

Environmental, Social, Governance (ESG) Reading Group

Organized by Simon Gervais and Jillian Grennan

Introduction: The Purpose of Business and Stakeholders

- Friedman M. (1970). The Social Responsibility of Business Is to Increase Its Profits
- Strine, L. (2002) The Social Responsibility of Boards of Directors and Stockholders in Charge of Control Transactions: Is There Any 'There' There?, *Southern California Law Review*
- Benabou, R. and Tirole, J. (2010) Individual and Corporate Social Responsibility. *Economica*, 77, 1–19.
- Admati, A. (2017) A Skeptical View of Financialized Corporate Governance. *Journal of Economic Perspectives*, 31: 131–50.

Topic 1: Sustainable, impact, and ESG investing

- Chowdry et al. (2019) Investing for Impact, *Review of Financial Studies* 32, 864–904.
- Geczy et al. (2020) Contracts with (Social) Benefits: The Implementation of Impact Investing, *Journal of Financial Economics*, forthcoming
- Oehmke and Opp (2020) A Theory of Socially Responsible Investing, working paper

Topic 2: ESG and traditional asset pricing models

- Pastor et al. (2020) Sustainable Investing in Equilibrium, *Journal of Financial Economics*, forthcoming
- Zerbib (2020) Sustainable CAP-M, working paper
- Pederson et al. (2020) Responsible Investing: The ESG-Efficient Frontier, working paper.

Topic 3: ESG within the firm, a focus on “S”

- Lazear and Shaw (2013) Personnel Economics: the Economist’s View of Human Resources, *Journal of Economic Perspectives* 21, 91–114.
- Sandvik et al. (2020) Workplace Knowledge Flows, *Quarterly Journal of Economics* 135: 635–1680.
- Cullen and Perez-Truglia (2019) The Old Boys Club: Schmoozing and the Gender Gap, NBER working paper

Topic 4: Economics of discrimination

- Bohren, et al. (2019). The Dynamics of Discrimination: Theory and Evidence. *American Economic Review*, 109: 3395–3436.
- Bertrand and Duflo (2017) Field Experiments on Discrimination, *Handbook of Field Experiments*
- Fisman et al. (2017) Cultural Proximity and Loan Outcomes. *American Economic Review* 107: 457–492.

Topic 5: ESG with a focus on “G” and the Big 3 Institutional Investors

- Corum, A., A. Malenko, and N. Malenko, 2020, Corporate Governance in the Presence of Passive Delegated Investment, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3681095

- Fisch, J., 2020, “The Uncertain Stewardship Potential of Index Funds” ECGI working paper https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3525355
- Gormley et al. (2020) “The Big Three and Board Gender Diversity: The Effectiveness of Shareholder Voice,” ECGI working paper https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3724653
- Hemphill, S. and N. Kahan (2020) “The Strategies of Anticompetitive Common Ownership” *Yale Law Journal* 129. https://www.yalelawjournal.org/pdf/HemphillKahanArticle_rwrybfoj.pdf
- Hu, E., J. Mitts, H. Sylvester, 2020, “The Index-Fund Dilemma: An Empirical Study of the Lending-Voting Tradeoff” https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3673531

Topic 6: Causality and Identification in ESG

- Akey, P. and Appel, I., 2021, “The Limits of Limited Liability: Evidence from Industrial Pollution.” *Journal of Finance* 76, 5-55. <https://doi.org/10.1111/jofi.12978>
- Bennedsen, M., E. Siminitzi, M. Tsoutsoura, and D. Wolfenzon, 2020, “Do Firms Respond to Gender Pay Gap Transparency?” *Journal of Finance*, forthcoming. http://tsoutsoura.com/Gender_Gap.pdf
- Hartzmark, S., and Sussman, A., 2019, “Do Investors Value Sustainability? A Natural Experiment Examining Ranking and Fund Flows.” *Journal of Finance* 74, 2789-2837. <https://doi.org/10.1111/jofi.12841> Voting
- Gennaro, B., V. Bhagwat, and S. Yonker, “Board diversity, firm risk, and corporate policies,” *Journal of Financial Economics* 127, 588-612. <https://doi.org/10.1016/j.jfineco.2017.12.009>

Topic 7: ESG and innovation

- Aghion, P., R. Bénabou, R. Martin, and A. Roulet, “Environmental Preferences and Technological Choices: Is Market Competition Clean or Dirty?” NBER Working Paper No. 26921 <https://www.nber.org/papers/w26921>
- Cohen, L., U. Gurun, and Q. Nguyen, 2020, “The ESG-Innovation Disconnect: Evidence from Green Patenting” NBER Working Paper 27990 <https://www.nber.org/papers/w27990>
- Shapiro, Joseph S., and Reed Walker. 2018. “Why Is Pollution from US Manufacturing Declining? The Roles of Environmental Regulation, Productivity, and Trade.” *American Economic Review* 108, 3814-54. <https://www.aeaweb.org/articles?id=10.1257/aer.20151272>

Topic 8: The Real Effects of ESG

- Colonnelli, E., and N. Gormsen, “Selfish Corporations” <http://emanuelecolonnelli.com/> (link on his website) working paper.
- Goldsmith-Pinkham, P., Gustafson, M., Lewis, R., and Schwert, M., 2020, “Sea Level Rise Exposure and Municipal Bond Yields” working paper. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3478364
- Matos, P., 2020, “ESG and Responsible Investing Around the World: A Review” (see section calling for more research on real effects) <https://www.cfainstitute.org/en/research/foundation/2020/esg-and-responsible-institutional-investing>