

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Bc. Jakub Stejskal
Advisor:	PhDr. František Čech, Ph.D.
Title of the thesis:	Analysing the ESG stocks: Are they less volatile?

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Short summary

The presented thesis investigates the relationship between ESG scores and stock volatility using panel data analysis. The standard fixed effects and random effects models are employed to assess the overall impact of ESG scores, individual pillar scores, industry and stock exchange-specific effects, and time-specific effects. In the empirical application, the author explores non-linear dynamics between low ESG scores and volatility, evolving trends over time using an expanding time-window approach, and geographically and market-specific effects using data from different exchanges. Results suggest the insignificant overall influence of ESG scores on stock volatility but significant correlations in certain industry-specific models.

Contribution

The literature on the impact of ESG investing and the use of information on the ESG profile of companies has grown in recent years. The present study focuses on the relatively large cross-section of individual companies, not only from the widely studied US market but also from other geographical locations. The thesis also contributes to the literature focusing on sector investing by analyzing the relationship between ESG scores and the volatility of industry-specific companies. Overall, the results of the thesis are important for practitioners focused on portfolio construction, as they provide valuable insights into the relationships between companies' ESG profiles and their corresponding riskiness.

Methods

The methods used, such as fixed or random effects models, are standard in the literature and relevant to the topic of the thesis. The logic of the regression model used in the paper is explained in sufficient detail, and the different specifications are justified. The empirical analysis is carried out properly, and the results are commented on in sufficient detail.

Literature

The submitted thesis contains an adequate literature review. All the papers mentioned in the thesis are highly relevant to the topic, and a majority of them were published in respected economic journals. The author shows a very good knowledge of the literature, works with it properly, and explains all the concepts used throughout the thesis in a concise manner.

Manuscript form

The submitted thesis is nicely written, uses proper language, and reads well. The author considered all of my comments on the previous version of the text.

Overall evaluation and suggested questions for the discussion during the defense

Overall, the thesis presented is a solid piece of work. Although there are data limitations, as discussed in the thesis, the author has done a good job of extracting important information from the available data. From a practical point of view, the thesis brings important empirical results, although the author could emphasize the contribution more.

In my view, the thesis fulfills the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A. The results of the Turnitin analysis do not indicate significant text similarity with other available sources.

SUMMARY OF POINTS AWARDED (for details, see below):

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CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	27
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	92
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *František Čech*

DATE OF EVALUATION: 14.5.2024

Referee Signature

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EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F