

Report on 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 thesis examines the impact of ESG scores on volatility of individual stocks. It employs a panel data regression model, complemented by further robustness checks on the given dataset. The results suggest that the ESG score might have effects on volatility in specific sectors, such as Technology. In other hypothesis, the study does not find a significant effects of ESG scores in time, when looking at expanding or shortening sample sizes.

Contribution

The thesis contributes to the discussion of ESG reporting and its effects on stocks volatility. The topic of ESG scoring is trending and this analysis is an extensive study of data spanning from 2016 to 2023. The thesis acknowledges the data limitations that constrain the analysis, mainly due to the lack of ESG data reporting, which might be the cause of the statistically insignificant effects of ESG scores on volatility. The author shows the ability to read the results and comment on them.

Methods

To study the relationship between the volatility and ESG scores, the author employs panel data regressions where he controls for additional financial factors. Several robustness model alternatives are performed, as well as compared with valid tests.

Methodologically, the imputation of missing data is questionable. The Table 3.8, page 27, states that more than 30 % of statistics for the Environmental score is missing, which is a significant ratio to be imputed. Furthermore, regarding the missing data for the return on equity, the author states, "*We input only values for tickers with at least one value, the others will be omitted, as we have no way to reasonably assume these values.*", page 28. Does this mean that the "one value" is for one year in the author's yearly data sample from 2016 to 2023, and thus, it is imputed for all years?

Literature

The author uses a sufficient range of resources and relevant literature. Most references are correctly cited. However, there are several errors in the bibliography, including instances of missing capital letters in words such as "Europe" or "U.S.", for example, page 55:

Tuncturk, A. (2023): "Live to work or work to live? work culture in the u.s. versus europe." *Berkeley Economic Review* .

Furthermore, the citation above also does not contain, when the online article has been accessed or published.

Manuscript form

The manuscript conforms to the thesis standards at the IES. Figures and tables are correctly formatted and adequately labelled. The text reads well, although some paragraphs or situations are over-

Report on 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?

explained, for instance, on the pages 22 and 23, the author writes just lists of industries and subcategories, which is unnecessary.

The text contains several minor errors, for example, the placement of Table 5.1 should be one page sooner when the author refers to it, or on page 37, the citation “*market. (Izzeldin et al. 2023).*” should be part of the sentence, or a typo on page 13 “*accounting for for example so-called*”, etc.

Overall evaluation and suggested questions for the discussion during the defense

The thesis fulfils the requirements for a master thesis at the IES, Faculty of Social Sciences, Charles University. I recommend it for defense and propose a grade C.

The results of the Turnitin analysis **do not** indicate significant text similarity with other available sources.

Q1: *How could the data imputation of 30% missing values of Environmental score affect your results? Did you try to perform the analysis only on the data without missing values?*

Q2: *Could the author explain the choice of FE even with negative adjusted R^2 over the RE model?*

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	23
<i>Methods (max. 30 points)</i>	22
<i>Literature (max. 20 points)</i>	18
<i>Manuscript Form (max. 20 points)</i>	9
TOTAL POINTS (max. 100 points)	72
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: *Mgr. Luboš Hanus, Ph.D.*

DATE OF EVALUATION: *June 10, 2024*

*Digitálně podepsáno (10. 6. 2024)
Luboš Hanus*

Referee Signature

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