



Better Transport, Lower Litigation

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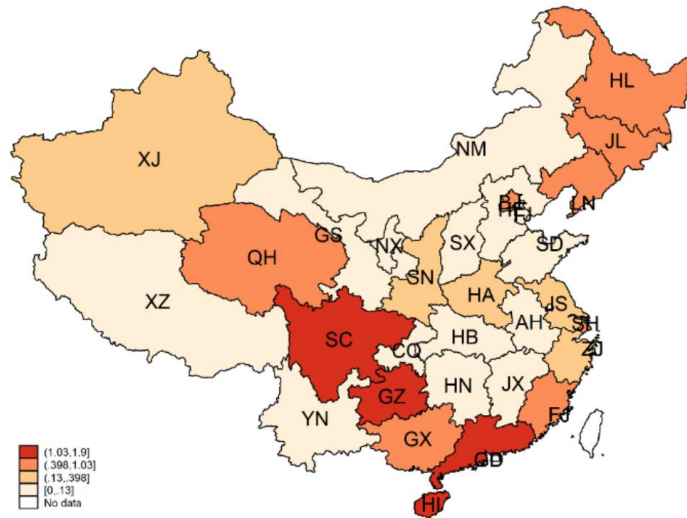
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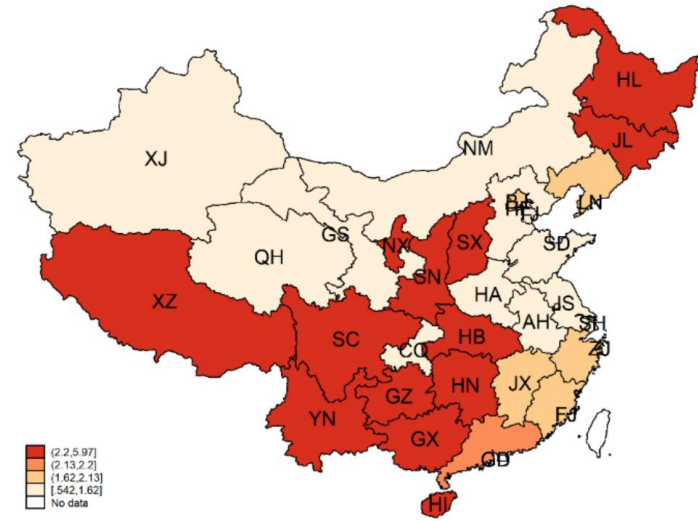
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2024.04.15

Introduction



1a. Litigation risk for firms in China_2001



1b. Litigation risk for firms in China_2018

FIGURE 1 The geography of litigation risk in China

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TABLE 1| Baseline Results

Panel A Baseline Estimates

VARIABLES	(1) Litigation	(2) Litigation	(3) Litigation	(4) Litigation	(5) Litigation	(6) Litigation
Post HSR	-0.683*** (-3.839)	-0.478*** (-2.600)	-0.602*** (-3.432)	-0.470** (-2.565)	-0.590*** (-3.363)	-0.468** (-2.556)
Size			-0.137* (-1.843)	-0.025 (-0.173)	-0.063 (-0.770)	0.006 (0.040)
ROA			-11.501*** (-11.757)	-7.473*** (-7.460)	-10.174*** (-10.022)	-7.126*** (-7.004)
Lev			1.900*** (4.189)	0.715 (1.289)	1.580*** (3.443)	0.573 (1.032)
Growth			0.276*** (2.789)	0.034 (0.377)	0.226** (2.284)	0.016 (0.182)
Cash			0.226 (0.439)	-0.374 (-0.692)	0.395 (0.762)	-0.362 (-0.669)
Age			0.116*** (7.754)	4.935** (2.385)	0.111*** (7.330)	4.966** (2.430)
Institutional					-1.875** (-2.354)	0.368 (0.466)
Board Size					-0.290 (-0.851)	-0.355 (-0.874)
Meeting					0.921*** (5.909)	0.568*** (4.045)

Independent					-1.245 (-1.140)	-1.190 (-1.081)
Analysts					-0.151** (-1.986)	-0.147** (-1.981)
Constant	3.259*** (29.516)	3.167*** (38.469)	4.627*** (2.985)	-41.152** (-2.173)	2.523 (1.424)	-41.931** (-2.234)
Observations	30,542	30,542	30,542	30,542	30,542	30,542
Adjusted R-squared	0.120	0.390	0.149	0.395	0.152	0.395
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	No	Yes	No	Yes	No	Yes
Firm FE	No	Yes	No	Yes	No	Yes

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TABLE 1| Baseline Results

Panel B: Alternative Measure for Dependent Variables

VARIABLES	(1) Specific amount of litigation	(2) Ratio of litigation amount to total assets	(3) Misconduct
Post HSR	-0.195* (-1.688)	-0.153* (-1.650)	-0.011* (-1.884)
Observations	30,542	30,542	30,542
Adjusted R-squared	0.233	0.270	0.084
Control	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
City FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes

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TABLE 2 | Further Evidence on High-Speed Rail and Litigation Risk

Panel A: Replace the Register Address with the Office Address

VARIABLES	(1) Litigation	(2) Litigation
Post HSR	-0.375** (-2.075)	-0.356** (-1.978)
Observations	30,542	30,542
Adjusted R-squared	0.398	0.402
Control	No	Yes
Year FE	Yes	Yes
City FE	Yes	Yes
Firm FE	Yes	Yes

Panel B: Excluding the Firms with A Low Regional Sales Concentration

VARIABLES	(1) >90% Litigation	(2) >80% Litigation	(3) >70% Litigation	(4) >60% Litigation
Post HSR	-0.701*** (-3.167)	-0.661*** (-3.064)	-0.634*** (-3.013)	-0.660*** (-3.216)
Observations	23,045	23,791	24,683	25,634
Adjusted R-squared	0.432	0.428	0.424	0.417
Control	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
City FE	Yes	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes	Yes

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TABLE 2 | Further Evidence on High-Speed Rail and Litigation Risk
Panel C: Impact of Major Cities in China

VARIABLES	(1) Litigation	(2) Litigation	(3) Litigation
Post HSR × Provincial Capital City	-0.109 (-0.340)		
Post HSR × Non-Provincial Capital City	-0.616*** (-2.966)		
Post HSR × Sub-Provincial Municipality		-0.496 (-1.411)	
Post HSR × Non-Sub-Provincial Municipality		-0.457** (-2.279)	
Post HSR × Major City			-0.306 (-1.092)
Post HSR × Non-Major City			-0.586*** (-2.694)
Observations	30,542	30,542	30,542
Adjusted R-squared	0.395	0.395	0.395
Control	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
City FE	Yes	Yes	Yes
Firm FE	Yes	Yes	Yes

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TABLE 3 | Impact of Information Dissemination and Asymmetry

Panel A: Impact of Information Asymmetry					Panel B: Parallel Trend Examination				
VARIABLES	(1)	(2)	(3)	(4)	Before2				
	Litigation	Litigation	Litigation	Litigation					
	Low Analyst Coverage	High Analyst Coverage	Low Media Coverage	High Media Coverage					
Post HSR	-0.674*** (-2.665)	-0.080 (-0.318)	-0.580*** (-2.724)	-0.351 (-1.271)		-0.080 (-0.327)	-0.036 (-0.152)	0.018 (0.084)	0.118 (0.447)
Observations	16,525	14,017	16,606	13,936	Before1	-0.409 (-1.425)	0.204 (0.680)	0.118 (0.470)	-0.056 (-0.178)
Adjusted R-squared	0.421	0.426	0.410	0.424	Current	-0.474 (-1.459)	0.144 (0.406)	-0.234 (-0.821)	-0.089 (-0.243)
Year FE	Yes	Yes	Yes	Yes	After1	-0.747** (-2.087)	0.073 (0.187)	-0.442 (-1.386)	-0.231 (-0.579)
City FE	Yes	Yes	Yes	Yes	After2+	-1.284*** (-3.132)	-0.337 (-0.730)	-1.005*** (-2.693)	-0.713 (-1.593)
Industry FE	Yes	Yes	Yes	Yes	Observations	16,525	14,017	16,606	13,936
Firm FE	Yes	Yes	Yes	Yes	Adjusted R-squared	0.421	0.426	0.410	0.424
					Year FE	Yes	Yes	Yes	Yes
					City FE	Yes	Yes	Yes	Yes
					Industry FE	Yes	Yes	Yes	Yes
					Firm FE	Yes	Yes	Yes	Yes

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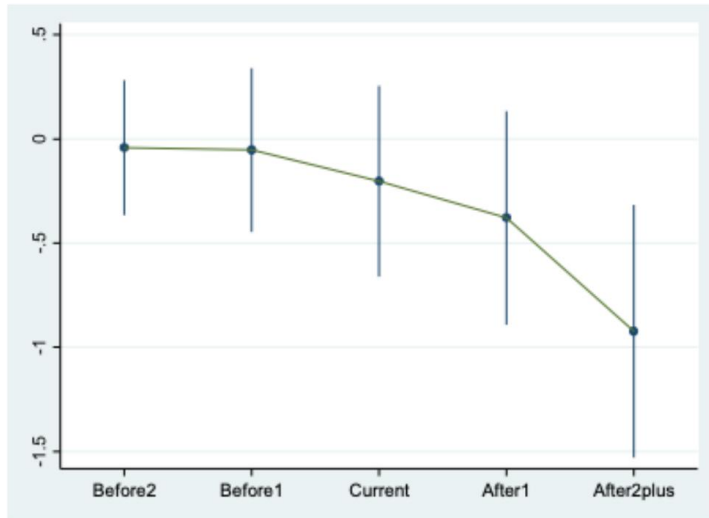


FIGURE 2 | Parallel Trend Assumption

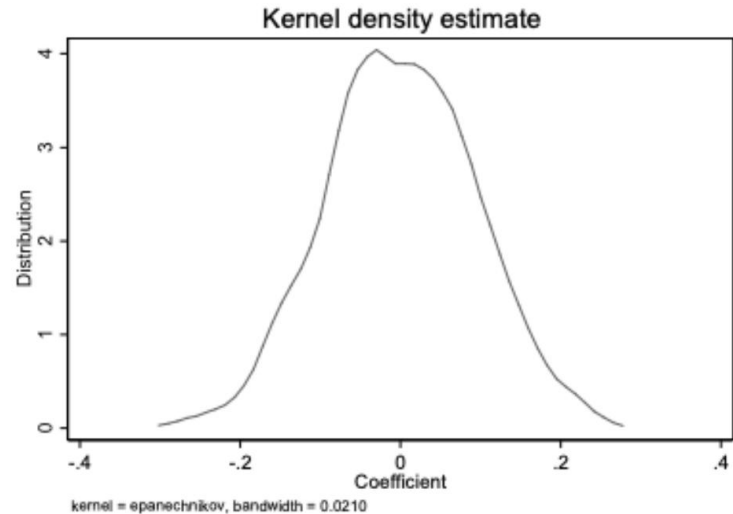


FIGURE 3 | Placebo test