

Do ESG controversies matter for firm value ? Evidence from international data

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Présentation petit déjeuner FIR

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ESG controversy

“the company is under the spotlight of the media”

- *Thomson-Reuters Asset4*

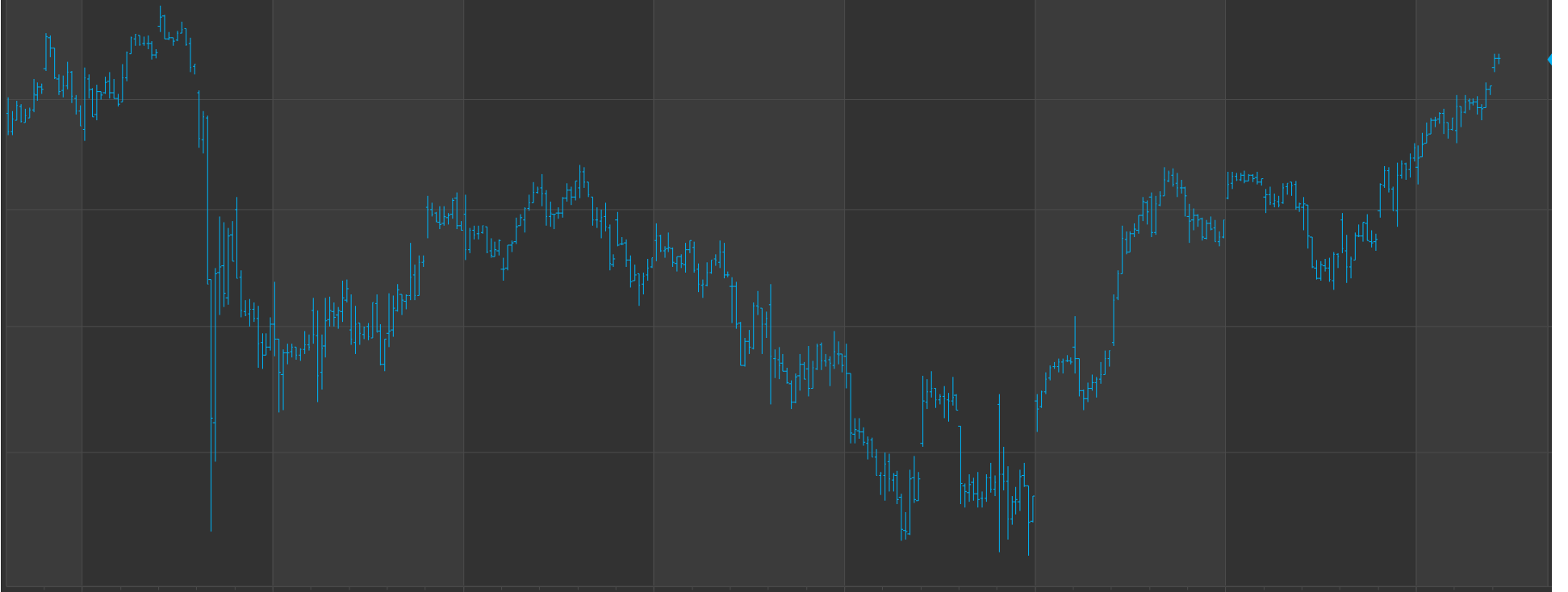
Renault SA

86.97 1.35 1.58% 10:23:15 WAP:86.85

1 Hour

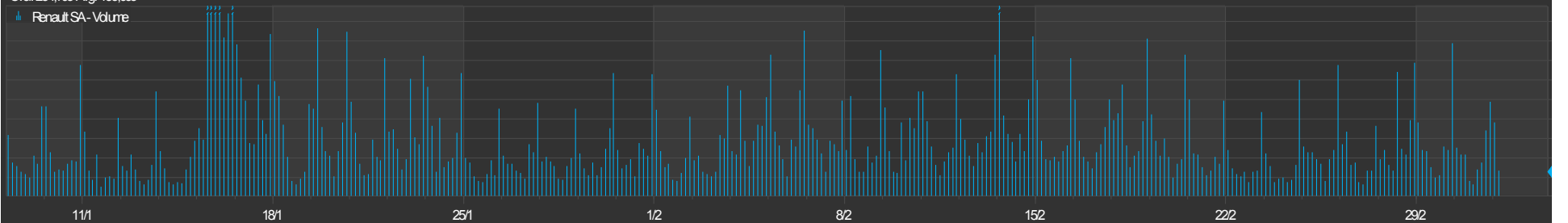
High 89.53 Low 66.15 Chg 4.12%

Renault SA - Price



Vol: 254,785 Avg: 153,933

Renault SA - Volume



111

181

251

1/2

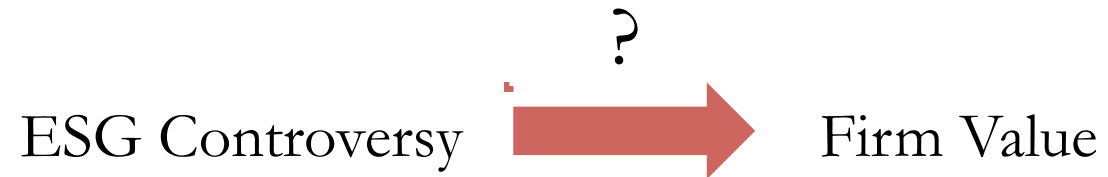
82

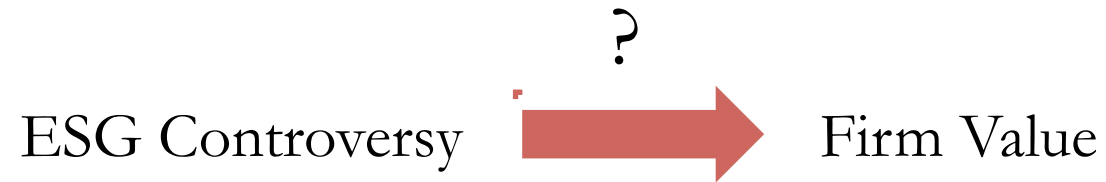
152

222

292

Research question





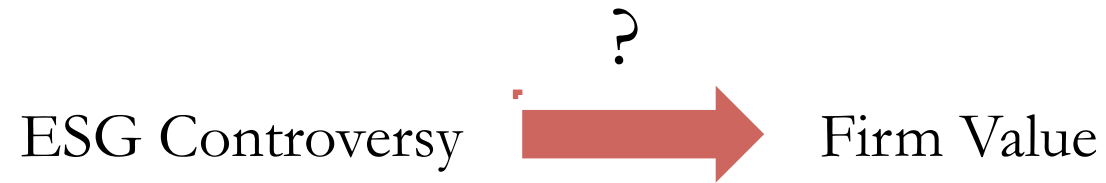
Negative relationship

Potential costs, impacts
firm legitimacy
and stakeholder
equilibrium

Frootman (1997)

Johnson (2003)

Krüger (2014)



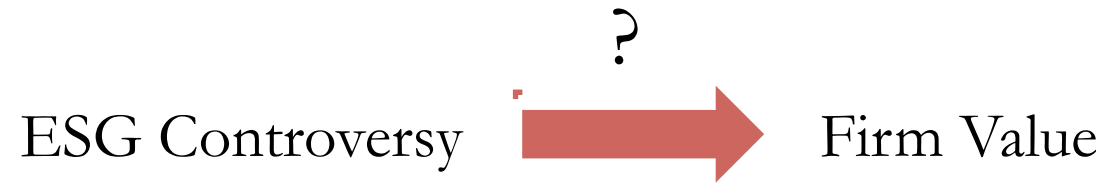
No relationship

Information not relevant
and/or overlooked

Williams & Siegel (2001)

Hoffman (2011)

Barnett (2014)



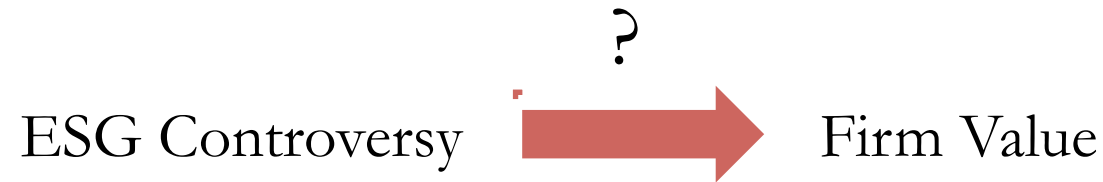
Indirect relationship

Depends on the visibility
of the firm

Surroca & al. (2010)

Cho & al (2013)

Servaes & Tamayo (2013)



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Sample

- Controversies (Thomson Reuters - Asset4)
- 2002-2011
- 66 countries
- More than 4,700 observations

Methodology

- Panel data regressions
- Year, industry and geographical area fixed effect
- Clustering by firms
- Control variables as in Jiao (2010)

Control variables (Jiao, 2010)

Size, ROA, SG, RD, AD, Capex, IO, year, Industry...



ESG Controversy



Firm Value

Control variables (Jiao, 2010)

Size, ROA, SG, RD, AD, Capex, IO, year, Industry...



0.047***

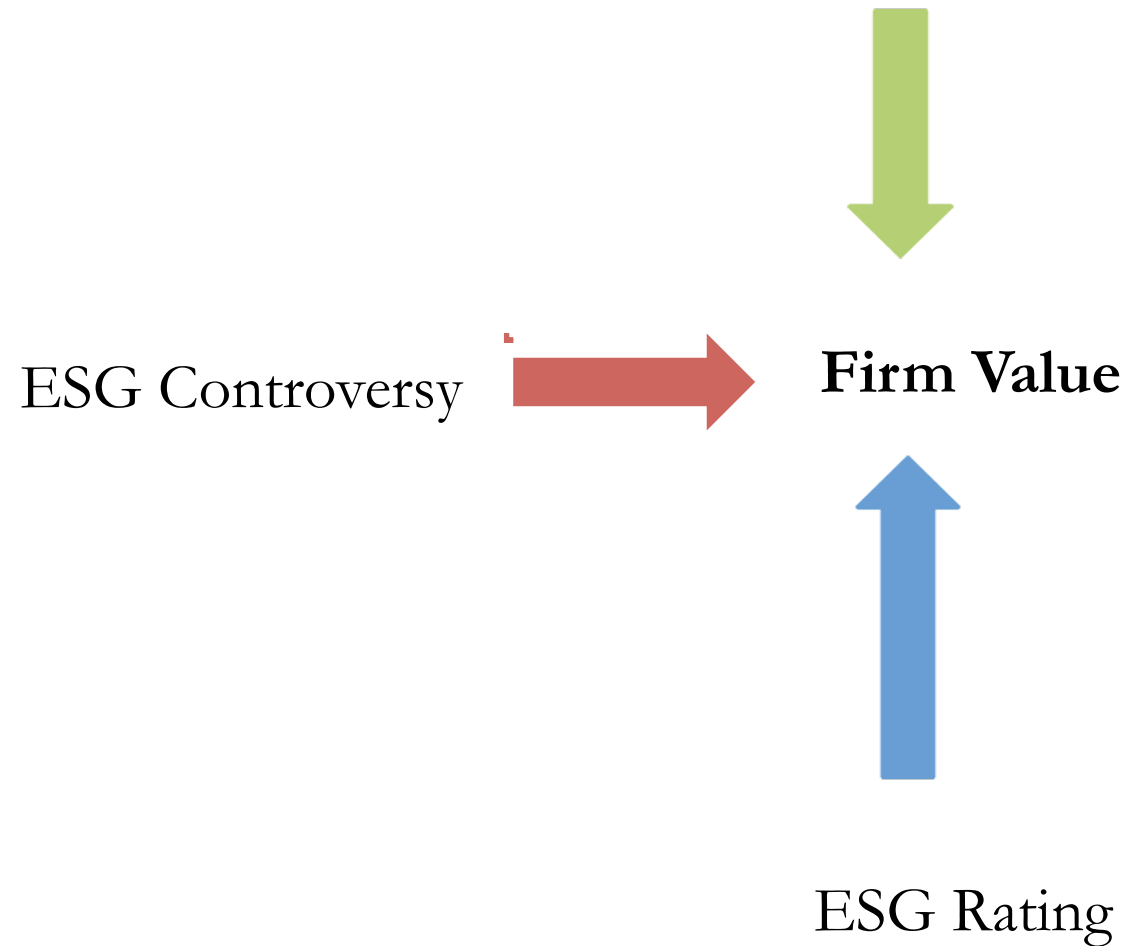
ESG Controversy



Firm Value

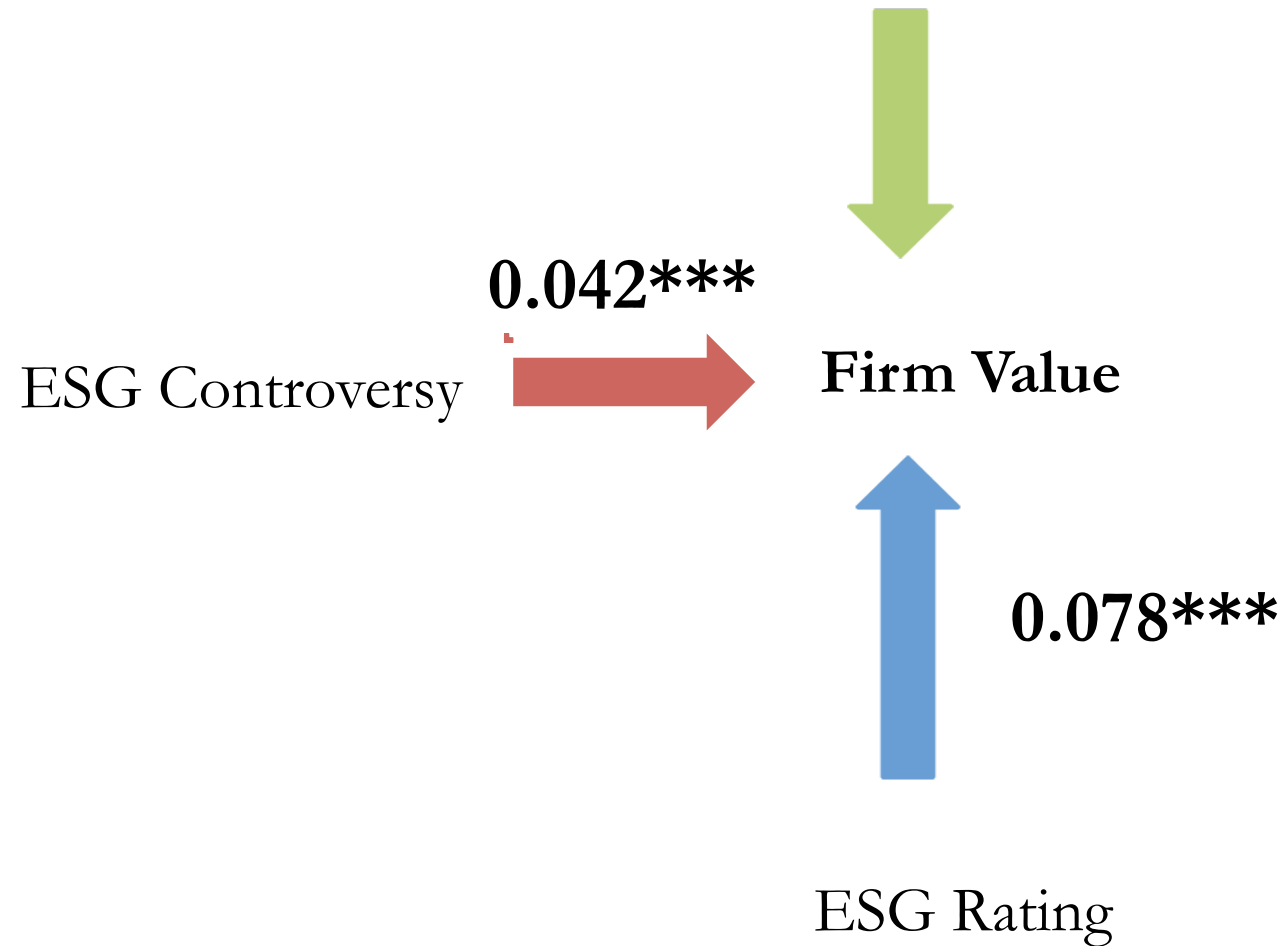
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Size, ROA, SG, RD, AD, Capex, IO, year, Industry...



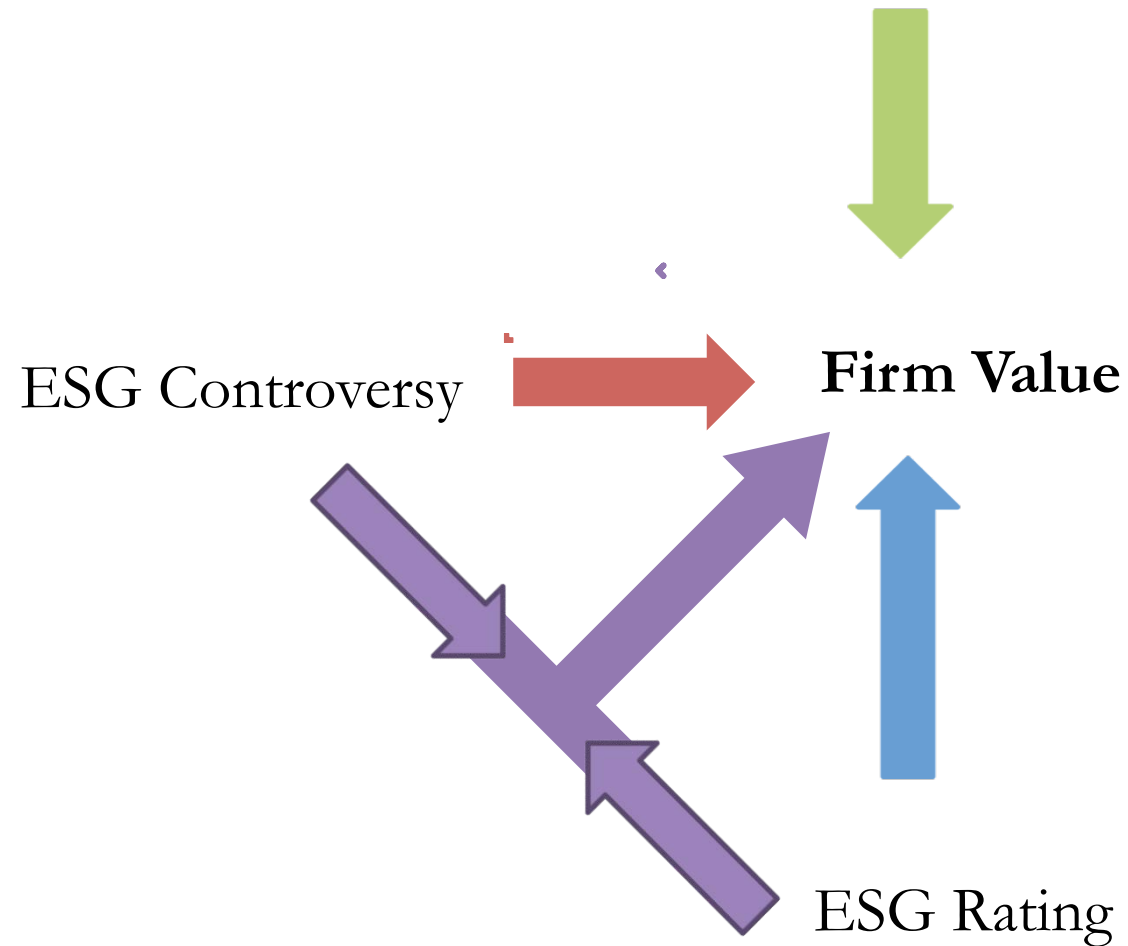
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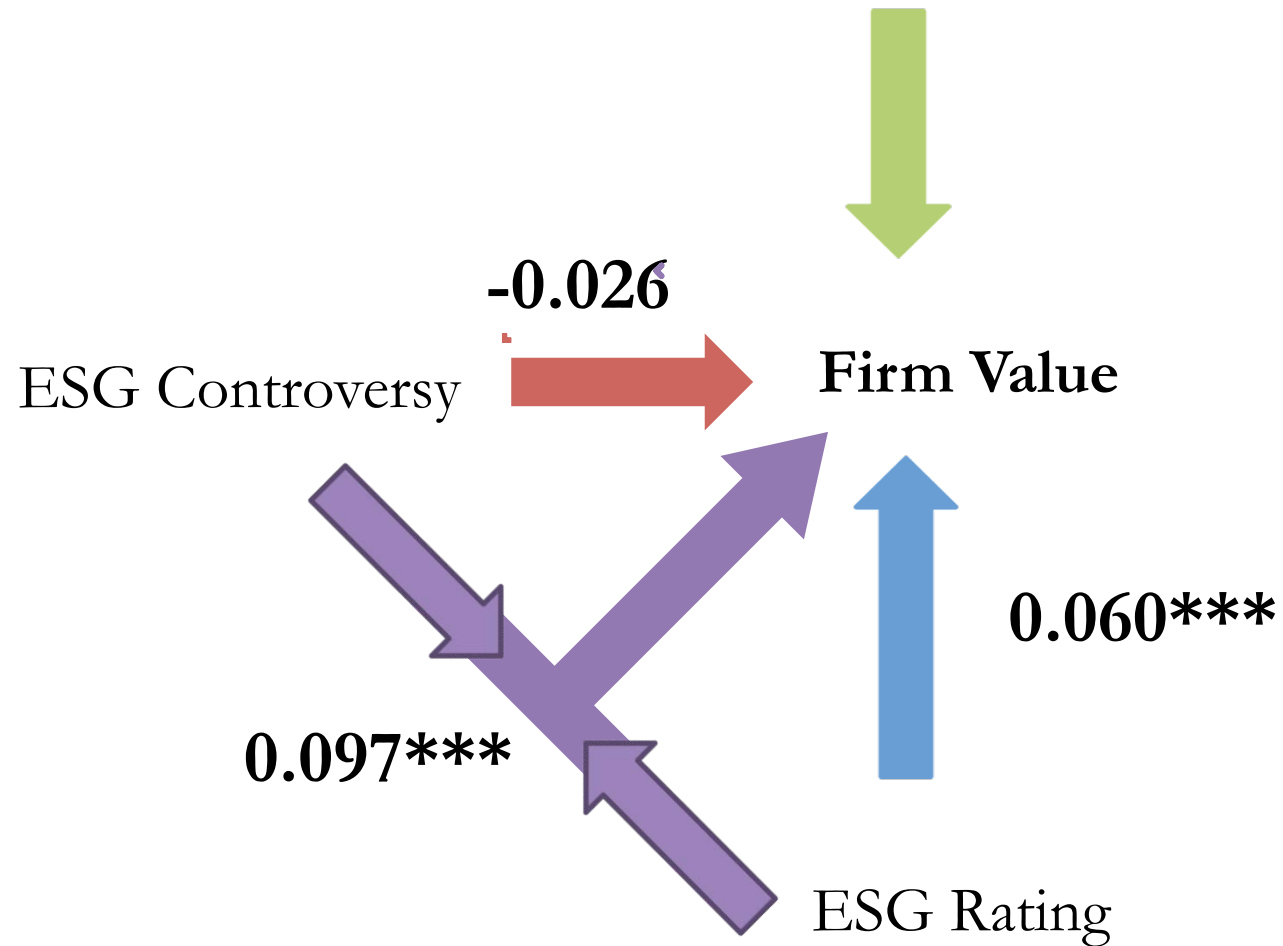
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Robust result for

- High ROA
- Big firms
- Low PFI

High attention firms according to Google search volume (GSV), analyst coverage, CSR awards

“Felix culpa”

Controversial effect of controversies...

The role of controversies as **attention proxy** on investors on ESG issues

A good ESG rating is more than an insurance, an **opportunity**

Controversies are **a chance to attract attention** and exhibit the bright side of CSR policy

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