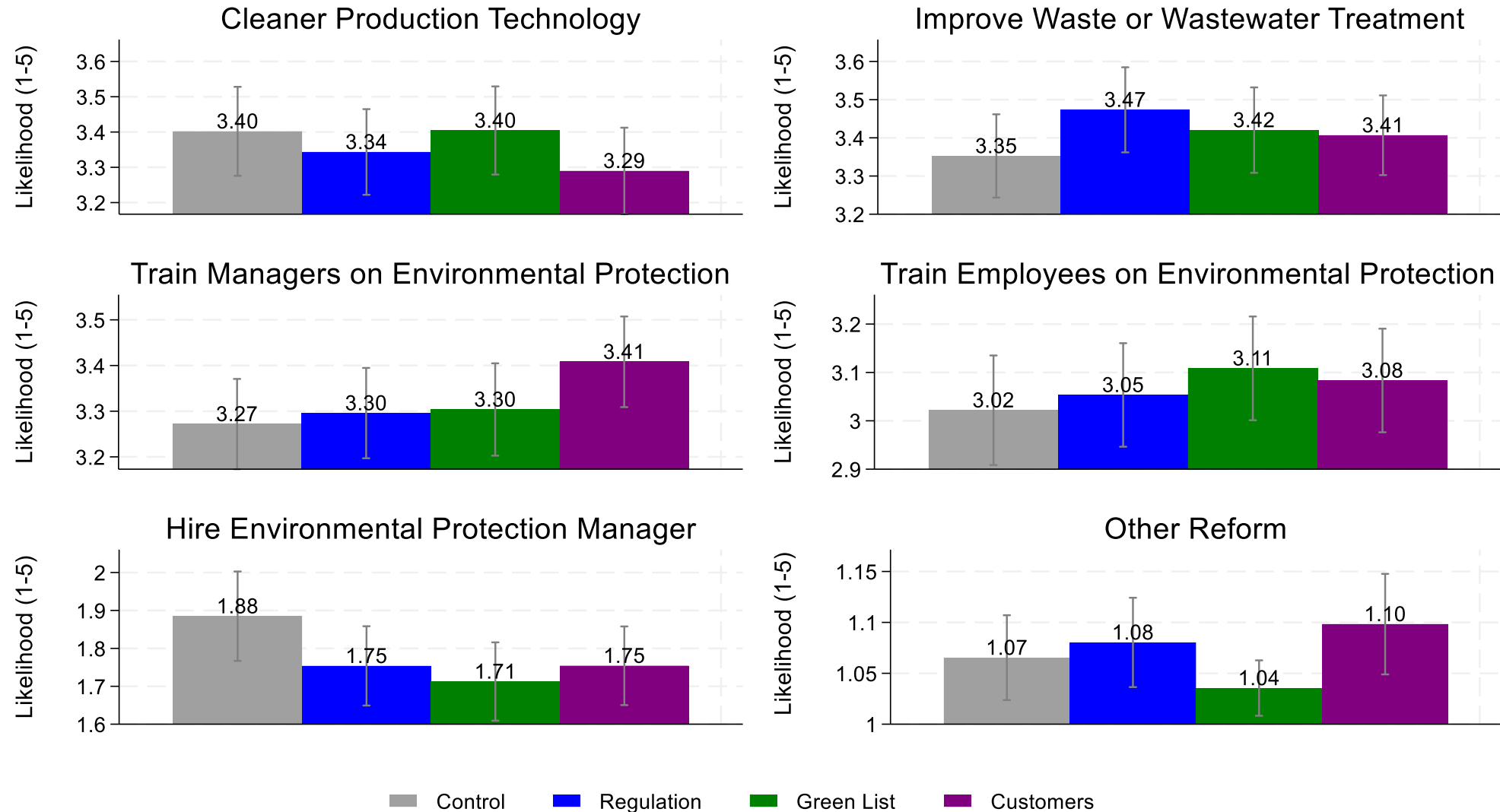
Export Oriented



## Total Green Investment (%)



# Major Expenditures Encouraged by Treatment

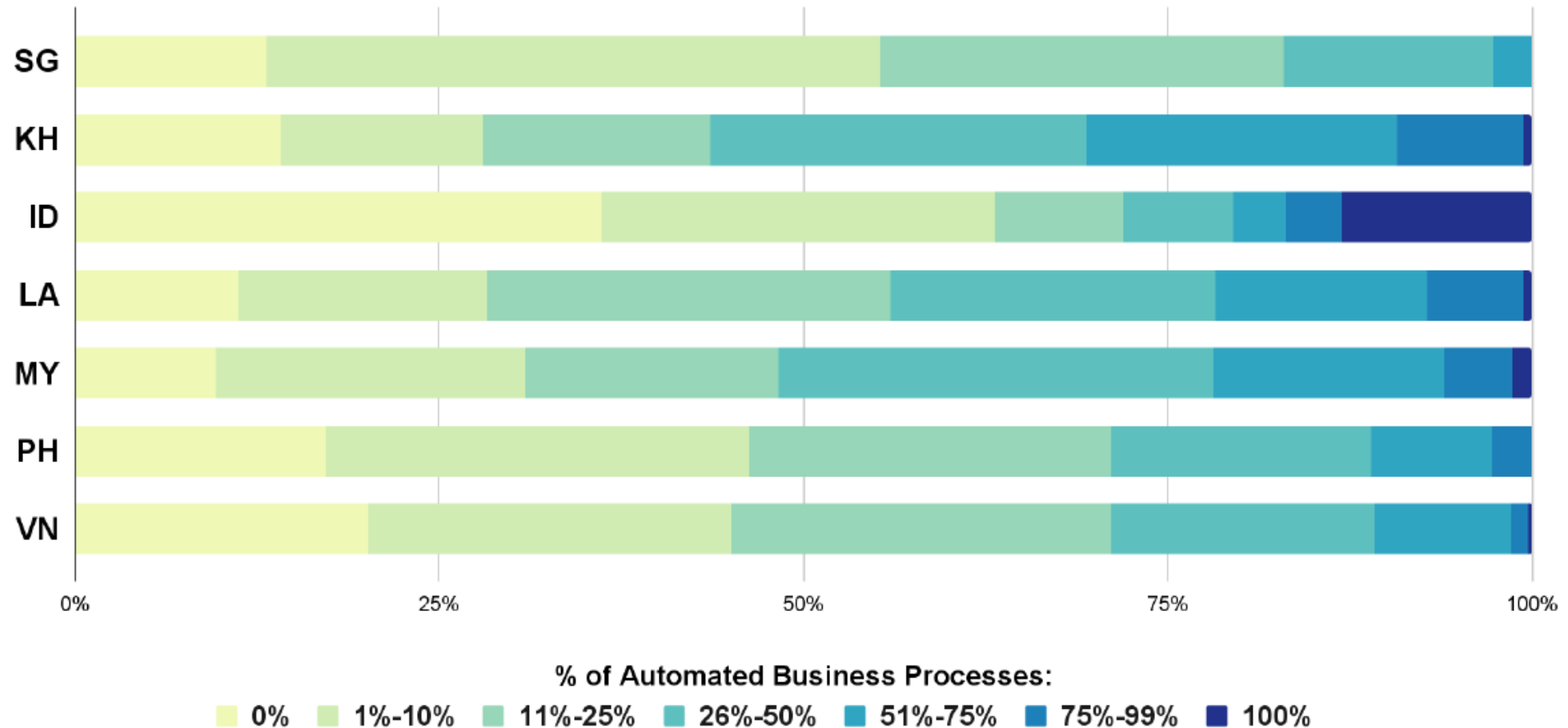




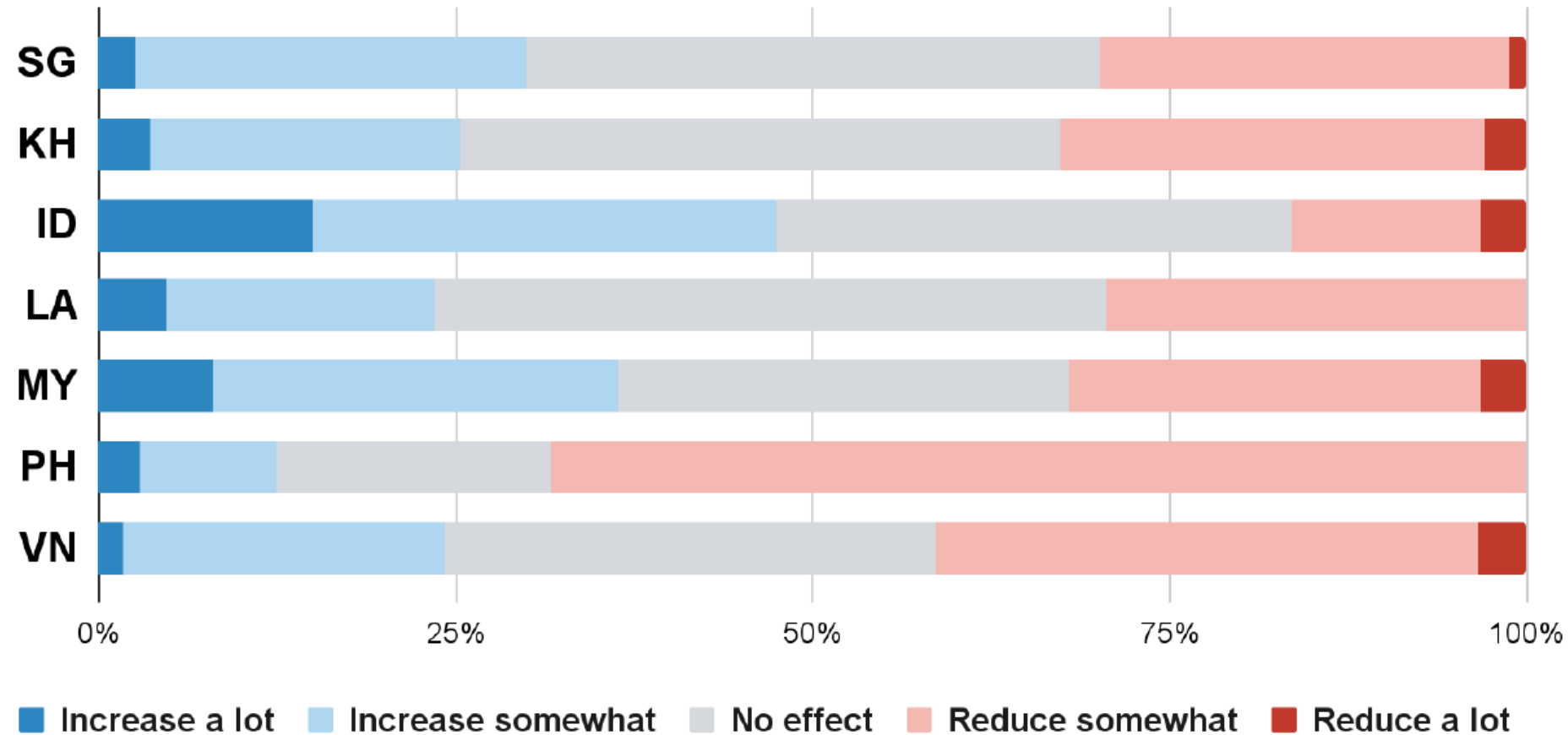
# AUTOMATION

Testing the theories in ASEAN

# Automation in the Region



# Expected Impact of Automation on Firm Employment





# DIGITALIZATION

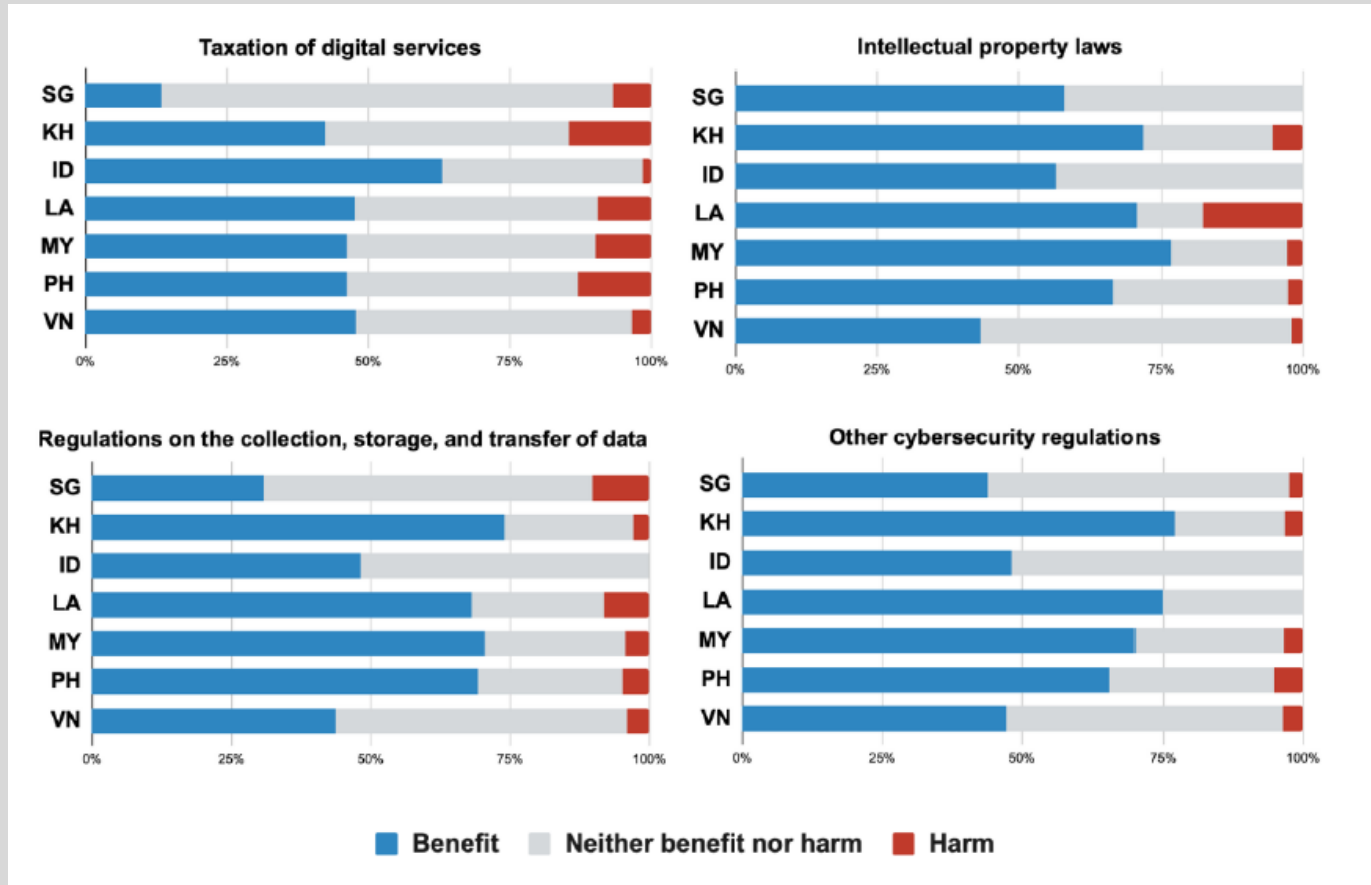
Testing the theories in ASEAN

# Share of firms engaging in digitalization





# Firms Perceptions of Online Business Regulation



# Conclusion

- Common challenge in developing countries is how to encourage economic growth by creating a business climate that is suitable for business growth and innovation, while encouraging the same businesses to adhere to environmental standards that protect the health and safety of citizens.
- Three forms of stakeholder pressure that might encourage such firm behavior:
  - enhanced regulatory pressure through inspections and fines or enhanced
  - societal pressure through NGO transparency about environmental behavior
  - Pressure from consumers
- Find that the most effective policy varies heavily by market orientation
- Automation and digitalization are part of the greening process
  - Automation is occurring throughout the region, but may disrupt and threaten labor markets
  - Digitalization in many activities (including sales), but appropriate regulation is needed to channel benefits while mitigating dangers.