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"Gheorghe Asachi" Technical University of Iasi, Romania

DO ECONOMIC OPENNESS AND INSTITUTIONAL QUALITY INFLUENCE ENVIRONMENTAL PATENTS? EMPIRICAL EVIDENCE FROM SOUTH ASIA

Muhammad Farhan Bashir[1], Benjiang MA[1], Wanjun Xia[2], Umer Shahzad[2], Magdalena Radulescu[3,4*]

[1]Business School, Central South University, Changsha, 410083, Hunan, People's Republic of China
[2]School of Statistics and Applied Mathematics, Anhui University of Finance and Economics, Bengbu 233030, People's Republic of China
[3]Department of Finance, Accounting and Economics, University of Pitesti, Str. Targu din Vale, No.1, 110040, Pitesti, Arges Romania
[4]Doctoral School of University Lucian Blaga Sibiu, Bd. Victoriei, no.10, 550024, Sibiu, Romania

Abstract

This study aims to analyze the association between environmental patents and trade openness, institutional quality and FDI in the South Asia countries from 1996-2016 through GMM methodology to show some interesting outcomes. Although, as expected, the institutional quality is an integral part of the development of environmental innovation, the trade openness and FDI influence it in different ways. The trade openness encourages environmental patents, while foreign investments negatively influence them. We further articulate institutional quality influences on these indicators as institutional quality is responsible for enhancing economic openness. Government stability positively impacts on the environmental patents, while bureaucratic quality, democratic accountability and corruption negatively impact on the development of the environmental patents. On the basis of our empirical analysis, we suggest that South Asian countries must reforms institutional regulations to promote scientific innovations. Additionally, we encourage South Asian economies to restructure the legal infrastructure as an efficient institutional and legal environment will protect the innovation process.

Key words: economic growth, environmental patents, foreign direct investments, institutional quality, South Asia

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*Author to whom all correspondence should be addressed: e-mail: mag.radulescu@yahoo.com, Phone: +40740093011