

BA/MA thesis topics

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The following topics are suitable for BA or MA students. Please keep in mind that most topics are best suited for candidates who are familiar with statistical software and time series regression or those who are willing to acquire these skills within the context of their thesis. However, suggestions for alternative methodological approaches (e.g., interviews, literature reviews) are welcome.

If you are interested in any of the following topics, please get in touch with Dr. Wiebke Szymczak (wiebke.szymczak@uni-hamburg.de).

1. Mood effects in ESG ratings: Does the weather at rating offices affect ESG ratings of local firms?

Several empirical studies show that local weather conditions can have a systematic effect on investor decisions. However, little is known about the specific biases in ESG ratings. Applying the rationale of investors mood effects to ESG rating agencies, theory may predict higher ESG ratings when raters are in high spirits and lower ESG ratings when spirits are low, *ceteris paribus*. Within the context of this thesis project, the candidate will gather establishment addresses for the major rating agencies and connect these addresses with relevant climate data in order to analyze how weather variables affect sustainability ratings of local firms.

2. Don't foul your own nest: Does distance between HQs and plants predict pollution intensity?

A proliferating number of empirical studies suggest that air pollution has a detrimental effect on local property prices. If top managers and employees in strategic positions live close to corporate headquarters, their own residential property may be affected by local production facilities. Consequently, rational choice theory predicts that they will prefer to keep air pollution as far away from home as possible. Moreover, firms reduce the risk of litigation by keeping firms away from residential areas. This thesis project will combine data on corporate air pollution reported in the toxic release inventory, financial data and corporate location data to analyze whether there exists a systematic pattern to shift polluting activities to facilities further away from corporate headquarters and/or local residential areas.

3. The effect of disaster experiences on sustainability preferences

Extreme weather events are becoming ever more frequent and severe. While much research has addressed the contribution of the global economy to anthropogenic climate change, the behavioral implications of exposure to extreme weather on economic decisions have yet to be fully explored. A small but growing literature suggests that exposure to extreme weather events and natural disasters can have significant and systematic effects on the risk preferences of economic decision makers. Moreover, the attention-based view of the firm suggests that extreme weather exposure may also emphasize the importance of a stable environment as a basis for economic growth and corporate success. Within the context of this thesis project, the candidate will develop and implement a suitable regression strategy to test the impact of extreme weather exposure on sustainability preferences of households or firms

4. Sustainability, but not too much? Investor objections to corporate sustainability

Financial professionals report that some investors respond negatively to sustainability-focused marketing strategies to the extent that relationship managers maintain two slide decks to advertise sustainable investment products. The empirical literature suggests a positive or at least non-negative effect of corporate sustainability on financial performance. Yet, some investors remain reluctant to sustainable investment products. This thesis project aims to review the theoretical literature and explore the motives and rationales of investors who shy away from sustainable investment products.

5. Shareholder activism and sustainability. Is shareholder activism a solution or a problem?

On the one hand, the term shareholder activism refers to an investment strategy of a small group of hedge funds which target underperforming firms in order to foster the implementation of financial or governance changes and capitalize on potential increases in shareholder value. On the other hand, shareholder activism refers to the actions of large institutional investors who engage with their target firms to push a non-financial agenda, e.g., better working conditions or higher investments into emission mitigation technologies. There are two possible variants of this thesis project: The first represents a systematic literature review in order to contrast both types of shareholder activism and identify positive as well as negative side-effects of both types of shareholder activism with respect to environmental, social and governance aspects. The second represents an empirical investigation into the non-financial effects of shareholder activism with respect to corporate ESG performance.

6. Turning on the heat? Global warming and corporate risk-taking

Heat is a common metaphor to describe interpersonal conflict. Strikingly, psychological research indeed suggests a link between heat stress and aggressive or asocial behavior. With global temperatures on the rise, one may wonder: what are the consequences of heat stress on corporate decisions? This thesis project will combine meteorological and financial data to test whether heat stress triggers systematic changes in corporate risk-taking, as one possible manifestation of aggressive financial decisions.