

Global value chains and energy-related sustainable practices: Friends or foes? Evidence from Enterprise Survey data

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Global value chains (GVCs) can affect the deployment of clean energy technologies and influence firm-level energy management. However, the sign of this influence is debated, especially for less developed economies, since, on the one hand, GVCs can favor the absorption of more advanced technologies and the adoption of greener energy practices; on the other hand, GVCs help export dirty goods and polluting productions from countries with strict environmental regulations to weakly regulated developing countries. Drawing on Enterprise Surveys conducted in 2018-2020 on a large sample of firms operating in different sectors and countries and applying regression analyses and propensity score matching, this study aims to fill an important gap in the literature by shedding light on the relationship between GVC firms' participation and energy management. In addition, the analysis allows for a heterogeneous impact of GVCs, conditional on firms' characteristics and external conditions, such as institutional quality. Overall, we find that firms' GVC participation is positively associated with their propensity to adopt green energy practices. Manufacturing firms operating in countries with higher incomes benefit more. By contrast, for firms which are smaller and younger, operate in poorer institutional contexts, or are less endowed in terms of human capital or financial resources, being engaged in GVCs has milder effects on the adoption of greener practices.