

Summary of *The Irrelevance of Environmental, Social, and Governance Disclosure to Retail Investors*

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1. What are the research questions?

- Whether ESG disclosures and the specific components influence the trading decisions of retail investors.

- Why retail investors appear unresponsive/responsive to ESG press releases.

2. Why are the research questions interesting?

- Investor preferences are important because of their influence on firms' cost of capital and future operation decisions

- The research aims to fill the gap in empirical evidence of previous studies.

- Prior research shows that ESG disclosures attract investors who have a “taste” for these types of activities.(see Friedman and Heinle 2016, Pastor et al. 2021)

- Prior research is limited to experimental studies.(see Cheng et al. 2015, Martin and Moser 2016)

3. What is the paper's contribution?

- Contribution to literature investigating how ESG disclosures affect the composition of firms' shareholder base.

- Previous studies generally focus on how institutional investors respond to firms' ESG disclosures. (see Friedman and Heinle, 2016)

- This research narrows down the focus to retail investors.

- Contribution to research methods adopted investigating whether retail investors adjust their portfolio holdings in response to ESG disclosures.

- Previous studies are based on experimental research design.

- This paper does so using an empirical archival.

- Contribution to the progress of regulation on the ESG disclosures by regulatory entities.

- This study reveals that retail investors might have varying information requirements compared with institutional investors.

4. What hypotheses are tested in the paper?

- H1: Retail investors adjust their portfolio holdings in response to firms' ESG disclosures.

- H2: Economic content, visibility and integration difficulty have an impact on the information acquisition process of retail investors.

The hypotheses follow the main question that whether ESG disclosures have an influence on portfolio choice of individual investors.

- H1 focuses directly on main research question.

- H2 digs deeper in potential mechanism that motivates the results.

5. Sample: Comment on the appropriateness of the sample selection procedures.

- Data from Robinhood are comprehensive and representative.

6. Dependent and Independent Variables.

The choice of the dependent variables is comprehensive to represent the retail investor portfolio adjustments.

7. Regression/prediction model specification.

- The paper exploits OLS model with fixed effects to assess the effect of ESG releases, which makes it furthest to isolate the effect.

8. What difficulties arise in drawing inferences from the empirical work?

- Maybe there are other source of news affecting the results.

9. Describe at least one publishable and feasible extension of this research.

- Data from other platforms(China)
- Focusing on firms that featuring ESG business.