

MRes Dissertation (EC9B4)

Dissertation 1

Feedback for 1891663

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This is a good dissertation. The question of the effect of environmental scandals on firms sales is interesting, and the dissertation offers the most comprehensive investigation of this question to date, with a global dataset on news and firms. The analysis is careful, and progresses from the study of one firm scandal (Volkswagen) to the automobile industry and then encompasses all industries. The different possible types of spillovers to firms from the same country and the same industry or firms competing in the same markets are also examined. The finding that spillovers to firms from the same country are due to media attention to these firms with scandals affecting them, rather than general stigmatisation from customers is interesting. I was struck also by the fact that the positive substitution effects on competitors is very much present once 4-digits industry * year fixed effects are changed to 3 digits industry * year fixed effects. This suggests that the 4 digits fixed effects were soaking up all the variation (because after removing the firm exposed by the scandals, all that is left in the industry are competitors). It would be good to take this result into consideration and explain it, not dismiss it. The heterogeneity by small / large scandals may become more intelligible after making this change. The last bit on citizen's awareness is a nice touch and would be worth consolidating by controlling for other characteristics of the markets (e.g. income levels as discussed in the dissertation). Although the dissertation is well written overall, the grammar is not always correct, and firms exposed to scandals should not be called "scandalised", it is the customers who are scandalised!