Pesque-Cela, V, Li, J and Kim, YK

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Vanesa Pesqué-Cela[a,b,c] Jiarong Li[d] Yun Kyung Kim[e]*

[a]Liverpool Business School, Liverpool John Moores University, Liverpool, UK; [b]School of Finance and Management, SOAS University of London, London, UK; [c]Stockholm China Economic Research Institute (SCERI), Stockholm School of Economics, Stockholm, Sweden.

[d]Graduate School of Business Administration, Hitotsubashi University, Tokyo, Japan.

[e]Corresponding author, School of Northeast Asian Studies, Incheon National University, Incheon, Republic of Korea. Email: yunkim@inu.ac.kr

Disclosure statement

No potential conflict of interest was reported by the author(s).

Funding

This work was supported by an Incheon National University Research Grant in 2021.

Notes on contributors

Vanesa Pesqué-Cela is a Senior Lecturer in International Business Management and a China specialist at Liverpool Business School, Liverpool John Moores University. She is also a Research Associate at the School of Finance and Management, SOAS University of London, and an Affiliated Researcher at the Stockholm China Economic Research Institute, Stockholm School of Economics.

Li Jiarong is a Ph.D. candidate in the Graduate School of Business Administration at Hitotsubashi University, Tokyo, Japan. Her main research interests include corporate social responsibility, corporate social responsibility communication, stakeholder engagement, and non-market strategy in emerging markets.

Yun Kyung Kim is Assistant Professor in the School of Northeast Asian Studies, Incheon National University, Incheon, Korea. She received her PhD in Economics from Columbia University. Prior to INU, she was a research fellow at Korea Economic Research Institute where she served as Director of Corporate Research Department. Her main research topics include corporate governance, organization structure and regulations.

Dates: Mar 15, 2022 (Submission); Aug. 2, 2022 (R&R); Sep. 2, 2022 (Acceptance)

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Abstract:

Drawing on signalling theory and using the cases of Alibaba and Coupang, we investigate whether and how venture capital-backed companies from emerging markets use CSR to overcome the liability of foreignness when going public in the US. Our findings suggest that such firms strategically increase their CSR activities prior to their IPO in order to signal legitimacy to investors. They also suggest that firms with both strong and weak CSR signalling strategies (as measured by signal cost, frequency and consistency) are equally likely to have successful IPOs when they are backed by reputable venture capital firms.

Keywords: Alibaba; Coupang; IPO; liability of foreignness; signalling theory; strategic CSR; venture capital; China; Korea.

* We would like to thank the guest editors of this special issue and the anonymous reviewers for their generous and useful feedback.

1. Introduction

The globalisation of capital markets has created new opportunities for firms to raise capital abroad through initial public offerings (IPOs) and cross-listings on foreign stock exchanges (Bell et al. 2012a). 2021 was a record year for the US initial public offering (IPO) market, with 397 IPOs worth USD142.4 billion (Renaissance Capital 2022). Also in 2021, the number of foreign IPOs in the US reached the record of 84 (21%), its highest level ever, up from 5 (7%) twenty years ago (Ritter 2022). While foreign IPOs are booming in the US, not all of them are successful. Foreign firms are at a disadvantage relative to domestic firms due to US investors' 'home bias' (Bell et al. 2012a).

How to overcome the liability of foreignness in equity markets is a major research question in international finance. A recent and growing literature shows that the degree of liability of foreignness faced by firms in foreign equity markets depends on the level of institutional and cultural distance between the home and host markets, as well as the level of information asymmetry with host market investors. It also shows that one of the strategies used by foreign IPO firms to reduce their liability of foreignness is to signal their quality to host market investors (Moore et al. 2010; Bell 2012a). A number of firm- and country-level corporate governance characteristics – including board size and independence, insider ownership, host capital market choice and home country legal institutions – have been found to be effective signals of firm quality and important drivers of foreign IPO success. Other firm- and IPO-level factors that serve as quality signals and influence foreign IPO performance include: firm size, age, technological orientation, international diversification, entrepreneurial orientation, venture capital backing, underwriter prestige, and auditor reputation (Bell et al. 2008; Moore et al. 2010; Bell et al. 2012ab; Bell et al. 2014; Li et al. 2016; Zhang and Yu 2017; Liu et al. 2019).

While this literature provides valuable insights into the determinants of foreign IPO valuation and performance, one of its main limitations is that it has largely ignored the role of corporate social responsibility (CSR) as a determinant of the success of foreign firms in raising capital through IPOs in the US. This is despite the fact that investor interest in CSR issues has grown dramatically in the country in recent years, especially among institutional investors, who are the largest owners of equity. In 2019, 300 Environmental, Social, Governance (ESG) funds in the US received USD 20 billion in net flows, a four-fold increase from 2018 (Gillan et al. 2021). Globally, over 4,000 organisations with more than USD 130 trillion assets under management have joined the Principles for Responsible Investment, committing themselves to incorporate CSR/ESG considerations into their investment decisions (PRI 2022).

Drawing on signalling theory, and using the cases of Softbank-funded e-commerce companies Alibaba and Coupang, we investigate: (1) whether and how emerging market firms going public in the US use CSR to signal legitimacy, and (2) under what conditions their signal portfolios improve their IPO performance. Achieving legitimacy is key because 'firms considered legitimate by market stakeholders tend to succeed more frequently in competitive capital markets' (Bell et al. 2012a: 117).

Building on Zerbini (2017), we apply signalling theory to the analysis of Alibaba and Coupang's CSR practices and develop a two-stage framework in which we examine whether and how Alibaba and Coupang used a variety of CSR initiatives as signals to increase their visibility and gain legitimacy with investors. The dividing line between the two stages in the framework is determined by the time when they received the first major investment from Softbank (or Softbank's Vision Fund), which, we argue, acted as an additional signal to investors of the companies' value and future growth prospects. The framework classifies CSR signals into five major categories: (1) CSR programmes (CSR officers/committee, CSR department, code of conduct, training programmes); (2) CSR incentive schemes; (3) CSR disclosures; (4) CSR memberships and certifications: and (5) CSR performance (ratings and reputation). In addition to examining both companies' CSR practices, we also analyse their CSR narratives as presented in their IPO prospectuses, and their media coverage. This is because recent studies point to a positive relationship between CSR/ESG disclosure in IPO prospectuses, the signalling of organisational virtue during the IPO process, and IPO performance (Payne et al. 2013; Fenili and Raimondo 2021; Fu et al. 2022). They also suggest that the amount and type of media coverage received by IPO firms affect investors' perceptions of their legitimacy and ultimately their IPO performance (Pollock and Rindova 2003; Guldiken et al. 2017).

The remainder of the paper is organised as follows. Section 2 reviews the literature on capital market liability of foreignness, signalling theory, and the signalling value of CSR and venture capital backing in the context of foreign IPOs. Section 3 describes the methodology used. Sections 4 and 5 provide a detailed analysis of the signalling strategies of Alibaba and Coupang as well as of their IPO and post-IPO performance. Finally, Sections 6, 7 and 8 discuss our findings and draw implications for research, theory and practice.

2. Literature Review

Capital Market Liability of Foreignness

An increasing number of emerging market firms choose to go public abroad. Firms from countries with less developed stock markets, weaker disclosure regimes, and lower financial integration, are more likely to make their initial public offerings in foreign markets (Caglio et al. 2016). This is because greater access to capital, better governance and improved reputation are some of the major benefits of going public abroad (Bell and Rasheed 2016). Despite these benefits, firms undertaking an IPO abroad face additional costs compared to domestic firms.

These additional costs are referred to as 'liability of foreignness' (Zaheer 1995) or, more specifically, 'capital market liability of foreignness'[1] (e.g., Bell et al. 2012a; Tupper et al. 2018). In the context of foreign IPOs, such liability arises from four interrelated factors: the institutional distance between a foreign IPO firm's home and host countries, differences in their national cultures, information asymmetries between the foreign IPO firm and domestic investors, as well as domestic investors' lack of familiarity with the foreign IPO firm (Bell et al. 2012a; Bell and Rasheed 2016). Whatever its sources, the liability of foreignness can manifest in various forms including higher underpricing, higher cost of capital, lower liquidity, and greater frequency of investor lawsuits (Bell et al. 2012a: 111). Bell et al. (2012a: 116) propose four interrelated strategies to reduce the costs associated with the liability of foreignness in equity markets: bonding, signalling, organisational isomorphism, and endorsements by reputable third parties. As part of their strategy to overcome the liability of foreignness, firms can list on a market with stricter disclosure and governance standards (i.e., bonding mechanism). Additionally, they can take actions to signal their quality[2] to the market (i.e., signalling mechanism). Firms can also adopt the organisational structures, systems and practices used by successful domestic firms (i.e., organisational isomorphism mechanism). Finally, they can rely on endorsements from reputable third parties such as venture capital firms, underwriters and auditors (i.e., third-party endorsement mechanism) (Bell et al. 2012a; Bell and Rasheed 2016). Separately or together, these strategies can help foreign IPO firms gain legitimacy with investors, which is critical to their short- and long-term success.

[1] Capital market liability of foreignness has been defined as 'the liabilities faced by firms accessing host-country capital markets' (Bell et al. 2012a: 108) and, more recently, as 'the extra costs firms experience when accessing a foreign capital market' (Tupper et al. 2018: 556).

[2] Following Connelly et al. (2011: 43), quality is defined as 'the underlying, unobservable ability of the signaler to fulfil the needs or demands of an outsider observing the signal'.

Signalling Theory

Signalling theory has been the dominant theoretical framework used in research on (foreign) IPOs (Moore et al. 2010). Developed in the early 1970s, this theory has its roots in information economics (Akerlof 1970; Spence 1973; Stiglitz 2000). It is particularly useful to explain the behaviour of economic actors (firms and individuals) under conditions of asymmetric information (Connelly et al. 2011). Information asymmetries arise when ‘different people know different things’ (Stiglitz 2002: 469). For example, the founder of a startup firm knows more about the firm’s value than its potential investors. Likewise, a firm’s manager knows more about his/her own efforts and performance than its shareholders do. Stiglitz (2000: 1450) and others (Connelly et al. 2011: 42) point to two main types of asymmetric information - information about quality (hidden characteristics) and information about intent (hidden behaviours) -, which lead to problems of adverse selection and moral hazard, respectively.

Signalling theory is concerned with how to reduce information asymmetries – especially those resulting in adverse selection problems - through the use of signals. More specifically, it focuses primarily on ‘the deliberate communication of positive information in an effort to convey positive organisational attributes’ (Connelly et al. 2011: 44). In this theoretical framework, signallers are insiders with information about the quality of a firm that is not publicly available. Receivers are outsiders such as investors who lack but would like to have information about the quality of the firm. Finally, signals are (observable) actions that insiders take to communicate information about the quality of the firm to outsiders (Connelly et al. 2011: 45).

For signalling to be effective, high-quality firms should be willing and able to signal quality, while low-quality firms should not (Connelly et al. 2011; Bergh et al. 2014). Let us consider the example provided by Kirmani and Rao (2000: 68). When high-quality firms signal, they receive payoff ‘A’, and when they do not, they obtain payoff ‘B’. At the same time, when low-quality firms signal, they get payoff ‘C’, and when they do not, they receive payoff ‘D’. Signalling is an effective strategy when: (1) A > B; and (2) D > C. Under these conditions, only high-quality firms benefit from signalling, which results in a separating equilibrium. In such instances, investors are able to accurately distinguish between high- and low-quality firms. However, there are other instances in which both high- and low-quality firms benefit from signalling and use the same signals (i.e., A>B and C>D), which results in a pooling equilibrium. In such instances, investors are not able to discriminate between high- and low-quality firms (Connelly et al. 2011: 43).

There are two main ways in which high-quality firms can distinguish themselves from low-quality ones (i.e., create a separating equilibrium). One way is by involving reputable third parties, such as venture capital firms, in the signalling process. These third parties must have more information about the firm than outsiders. They also must be willing to bear most of the signalling costs. Reputable third parties can create a separating equilibrium because in principle only high-quality firms can secure their services (Bergh et al. 2014: 1339).

Another way for high-quality firms to distinguish themselves is through the use of signals with differential signal costs or with differential penalty costs[3], such as top management team quality or insider stock ownership. In instances where: (1) the cost of signalling is significantly higher for low-quality firms than for high-quality firms (i.e., differential signal costs); or where (2) the penalty costs associated with false signalling are significantly higher for low-quality firms than for high-quality ones (i.e., differential penalty costs), low-quality firms will not be able or willing to signal (falsely) (Bergh et al. 2014).

In sum, there are a variety of ways in which signals can create a separating equilibrium between high- and low-quality firms (i.e., third-party endorsement and differential

[3] Signal costs are the costs associated with signalling, while penalty costs are the costs associated with false signalling. Different types of signals are associated with different types of costs. Zerbini (2017: 6-7) distinguishes between ‘dissipative signals’, which imply high upfront signalling costs regardless of the truth of a claim, and ‘penalty signals’ which only lead to high costs if a claim is untrue.

signal/penalty costs). However, for a separating equilibrium to occur, the signal's expectations should eventually be confirmed. In other words, outsiders' expectations about the quality of the signalling firm should be confirmed by its subsequent performance (Bergh et al. 2014: 1351).

Strategic Corporate Social Responsibility

Corporate social responsibility refers to how 'companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis' (Commission of the European Communities 2001: 6). There has been a long and ongoing debate in the literature about the purpose of the corporation and its social responsibility.

According to the shareholder view of the firm, business is about profits. Corporations should be run in the interests of their shareholders. Boards of directors and the CEOs they appoint should be primarily accountable to shareholders for the company's financial performance (Friedman 2007). In contrast to this view, the stakeholder theory of the corporation argues that business is not about maximising shareholder value but about 'creating value for stakeholders' (Freeman et al. (2007: 161). It is not about profit but purpose. Consequently, companies should be run in the interests of all stakeholders, and corporate leaders should be held accountable for their companies' financial and non-financial performance. A stakeholder approach to corporate social responsibility advocates a different way of doing business that integrates considerations of 'business', 'ethics' and 'society' (Freeman et al. 2007: 99).

Reconciling these different views, a third body of literature highlights the potential strategic value of corporate social responsibility (e.g. Margolis and Walsh 2003; Orlitzky et al. 2003; Margolis et al. 2007; Van Beurden and Gössling 2008). There might be no trade-off between shareholder and stakeholder interests, or between profit and purpose: corporations might ‘do well by doing good’. Adopting an instrumental or utilitarian approach to corporate social responsibility, this literature investigates the relationship between corporate social performance and corporate financial performance and the causal mechanisms linking them. Their focus is on ‘strategic corporate social responsibility’, defined as ‘those firm activities that appear to further some social good, while at the same time benefitting the firm financially (…)’ (Vishwanathan et al. 2020: 339).

Most studies have found a positive association between corporate social and financial performance. For example, a meta-analysis by Friede et al. (2015) of more than 2,000 empirical studies examining the relationship between CSR/ESG and financial performance found that most of them report a positive relationship. There are, however, different views about the mechanisms by which corporate social responsibility activities affect corporate financial outcomes. Some of the key moderators of the relationship between CSR and financial performance include access to finance (e.g. Cheng et al. 2014; Eccles et al. 2014), the cost of capital (e.g., El Ghoul et al. 2011), and firm valuation (Awaysheh et al. 2020).

Recent research by Boubakri et al. (2016) and Chowdury et al. (2021) suggests that non-US (cross-listed) firms use CSR to reduce their liability of foreignness in US stock markets. Indeed, they tend to have better CSR performance than their domestic counterparts (Boubakri et al. 2016), and better CSR disclosure than their US counterparts (Chowdury et al. 2021). The focus of these studies is on how foreign (cross-listed) firms cope with the liability of foreignness *after* being listed in the US. Our focus, however, is on how foreign (IPO) firms seek to reduce their liability of foreignness *before* going public in the US. Specifically, we posit that they might use CSR to improve their reputation with US investors during the pre-IPO years, so as to maximise their chances of IPO success.

Venture Capital Backing

In addition to (or instead of) signalling their quality directly, IPO firms can signal their quality indirectly through affiliations with prestigious parties, such as venture capitalists, underwriters and auditors (e.g., Bell et al. 2012a; Pollock et al. 2010). These organisations can provide certification benefits to IPO firms. Certification occurs 'when an actor obtains the endorsement of reputable, high-status third parties who risk their own reputational capital by associating with the entities' (Pollock et al. 2010: 3). Affiliation with (or certification by) prominent venture capital firms can send a powerful signal to investors about an IPO firm's quality (Megginson and Weiss 1991; Gulatti and Higgins 2003). This is for two reasons. First, prominent venture capital firms are better able to distinguish high- from low-quality ventures. Second, they have stronger incentives to protect their reputational capital by not selecting low-quality ones (Stuart et al. 1999; Pollock et al. 2010).

A growing number of studies provide support for the certification role of venture capital firms in IPOs, although much of this literature focuses on domestic rather than foreign IPOs (Megginson and Weiss 1991; Gulatti and Higgins 2003; Chang 2004; Nahata 2008; Pollock et al. 2010). In the context of foreign IPOs, findings by Hursti and Maula (2007) indicate that ownership by foreign venture capitalists increases the likelihood of going public abroad. A more recent study by Zhang and Yu (2017) suggests that what matters is not the nationality of venture capital firms but rather their experience. Specifically, their study shows that venture capital firms with more experience in the US market are better able to support their portfolio firms in making their initial public offering in the US. Experienced VCs signal the quality of the foreign IPO firm using their own reputation and make it possible for the firm to work with reputable underwriters, auditors and attorneys, which further reinforces investors' positive perceptions of its value and prospects.

Recent research by Lehnertz et al. (2022) suggests that the amount of VC funding received by startup firms can serve as an additional quality signal for investors. Their findings show that US startups receiving a VC 'mega-deal' of USD 100 million or more are more likely to have successful IPOs (as measured by IPO proceeds). All this suggests that, regardless of their CSR performance, foreign firms with strong backing from reputable venture capital firms are more likely to gain trust from US investors and IPO successfully. In other words, venture capital-related signals might complement or substitute for CSR-related signals.

3. Methodology

This study seeks to address the following questions: (1) whether and how venture capital-backed companies from emerging markets use CSR to signal legitimacy to investors when going public in the US, and (2) under what conditions their signal portfolios improve their IPO performance.

To address these questions, we adopted a longitudinal multiple-case study approach. This approach is appropriate for several reasons. First, case studies are particularly well suited for answering 'how' and 'why' questions, and can be used for exploratory, descriptive or explanatory research (Yin 1994; Rowley 2002). Second, studying how foreign IPO firms reduce their liability of foreignness over time requires a longitudinal research strategy (Tupper et al. 2018). Third, conducting a longitudinal multiple-case study allows us to perform a within-case and cross-case analysis of the data collected. Finally, our methodological approach is in line with a renewed interest in the case study method in the field of management studies (Piekkari and Welch 2018).

Alibaba and Coupang were chosen as the case study companies. This choice was motivated by three reasons. The first one is that Japan's Softbank Group – the world's largest technology investment firm – is one of their largest investors and shareholders (Kling et al.

2021; Oh et al. 2022; Renaissance Capital 2022). The second reason is that they are among the largest and fastest-growing e-commerce firms in Asia. The third one is related to the unprecedented success of their IPOs in the US. At $21.8 billion, the 2014 IPO of Alibaba is still the largest IPO in US history. Coupang's IPO of $4.6 billion in 2021 remains one of the largest by a foreign firm in the US since Alibaba's.

To conduct the longitudinal multiple case study, we collected secondary data on the case study companies' venture capital financing and CSR practices during the pre-IPO and IPO years. The data were collected from a variety of sources including company websites, CSR/Annual reports, press releases, IPO prospectuses, and press articles.

4. Analysis: The Cases of Alibaba and Coupang

4.1. Softbank

Japan's Softbank Group Corp. (SBG) was set up in 1981 by Masayoshi Son. Over the years, SBG has emerged as one of the world´s largest venture capital firms, and Son as one of the world's most influential business leaders (Shead 2021; Thornhill 2021)[4].

Shortly after being founded, Alibaba received investments of USD 20 million (2000) and USD 60 million (2004) from SBG. The Japanese venture capital firm became Alibaba's largest shareholder in 2012 (Lin et al. 2020). Coupang, in turn, raised USD 1 billion from Softbank Group in 2015, and USD 2 billion from its Vision Fund in 2018, making Softbank its largest shareholder (Softbank Group 2015; Kim 2018). Softbank´s investments in Coupang were viewed as part of Masayoshi Son´s 'quest to replicate his success with Alibaba' (Alpeyev and Milian 2016).

[4] In 2017, SBG launched Softbank Vision Fund 1 (SVF 1) – the world's largest technology-focused venture capital fund, with USD 100 billion in capital. Only two years later, it set up the Vision Fund 2 (SVF2) with USD 38 billion in capital commitments (Softbank Group 2022).

Over the years SBG has strengthened its commitment to CSR/ESG. In June 2020, it appointed a new Chief Sustainability Officer and established a Sustainability Committee within its Board of Directors (Softbank Group 2021a). In May 2021, SBG revised their 'Portfolio Company Governance and Investment Guidelines Policy' to formally incorporate environmental and social considerations into their investment evaluation and monitoring processes (Softbank Group 2021b). In 2021, Softbank was selected for inclusion in the Dow Jones Sustainability Asia Pacific Index, the FTSE4Good Index Series, The FTSE Blossom Japan Index, and the MSCI Japan ESG Select Leaders Index (Softbank Group 2021a)[5].

4.2. Alibaba

CSR Practices

An examination of Alibaba's CSR practices since its foundation in 1999 until its listing on the New York stock exchange in 2014 suggests that, while they were influenced by the values of its founders and long-term investors i.e., Softbank (Lee and Xu 2021), they were also motivated by strategic considerations. Arguably, it is not fortuitous that the company's formal adoption of CSR, and its (and Jack Ma's) largest investments in CSR activities coincided with its listings in Hong Kong (2007) and New York (2014).

As can be seen in Table 1, in 2007, Alibaba set up a CSR department responsible for planning, implementing, managing, evaluating and continually improving its CSR programmes. That year the company also published its first CSR report, becoming the first company in China's internet industry to do so (Alibaba Group 2008). Between 2007 and 2014, Alibaba made significant steps in terms of institutionalising and internationalising its CSR activity. In 2010, it announced that it would start earmarking 0.3% of its annual revenues to fund efforts designed to 'spur environmental awareness and conservation in China and around

[5] According to Lenhard and Winterberg (2021), only a few dozens of the world's more than 2,900 venture capital firms have made public commitments to ESG/CSR[5]. Likewise, only 5 of the top 50 largest venture capital funds mention ESG or a commitment to sustainability in their websites.

the world' (Alibaba Group 2010). In 2011, Alibaba Group established the Alibaba Foundation, with initial capital of RMB 50 million, to promote environmental sustainability and social responsibility in China (Alibaba Group 2013a: 64). That year, Jack Ma and a group of Chinese entrepreneurs launched the China Global Conservation Fund to protect nature worldwide, and Ma made a donation of USD 5 million to the Fund (The Nature Conservancy 2022). 2011 was also the year when Alibaba adopted the Global Reporting Initiative (GRI) guidelines - the most widely used international framework for CSR reporting. In 2012, Alibaba in cooperation with the National Geographic Society launched the National Geographic Air and Water Conservation Fund to provide grant funding for cutting-edge projects aimed at helping address China's water and air pollution problems (Alibaba Group 2012). In 2013, Alibaba's Taobao and International Anticounterfeiting Coalition, the world's largest anticounterfeiting organisation, signed an agreement to combat counterfeiting online (Alibaba Group 2013b). In 2014, the year when Alibaba filed for and completed its US IPO, the Alibaba Foundation donated RMB 38 million to environmental, disaster relief and other CSR projects, up from RMB 12 million in 2013. This represented an increase of 217% in CSR investments in the IPO year (Alibaba Group 2013a: 68; Alibaba Group 2015: 53). Also, in April 2014, five months before Alibaba's IPO, Jack Ma and Joe Tsai set up a charitable trust, and donated 2 percent of Alibaba's equity (or around USD 3 billion) to it, making it one of Asia's largest philanthropic trusts. The trust would support causes related to the environment, health, education and culture in China and abroad, and would operate side-by-side with the Alibaba Foundation (Browne and Mozur 2014). The move was cheered by other world-leading philanthropists, such as Bill Gates and Warren Buffett, who described it as setting a new bar for philanthropy in China (Gough and Stevensson 2014; Yan 2014).

Through its CSR efforts, Alibaba made a positive impact on China, especially in the areas of job creation, financial inclusion, rural development, environmental protection and disaster relief (Alibaba Group 2014a: 213). By 2014, its retail marketplaces had created 9.72 million new jobs directly, and 2.04 million new jobs indirectly (Alibaba Group 2013a: 52). Its micro loan programme had extended RMB 230 billion worth of loans to over 900,000 small and micro enterprises, with a non-performing loan ratio of only 1.6% (Alibaba Group 2015: 29). By that year, Alibaba had turned 211 poor villages into ‘Taobao villages’, in which at least 10% of households were actively engaged in e-commerce and the annual e-commerce transaction volume reached or exceeded RMB 10 million (Alibaba Group 2015: 48; Alibaba Group 2014a: 184). Also, by 2014, Alibaba had set aside RMB 401 million for CSR activities, established the Alibaba Foundation, and funded over 60 projects in China and abroad, mainly in the fields of environmental protection and disaster relief (Alibaba Group 2014a: 213-214; Alibaba Group 2015: 53).

CSR Narrative in the IPO prospectus

In a letter to investors included in Alibaba’s IPO prospectus, its founder and then executive chairman Jack Ma acknowledged that ‘when an internet company of our scale that originated from China enters the global scene, you should expect that it will encounter skepticism from different directions due to differences in cultural perspectives, values and even geopolitical positioning’ (Alibaba Group 2014a: 81). As a matter of fact, his letter was part of Alibaba’s efforts to build trust with international investors during the IPO process. Its close ties to Softbank and a strong commitment to CSR were an important element of building that trust.

In his letter to investors, Ma described Alibaba as ‘a company founded by Chinese people but that belongs to the world’ (Alibaba Group 2014a: 80). He stressed the importance of long-term foreign investors, and especially Softbank, in providing their capital and helping Alibaba achieve its mission to ‘make it easy to do business anywhere’ (Alibaba Group 2014a: 80-81). The prospectus informed investors that the Japanese company would continue to own more than 30% of Alibaba's shares after the offering, and to have 'significant influence' over its activities (Alibaba Group 2014a: 48).

In his letter, Ma also stressed the importance of Alibaba's corporate culture and CSR practices. He described it as a 'values-based company' that believes that 'businesses in the 21st century must take responsibility to help solve the problems of society' (Alibaba Group 2014a: 80). He highlighted its stakeholder orientation and long-term focus. 'We will put customers first, employees second, and shareholders third', he wrote (Alibaba Group 2014a: 81). 'Our company will not make decisions based on short-term revenues or profits', he added (Alibaba Group 2014a: 81).

In his letter, he stated that social responsibility had always been part of their 'corporate DNA' (Alibaba Group 2014a: 80), while the prospectus described their CSR approach as one of embedding elements of social responsibility in their business model (Alibaba Group 2014a: 213). In concluding the letter, Ma assured investors: 'your trust and support will be our greatest asset, and our creed is to not forsake the trust that people have in us' (Alibaba Group 2014a: 81; Alibaba Group 2014b: 244).

Media Coverage and Reputation

Both Alibaba and its lead founder Jack Ma received very positive media coverage in the months prior to the IPO[6]. The financial press pointed to its potential to 'become the world's most

[6] Over the years, they also received numerous awards from prestigious Chinese and international organizations. Alibaba was named "Best Employer of the Year" by *China Central Television* in 2005, 'Most Responsible Company' by *China News Weekly* and the *Red Cross Society of China* in 2007, and one of 'China's top 50 philanthropic companies' by the *China Charity Federation* in 2008, (Alibaba Group 2007, 2008). In 2010, Alibaba received *Finance Asia's* 'Best Corporate Social Responsibility' award, and the *Chinese Ministry of Civil Affairs'* 'China Charity' Award. (Alibaba Group 2010). In 2013, it was awarded the 'China Poverty Alleviation Award' by the *China Foundation for Poverty Alleviation* and the 'Outstanding Partner for Poverty Alleviation Award' by the *One Foundation* (Alibaba Group 2013a). In 2013 and 2014, Alibaba topped *Fortune*'s list of 'China's 50 Most Admired Companies' (People's Daily 2016). It was also named one of 'China's Top 100 Green Companies' by the *China Entrepreneur Club* (Alibaba Group 2015).

Jack Ma, in turn, was named one of the '25 Most Powerful Businesspeople in Asia' by *Fortune* in 2005, 'Businessperson of the Year' by *Businessweek* in 2007, one of the '30 World's Best CEOs" by *Barron's* in 2008. In 2009, he was selected by *Forbes China* as one of the 'Top 10 Most Respected Entrepreneurs in China'. He was valuable company and, in the process, help create a better China' (The Economist 2013a: 15). This same press acknowledged that Chinese companies are viewed with 'suspicion' abroad and noted that it would be 'sad' if Alibaba 'was tarred with the same brush' (The Economist 2013a: 15). The company was described as being well governed relative to other Chinese companies (The Economist 2013a). It was also described as a socially and environmentally responsible company with a value-driven corporate culture (The Economist 2013b). Jack Ma, in turn, was portrayed as a 'serial disrupter (…) with a knack for creating markets by reimagining old industries like retailing or finance' (Gough and Stevenson 2014: 1-2). He was praised for his ethical leadership style[7], environmental activism and philanthropic generosity (McGregor 2014: 1).

Building a good reputation among US investors was central to Alibaba's successful US IPO. At the same time, the company's corporate culture and CSR activities were instrumental in building that reputation, as acknowledged by Jim Wilkinson, Alibaba's Senior Vice President and Head of International Corporate Affairs between May 2014 and April 2016 (Korn Ferry 2019). Alibaba's inclusion of intellectual property issues in its CSR agenda, together with its efforts to remove counterfeit goods from its e-commerce platforms, improved its image in the eyes of US regulators. The Office of the US Trade Representative removed Alibaba from its 'Notorious Markets' list in December 2012, paving the way for its US IPO two years later (Chen 2014). At the same time, Alibaba's (and Jack Ma's) investments in environmental

also named by *Time* as one of the 'World's 100 Most Influential People' (Alizila 2013). In 2010, *Forbes Asia* named Ma one of 'Asia's Heroes of Philanthropy', and in 2012, he was recognized by *Fortune China* as one of 'the 15 Businesspeople Who Have Changed China'. He was named 'Person of the Year' by the *Financial Times* in 2013, and one of the 'World's 50 Greatest Leaders' by *Fortune* in 2014 (Alizila 2013; Fortune 2014).

[7] For example, the press cited Alibaba.com's 2011 fraud scandal and applauded Ma's response to it (McGregror 2014). The scandal resulted from Alibaba.com's high-ranked employees setting up fraudulent sellers and certifying them as 'Gold Suppliers' (Epstein 2011). 100 of Alibaba's 5,000 sales representatives were fired for their involvement in the fraud. The site's CEO and COO were also forced to resign and take responsibility for what had been a systemic breakdown in the company's 'culture of integrity' (BBC 2011). When asked about their resignation, Ma was quoted saying: 'we must send a strong message that it is unacceptable to compromise our culture and values' (McGregor 2014: 1).

protection, health, education and disaster relief both in China and abroad attracted international media attention, helping the company to build a reputation as a responsible business and ultimately to generate demand for its shares among US institutional investors (Browne and Mozur 2014; Eavis 2014; Glance 2014).

4.3. Coupang

CSR Practices

Coupang's CSR engagement increased in the years following Softbank's second investment in 2018 and preceding its US IPO in 2021, reflecting the company's strategic approach to CSR. In 2019-2020, Coupang made significant steps towards establishing a more effective CSR management system, by appointing a new CSR leadership team, introducing an ethics code, and starting to report on CSR issues (see Table 1).

In 2019, Jay Jorgensen, former Global Chief Ethics and Compliance Officer of Walmart, was appointed as Chief Legal & Compliance Officer (Coupang 2019a). In his time at Walmart, Jorgensen had developed the company's first global regulatory compliance programme, which had been recognised by the New York Stock Exchange Governance Services as the 'Best Governance, Risk and Compliance Program at a Large-Cap Company' in 2016 (Businesswire 2019). Some months after hiring Jorgensen, Coupang recruited two Korean executives with more than 30 years of experience in the field of Health and Safety. Injong Yoo – former Vice-President of Samsung C&T Resort Division – was appointed as Vice-President of Safety Management, and Park Dae-Sik – former Head of the Gyenggi Northern Branch of the Korea Occupational Safety and Health Agency – was appointed as Managing Director for Safety (Coupang 2020a).

Also in 2019, Coupang adopted its first Code of Business Conduct and Ethics and created a dedicated ethics website with the purpose of providing ‘directors, officers, and employees with guiding principles and minimum standards for making honest and ethical decisions in their work’ (Coupang 2022). Additionally, it started reporting on some of its CSR activities, although not on a comprehensive or regular basis. For example, in 2019 and 2020, it published two reports on its positive impact on small business growth and regional development (Coupang 2019b; Coupang 2020b).

As the company integrated CSR into its organisation, it also expanded the range of stakeholders to which its CSR activities were directed. The scope of its CSR agenda broadened from a focus on employees to include small businesses, regional development and sustainability. Between 2010 and 2020, the company’s workforce grew to 50,000, making it South Korea’s third-largest private-sector employer after Samsung Electronics and Hyundai Motors (Kim 2020; Choe and Hirsch 2021). With over 15,000 drivers, the company prided itself on having the largest directly employed delivery fleet in South Korea (Shu 2021), a country where companies hire the bulk of its 54,000 delivery workers as sub-contractors (rather than employees) in order to keep costs down (Teh 2021). In 2020 the company created a KRW 20 billion fund to support education expenses for delivery employees’ children (Coupang 2020c). Between January 2020 and August 2021, Coupang invested USD 200 million in worker health and safety initiatives and added over 600 safety employees (Businesswire 2021).

Entrepreneurship and regional development became another key component of the company’s CSR initiatives in the years prior to its IPO. In 2019, seven in ten sellers on Coupang were small and medium-sized enterprises and accounted for more than half of Coupang’s transaction volume (Coupang 2019b). According to its 2019 ‘Mini Business Impact Report’, 50,000 small companies with annual revenue of up to KRW 3 billion had joined the e-commerce platform by 2018 and created 32,000 jobs in that year. According to the report, around 60% of the micro-enterprises working with Coupang in 2018 were located in rural areas. Furthermore, their sales grew three times faster than those of their counterparts in Seoul (Coupang 2019b). In 2020 and 2021, the company ran an SME support programme in collaboration with local governments worth KRW 100 billion and 372 billion, respectively, to help small and medium-sized businesses increase their sales through the platform during the Covid pandemic (Coupang 2020d, 2021a). Also in these years, the company launched its first CSR initiatives in the area of sustainability. In 2020, Coupang introduced reusable eco-bags, eliminating cardboard boxes in over 75% of parcels (Coupang 2021b). In 2021, Coupang signed a Memorandum of Understanding with Hyundai and the Ministry of Environment to gradually replace its fleet of vehicles with hydrogen-fuelled trucks (Chng et al. 2021).

CSR Narrative in the IPO Prospectus

Coupang's IPO prospectus contained a section on 'Coupang's Social Impact and Human Capital Resources' with information on their CSR efforts in the following areas: 1) initiatives for their workforce; 2) job creation, 3) partnership with small merchants; 4) investment across Korea; and 5) their responses to Covid-19 (Coupang 2021b: 127-128).

A comparison of the CSR information provided by Coupang and Alibaba in their prospectuses to potential investors reveals two main differences. The first one concerns the content of their CSR disclosures. While Alibaba's prospectus contained a detailed summary of the company's past CSR activities and impact, Coupang's prospectus contained mostly forward-looking or vague statements about their CSR efforts. For example, when describing its CSR approach, Coupang stated: 'we subscribe to the philosophy that we, our suppliers, merchants and employees *should* prosper together [emphasis added]' (Coupang 2021b: 127). The prospectus highlighted that Coupang had created jobs for 50,000 people and business opportunities for more than 200,000 merchants (Coupang 2021b: 127). However, its commitments towards employees and merchants were rather aspirational and vague. For example, the prospectus stated: ‘we *will* continue to invest in good jobs and advance economic development throughout Korea (…)’ or ‘we *intend* to continue supporting small merchants (…)’ (Coupang 2021b: 127). While the prospectus also contained detailed information on a few CSR initiatives, they had mostly yet to be implemented. Chief among them was Coupang’s plan to grant USD 90 million of stock options to its frontline workers and non-managerial staff. Another difference between Coupang and Alibaba concerned the degree of discrepancy between their CSR statements and actual practices as reported in the media. For example, in the case of Coupang, the company’s IPO prospectus described its relations with employees as positive. It stressed the fact that, unlike other Korean e-commerce companies, they hired their drivers as full-time employees rather than as sub-contractors. It also highlighted its commitment to offering its employees ‘industry-leading wages, comprehensive benefits and training programs’ (Coupang 2021b: 127). However, this information was at odds with the negative coverage in the media of the company’s labour practices and working conditions (e.g., Bicker 2020; Song 2021). There was no such discrepancy between the CSR information contained in Alibaba’s prospectus and its CSR practices. Finally, unlike Alibaba, Coupang warned investors in its prospectus that some of its operations were ‘subject to certain detailed and complex fair trade, labour, employment, and workplace safety laws and regulations, which continue to evolve and have and will continue to affect our operations and financial performance, could subject us to costs and penalties, and may affect our reputation’ (Coupang 2021b: 15). Their primary stakeholders i.e., employees were included in the list of company risks.

Media Coverage and Reputation

The tone of the media coverage of Coupang in the weeks prior to its IPO was mixed[8]. On the one hand, analysts highlighted its strong backing from Softbank and other prominent investors (e.g., Sequoia), as well as its technological innovation and rapid growth (Amos 2021; Shu 2021). However, on the other hand, media outlets such as the Financial Times reported the death of several workers at Coupang as a result of causes related to overwork, raising questions about its labour practices and working conditions (Song 2021). Between 2019 and 2020, the number of employees who suffered from work-related injuries or illnesses jumped from 515 to 982 (Choe and Hirsch 2021). Coupang denied responsibility for the deaths of its employees, while stressing that in 2020 alone it invested $443 million in the automation of its warehouses and increased its warehouse workforce by 78 percent to lessen employees' workload (Choe and Hirsch 2021). At the same time, it promised to endeavour to 'protect the health and safety of the workers even more thoroughly' (Song 2021).

5. IPO success and Post-IPO Performance

On September 19th 2014, Alibaba achieved a record-breaking IPO on the New York Stock Exchange. On the first day of trading, the company's shares rose by 38% from USD 68 to USD 93.89, giving it a market capitalisation of USD 231 billion, higher than that of Amazon and eBay. The Chinese e-commerce giant raised USD 25 billion in what became the largest IPO in US history (see Table 2) (Bullock and Platt 2014; Osawa 2014). Almost seven years later, on

[8] Coupang and its founder won several awards in the years prior to the company's IPO, although few of them were directly related to their CSR efforts or impact. In 2016, Bom Kim was named one of the 'Global Game Changers' by *Forbes* (Schaefer 2016). Three years later, he was selected by *Fast Company* as one of the '100 Most Creative People in Business' (Coupang 2019c). In 2016, Coupang was named one of the world's 50 Smartest Companies by *MIT Technology Review* (MIT 2016). Four years later, it was ranked second on both *CNBC*'s Disruptor 50 List and *Fast Company*'s list of the World's Most Innovative Companies for the Asia Pacific region (CNBC 2020, Coupang 2020e). It also received a commendation from the *Minister of Employment and Labour* at the '2020 Employment Promotion for People with Disabilities' for promoting an inclusive work environment (Coupang 2020f).

March 11th 2021, Coupang also made a successful debut on the New York Stock Exchange. Its shares closed at USD 49.25 on that day – 41% higher than its IPO price of USD 35. The South-Korean firm raised USD 4.6 billion and achieved a market value of USD 85 billion, the second-largest US IPO for an Asian firm after Alibaba's listing in 2014 (Choe and Hirsch 2021).

Figure 1 displays the evolution of stock prices for Alibaba and Coupang in the first 250 trading days after their IPO. It shows the evolution of Alibaba and Coupang's stock price relative to their IPO offer price. As can be seen, Alibaba's post-IPO stock price performance was overall superior to that of Coupang. For example, its 180-day post-IPO stock price was 28.79% higher than its IPO offer price, while Coupang's was -23.49% lower. While there are a variety of (macro- and firm-level) factors that might explain these differences in post-IPO stock performance, we argue that CSR is one of them. Coupang's stock price fell below the IPO offer price in August 2021. This coincided with the release of the company's second-quarter results showing net losses of USD 519 million after a fire in one of its logistics centres killed one person and triggered a wave of consumer boycotts[9] (Song and White 2021). This also coincided with the company being fined KRW 3.29 billion (USD 2.81 million) by the Korea Fair Trade Commission for its engagement in unfair business practices[10] (Yi 2021).

The cases of Alibaba and Coupang illustrate the role of and interplay between CSR- and venture capital-related signals in the context of foreign IPOs. They suggest that emerging market firms with relatively strong and weak CSR performance are equally likely to have successful IPOs in the US when they are backed by reputable venture capital firms. The fact

[9] More than 7,000 people joined public petitions on South Korea's presidential office website calling for Coupang executives, including Bom Kim, to be held accountable over labour practices and workplace safety (Song and White 2021).

[10] South Korea's top antitrust regulator found evidence that between January 2017 and September 2020 Coupang forced hundreds of sellers to increase the prices of their products sold at rival online stores, so as to ensure it could sell such products at the cheapest prices. It also forced suppliers to purchase ads and shifted the burden of promotional expenses to them (Yi 2021).

that Coupang was able to attract US investors despite negative news about its poor labour practices during the IPO period can be attributed to 'the 'halo effect' of an investment from SoftBank's Vision Fund (…)' (Park 2021). As pointed out by Shin Jang-sup, 'the Vision Fund (…) played a big role in giving Coupang a good reputation in New York'. In his view, 'Coupang is a case of a major global shareholder covering the weakness of a company' (Kim 2021). However, investors' expectations about Coupang's CSR quality were not confirmed in the post-IPO period. Coupang's failure to meet expectations about its CSR performance in the post-IPO period created disincentives for socially responsible investors to invest or keep their shares in the company. Consistent with this, fund managers are of the view that 'if Coupang improves the current delivery model from a labor standpoint, then more Wall Street investors will be coming in' (Kim and Kim 2021).

6. Discussion

A comparison of the cases of Alibaba and Coupang reveals significant similarities and differences. A major commonality is that both companies had Softbank (or Softbank's Vision Fund) as their largest shareholder at the time of their US IPOs, and that both had very successful IPOs (as measured by investor valuations). Alibaba received USD 20 million from Softbank in 2000, and USD 60 million in 2004. Softbank invested USD 1 billion in Coupang in 2015, and its Vision Fund USD 2 billion in 2018. Another important similarity is that both firms were strategic in their choice of when and to what extent to engage in CSR. Their level of CSR activity and reporting increased substantially in the years prior to their IPOs in New York. This suggests that both firms viewed CSR as a necessary component of their signalling strategies to overcome the liability of foreignness in the US IPO market. Finally, and relatedly, both firms' CSR performance improved over time and was superior to that of their domestic peers.

Despite these similarities, our analysis also reveals notable differences between both firms in terms of their liability of foreignness (or signalling incentives) and portfolios of CSR signals. The liability of foreignness faced by Coupang in the US IPO market was smaller than that faced by Alibaba. This was for several reasons. First, Coupang founder's nationality is American, not South Korean. Second, while Coupang Corp. was incorporated in Korea, its holding company, Coupang Inc., was incorporated in the US. Third, while both China and South Korea are similarly culturally distant from the US, the institutional distance between China and the US is substantially greater than that between South Korea and the US, due to the larger differences in their economic, political and legal institutions. Finally, US investors were familiar with the Alibaba success story and had expectations that Coupang would be able to replicate it. All this partly explains why Coupang faced less initial skepticism from investors than Alibaba. It also suggests that the former faced weaker incentives than the latter to signal its quality, and to do so through CSR. This is consistent with findings by Gao et al. (2021) showing that firms facing greater information asymmetry with investors are also those with stronger signalling incentives, and those with stronger incentives to signal via CSR.

Another significant difference between the cases of Alibaba and Coupang is how, how frequently, and how consistently they signalled their CSR quality to potential investors. Both firms incorporated CSR into their signal portfolios – but to different extents and in different ways. Their signal portfolios differed across three dimensions: the cost, frequency and consistency of their CSR signals.

While both firms used a variety of CSR signals to build legitimacy with US investors, Alibaba relied to a much greater extent on 'costly' (as opposed to 'costless') signals than Coupang[11]. 'Costly signals' refer to a firm's current or past achievements, while 'costless signals' refer to a firm's future plans (Di Pietro et al. 2020). These different types of signals

[11] Other scholars refer to costly and costless signals as 'dissipative' and 'penalty' signals (Zerbini 2017).

differ in their potential to create a separating equilibrium between high- and low-quality (CSR) firms in the long term. Arguably, costless signals are more likely to be associated with false signalling and to result in a pooling (as opposed to a separating) equilibrium i.e., CSR-washing, especially if the signalling firm discounts future penalties and has a short-term orientation. In other words, costless signals leave significantly more room for opportunistic behaviour on the part of the IPO firm, with potentially negative implications for its (venture capital and public) investors.

Another difference between both companies' signal portfolios is signal frequency, which refers to the number of times the same signal is used (Connelly et al. 2011). According to Connelly et al. (2011: 53-54), 'signalling repetitively can increase the effectiveness of the signalling process, especially if one uses different signals to communicate the same message'. The case of Alibaba clearly illustrates the link between signal frequency, on the one hand, and signal effectiveness, on the other. Alibaba signalled its CSR quality repetitively between 2007 and 2014, through its annual CSR activities and associated CSR investments and reports. Coupang had a significantly shorter CSR track record than Alibaba when it went public in the US. This is particularly evident in the area of CSR reporting. In the pre-IPO period, Coupang did not publish regular CSR reports, nor did their CSR-related reports covered the company's most material issues and impacts.

Finally, Alibaba and Coupang's signal portfolios also differed in terms of signal consistency. In the case of Coupang, there was a larger gap between the CSR signals sent in the pre-IPO period and its CSR practices in the post-IPO period, especially in the areas of labour and fair trade. This discrepancy between a firm's announcements and actions is what Westphal and Zajac (2001) refer to as 'decoupling', and what over time may give rise to a firm's reputation for dishonesty (Connelly et al. 2011). In the context of CSR, this type of discrepancy is likely to be perceived as evidence of CSR-washing and create disincentives for socially responsible investors to invest or keep their shares in the company. This is because 'confirmation of the signal's quality in an initial time period has an effect on whether the receiver decides to maintain the relationship with the signaller in a subsequent period' (Bergh et al. 2014: 1351).

Despite differences in their CSR signalling strategies in terms of cost, frequency and consistency, both Alibaba and Coupang had a successful IPO performance. Our finding that foreign IPO firms with both relatively strong and weak CSR signalling strategies can be equally successful in raising funds from the US stock market can be interpreted as evidence that signals bundled to a signal portfolio are not considered separately but holistically by investors (Steigenberger and Wilhelm (2018). To the extent that signal portfolios are evaluated holistically, positive venture capital-related signals (or any other sufficiently strong signals) may counter the effects of any negative CSR-related signals in the short term. Similarly, even within the category of CSR signals, positive information about certain CSR issues (e.g., job creation) may counter the effects of negative information about others (i.e., poor labour practices and conditions). One interesting question for future research is therefore how investors aggregate (conflicting) signals and whether they place greater weight on some bundles of signals than others and why.

7. Theoretical Contributions and Managerial Implications

Theoretical contributions

This article makes three major contributions. First, it contributes to the international finance and foreign IPO literature. As recently noted by Liu et al. (2019), our knowledge of the determinants of foreign IPO performance is still limited. Most research has focused on examining the role of corporate governance mechanisms (Bell et al. 2012ab; Bell et al. 2014), paying insufficient attention to the role of CSR practices and narratives. This article draws attention to the interrelationships between venture capital backing, CSR signalling strategies, and foreign IPO performance. We argue that – like good governance signals (Bell et al. 2012a) – credible CSR signals are difficult to imitate by low-quality/low-CSR firms. For this reason, they are an effective mechanism for foreign IPO firms to credibly convey their value to investors, and for host market investors to distinguish between high-and low-quality/CSR IPO firms. The comparative analysis of the cases of Alibaba and Coupang suggests that, for signals to be credible, they should be costly, frequent and consistent over time. The finding that CSR can be used strategically by emerging market firms (and their venture capital investors) to signal their quality and raise capital in foreign markets complements existing studies showing a positive relationship between CSR and access to (lower-cost) capital (El Ghoul et al. 2011; Cheng et al. 2014; Gillan et al. 2021).

Second, this article also contributes to the strategic CSR literature (McWilliams and Siegel 2001; Vishwanathan et al. 2020), and to the debate about the social responsibility of businesses (Friedman 2007; Freeman 2018), by highlighting the strategic motivations and value of CSR in the context of IPO financing. It illustrates some of the conditions under which investing in CSR is consistent with efficient resource allocation. Specifically, it shows that CSR investments are not only ethically imperative but also economically efficient to the extent that they enable firms to reduce information asymmetries with potential investors in foreign markets.

Finally, the paper contributes to signalling theory in two main ways. First, as noted by Connelly (2011: 45), this theory has traditionally focused on 'actions insiders take to intentionally communicate positive, imperceptible qualities of the insider'. Like Fischer and Reuber's (2007) study, our findings point to the importance of considering the impact of non-intentional and/or externally generated signals on the signalling process and, ultimately, the equilibrium outcomes. Second, it goes beyond previous studies using signalling theory to explain foreign IPO performance (e.g., Payne et al. 2013) in that it incorporates into the analysis a greater range of signals, and a longer time frame. This in turn raises interesting questions for future research: How do investors aggregate (conflicting) signals? Which signals do they pay most attention to? And how does the value of signals change over time?

Managerial implications

Our findings have implications for startup founders. They highlight that receiving backing from reputable venture capital firms is critical to a successful IPO abroad. They also point to the importance of adopting strong CSR signalling strategies (as measured by signal cost, frequency and consistency) to distinguish themselves from low-quality IPO firms and avoid potential investor concerns about false signalling and CSR-washing.

8. Conclusion

Using the cases of Softbank-funded e-commerce companies Alibaba and Coupang, this article examines how emerging market firms use CSR and venture capital backing as legitimacy signals to reduce their liability of foreignness in the US capital market. Our case study analysis shows that emerging market firms seek to build trust with potential investors, by strategically increasing their CSR engagement as they approach their IPO. Our findings also indicate that firms with both relatively strong and weak portfolios of CSR signals (as measured by signal cost, frequency and consistency) are equally likely to have successful IPOs (as measured by investor valuation) *when* they are backed by reputable venture capital firms. However, they also suggest that firms with weak signal portfolios are likely to underperform the others in the post-IPO period. We argue that this is partly explained by the fact that weak CSR signalling strategies are more likely to eventually result in a pooling equilibrium (i.e., CSR-washing), making firms with such strategies relatively less attractive to socially responsible investors over time.

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Table 1. Alibaba and Coupang: Venture capital- and CSR-related signals

	Alibaba		Coupang	
Establishment	1999		2010	
Founder	Jack Ma (Chinese nationality)		Bom Kim (US nationality)	
Main market	China		South Korea	
Softbank investment	2000 (USD 20 mln) 2004 (USD 60 mln)		2015 (USD 1 bln)	
Vision Fund investment	-		2018 (USD 2 bln)	
S.B. or SBVF largest shareholder	2012		2018	
1st IPO	2007 (HKSE, delisted 2012)		2021 (NYSE)	
NYSE IPO	2014		2021	
Period	**Pre-Softbank investment 1999-2000**	**Post-Softbank investment 2000-2014**	**Pre-Softbank investment 2010-2015**	**Post-Softbank investment 2015-2021**
CSR & ETHICS PROGRAMS				
CSR Department/ Foundation/ Trust	-	V	-	v
		First CSR department (2007) Alibaba Charity Fund (2007) Alibaba Foundation (2011) Charitable Trust created by Jack Ma and Joe Tsai (2014)		Fund to support the education of delivery workers' children (2020)
CSR training and/or incentive programs	-	V	V	V
		Ethics training		Ethics training (continued)
Ethics Officer/ Ethics Committee	-	V	-	V
	-	Compliance Officer and Anti-corruption department (2014)		Former Global Chief Ethics and Compliance Officer of Walmart appointed as Chief Legal and Compliance Officer (2019)
Code of Ethics		V	-	V
	-	First Code of Ethics (2014)		First Code of Ethics (2019)
CORPORATE DISCLOSURES				
Reports	-	V	-	v
	-	First CSR report (2008); regular CSR	-	Reports on the company's

		reports covering all material issues		impact on SMEs and regional development (2019-20); no regular CSR reports covering all material issues
Press Releases	-	V	V	V
	-			
Website	-	V	-	V
TRUSTMARKS				
Certifications/ Memberships	-	V	-	-
		Adoption of GRI standards (2011)		
PERFORMANCE				
CSR Awards / Ratings	-	V	-	V
		Alibaba: "Best CSR" award (Finance Asia, 2010); "China's 50 most admired companies" list (Fortune, 2013 & 2014); "China's top 100 green companies" list (China Entrepreneur Club, 2013 & 2014). Jack Ma: "Asia's heroes of philanthropy" list (Forbes Asia); "World's 50 greatest leaders" list (Fortune, 2014).		Coupang: Commendation from the South-Korean Ministry of Labour for promoting inclusivity (2020) Bom Kim: "Global Game Changers" list (Forbes, 2016).
CSR Reputation	-	V	-	X
		Strong CSR reputation		Weak CSR reputation. Concerns about its labour practices (e.g., Financial Times March 2021)

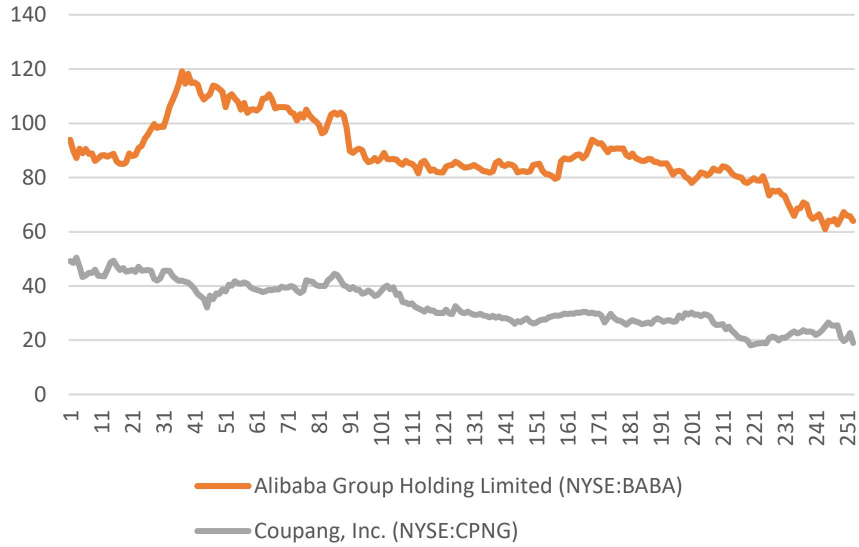
Source: Own elaboration

Table 2. 10 Biggest US IPOs of all time in terms of valuation

	Company	Market Value at IPO (bn)	Pricing Date	Exchange
1	**Alibaba Group Holding Ltd**	$169.40	Sept. 2014	NYSE
2	Facebook Inc	$81.25	May 2021	Nasdaq
3	Uber Technologies Inc	$75.46	May 2019	NYSE
4	AT&T Wireless Services Inc	$68.15	April 2000	NYSE
5	Rivian Automotive Inc	$66.50	Nov. 2021	Nasdaq
6	Didi Global Inc	$60.96	June 2021	NYSE
7	United Parcel Service Inc	$60.16	Nov. 1999	NYSE
8	**Coupang Inc**	$60.03	Mar. 2021	NYSE
9	Ente Nazionale per l'Energia Elettrica (ENEL)	$54.85	Oct. 1999	NYSE
10	Kraft Foods Inc	$53.79	June 2001	NYSE

Source: https://www.reuters.com/business/biggest-us-ipos-all-time-2021-11-10

Figure 1. Alibaba and Coupang's post-IPO stock prices relative to IPO offer price



Source: Own elaboration