

Workshop

Empirical Sustainability (ESG) Research

Organizational details

Instructor: Prof. Dr. Peter Limbach (University of Bielefeld)

Date: September 30, 2024, 09.00 a.m. - 5.00 p.m.
October 1, 2024, 09.00 a.m. - 5.00 p.m.
October 2, 2024, 09.00 a.m. - 5.00 p.m.

Location: Room 001, Licher Str. 68, 35394 Giessen

ECTS: 4 ECTS

To gain the ECTS, participants have to:

- participate in the course and engage in group discussions
- present 1 paper (15min) in a group of two or alone
- write a 1 page ESG research proposal (you choose the topic)

Max. number of participants: 10

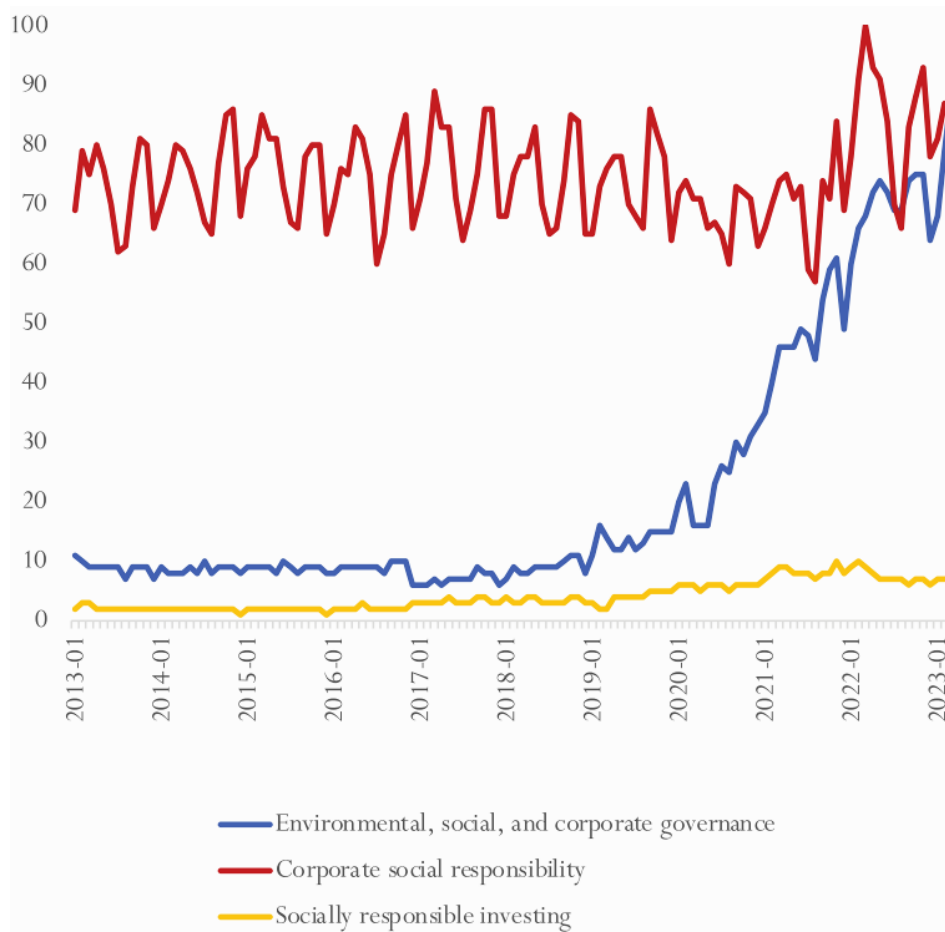
Objectives

In the realm of Environmental, Social, and Governance (ESG) factors, this course delves into the empirical issues and literature critical for understanding today's sustainability landscape and research. Amid pressing global challenges — such as climate change, inequity and human rights issues, and risks of digitalization — there is a growing recognition among firms, investors, and policymakers of the critical importance of integrating ESG criteria into decision-making processes. In response, academics have started producing tons of empirical research, which often grapple with considerable, partly ESG-specific issues of statistical inference. This course draws on research in the fields of accounting, economics, finance, and management to discuss a variety of pivotal ESG topics and to address the need for rigorous, data-driven ESG analyses. The course lays a sound foundation for your own sustainability research.

Learning objectives:

- Understand the basics of sustainability (ESG) topics and empirical research
- Get an overview of recent empirical research and methods in sustainability (ESG) research
- Develop an in-depth understanding of endogeneity problems that apply to most ESG studies
- Improve your presentation and discussion skills
- Learn how to set up a sustainability research project and write a short research proposal
- Develop new research ideas

Increasing interest in ESG: Google Trends



Source: Starks, L. (2023), Presidential Address: Sustainable Finance and ESG Issues—Value versus Values, *Journal of Finance* 78, 1837-1872.

Content & Methods

Topics:

Day 1: Basics

- The basics of ESG
 - e.g., carbon emissions, diversity, greenwashing, ESG ratings, regulation
- ESG data and data issues
 - e.g., CDP, ESG ratings, governance data, sustainability reports
- The basics of empirical research
 - e.g., causality, diff-in-diff and experiments, fixed effects, IV regressions
- Specific issues in empirical ESG research
 - e.g., dynamic endogeneity, reusing natural experiments, valid instruments
- Q&A

Day 2: ESG research I

- ESG-based pay
- ESG disclosure and regulation
- ESG ratings
- ESG and financial stakeholders
 - e.g., analysts, ESG bonds, investor engagement, risk and return, SRI
- ESG and non-financial stakeholders
- Student presentations
 - Taking a closer look at important research papers

Day 3: ESG research II

- The E factor
 - e.g., biodiversity, carbon emissions and pricing, climate change exposure, extreme weather, green investments and divestments
- The S factor
 - e.g., diversity, equity, and inclusion (DEI), diversity washing, measures of social performance
- The G factor and risks of digitalization
 - e.g., cybersecurity risk, blockholders, directors and executives, voting
- Student presentations
 - Taking a closer look at important research papers
- Q&A and discussion of avenues for future research

Methods: Read and present empirical research, understand econometric methods, write a proposal

Target group & Course Language

Target group: Doctoral candidates and postdoctoral researchers

Participation requirements: Some basic understanding of economics and econometrics can help

Course language: English (at least for presentations); German if all participants prefer it

About the lecturer

Peter Limbach is Professor (W3) of Finance and Corporate Governance at the University of Bielefeld. He is also a research fellow of the Centre for Financial Research (CFR), Cologne. Peter holds a German Diploma (equivalent to MSc) in economics from the University of Bonn and a PhD (Dr. rer. pol.) in finance from the Karlsruhe Institute of Technology (KIT). He spent several months at the Rotterdam School of Management as a visiting PhD. Between December 2016 and May 2021, Peter held the

position of CFR Junior-Professor of Investments at the University of Cologne. In 2020, he substituted the Professorship Financial Economics (Prof. Dr. Isabel Schnabel) at the University of Bonn. Peter's research is published in top scientific journals, including *Management Science*, the *Accounting Review*, and the *Journal of Financial and Quantitative Analysis*. Peter organizes one of Europe's leading virtual research seminar series. Since 2022, he serves as co-editor of *Management Review Quarterly*.

Registration

By **September 06, 2024** via e-mail at info@ggs.uni-giessen.de

Additional recommended readings

Cabolis, C., Lavanchy, M., and Schmedders, K. (2023), The fundamental problem with ESG? Conflicting letters, *Journal of Financial Transformation* 57, 109-117.

Edmans, A. (2024), Rational sustainability, Working Paper London Business School.

Edmans, A. (2023), Applying economics – not gut feel – To ESG, *Financial Analysts Journal* 79, 16-29.

Edmans, A., and Kacperczyk, M. (2022), Sustainable finance, *Review of Finance* 26, 1309-1313.

Gasparini, M., and Tufano, P. (2023), The evolving academic field of climate finance, Working Paper Harvard University.

Gillingham, K., and Stock, J. (2018), The cost of reducing greenhouse gas emissions, *Journal of Economic Perspectives* 32, 53-72.

Kolasa, T., and Sautner, Z. (2024), Institutional investors and the fight against climate change, Swiss Finance Institute Research Paper Series No 24-26.

Larcker, D., Tayan, B., and Watts, E. (2021), Seven myths of ESG, Stanford Closer Look Series.

Starks, L. (2023), Presidential address: Sustainable finance and ESG issues—value versus values, *Journal of Finance* 78, 1837-1872.

Papers for student presentations:

Achilles, C., Limbach, P., Wolff, M., and Yoon, A. (2024), Inside the blackbox of firm environmental efforts: Evidence from emissions reduction initiatives, Working Paper Northwestern University.

Atilgan, Y., Demartis, O., Edmans, A., and Gunaydin, D. (2024), Does the carbon premium reflect risk or mispricing?, Working Paper London Business School.

- Baik, D., Chen, C., and Godsell, D. (2024), Board gender diversity and investment efficiency: Global evidence from 83 country-level interventions, *The Accounting Review* 99, 1-36.
- Baker, A., Larcker, D., McClure, C., Saraph, D., and Watts, E. (2024), Diversity washing, *Journal of Accounting Research*, Forthcoming.
- Bian, B., Li, J., and Li, K. (2023), Does mandating women on corporate boards backfire?, Working Paper University of British Columbia Sauder School of Business.
- Colmer, J., Martin, R., Muuls, M., and Wagner, U. (2024), Does pricing carbon mitigate climate change? Firm-level evidence from the European Union Emissions Trading System, *Review of Economic Studies*, Forthcoming.
- Duchin, R., Gao, J., and Xu, Q. (2024), Sustainability or greenwashing: Evidence from the asset market for industrial pollution, *Journal of Finance*, Forthcoming.
- Fiechter, P., Hitz, J.-M., and Lehmann, N. (2022), Real effects of a widespread CSR reporting mandate: Evidence from the European Union's CSR Directive, *Journal of Accounting Research* 60, 1499-1549.
- Flammer, C., Hong, B., and Minor, D. (2019), Corporate governance and the rise of integrating corporate social responsibility criteria in executive compensation: Effectiveness and implications for firm outcomes, *Strategic Management Journal* 40, 1097-1122.
- Gantchev, N., Giannetti, M., and Li, R. (2024), Sustainability or performance? Ratings and fund managers' incentives, *Journal of Financial Economics* 155, 103831.
- Hartzmark, S., and Shue, K. (2022), Counterproductive sustainable investing: The impact elasticity of brown and green firms, Working Paper Yale School of Management.
- Houston, J., Lin, C., Shan, H., and Shen, M. (2023), How does ESG shape consumption?, Working Paper University of Florida Warrington College of Business.