# 12th Meeting – 03.03.2021

* We talked on my draft and tables
* Public awareness and attention level to the scandals might trigger consumer response via reduction in demand. Therefore, every controversy may not create public attention. This can be checked with increasing Google search numbers and Twitter data about those firms.
* Free media may have a role to distribute the information on firms involved in scandals.
* Put unbalanced results to appendix
* In table 3, dummy and news count for VW scandal have the same interpretation, take dummy results to the appendix.
* To compare the spillover effects of small vs. big scandals, I can use dummies for them.

# 11th Meeting – 17.02.2021

* Is there a story for entry and exit? If not, unbalanced panel says nothing.
* Industries with more than 10 firms included. Industries are weighted according to number of firms within each industry.
  + Spillover results are sensitive to weighting.
  + NOT SURE ABOUT WEIGHTING (read weighting paper)
* Without industry\*year fixed effects
  + Not much difference in net effects
  + Spillover effects are sensitive to industry\*year fixed effects
  + Heterogeneity results are slightly better
* What is the implication of including vs. not including industry\*year fixed effects in spillover regression? How can we interpret the contradictive results in models with and without industry\*year fixed effects?
* I have already included industry fixed effects in aggregated model.
  + The effect of scandals is not strong at industry level.
* Industry\*year fe olduğunda year fe koymaya gerek yok
* CLUSTERING!!!!
* I can explain negative spillover effect on the firms who share similar market within the same industry with increasing attention to the industry and substitution away not only from controversial firm but also from all firms sharing the same markets within that industry.
* Industry\*year FE controls for a potential industry level negative effect of a scandal. (the effects not only within markets in which controversial firm is operating, but in industry as a whole)

# 10th Meeting – 03.02.2021

* I generated dynamic effects graphs using time dummies for specified years on the graph, a dummy for being more than 3 years before a scandal, a dummy for being more than 2 years after a scandal. I haven’t included those before and after dummies on the graph. The omitted year is 1 year prior a controversy.
* I couldn’t find any within industry spillover effect on competitors or other firms with the same country of origin.
* I can relax my model by removing industry\*year fixed effects or using more aggregated industry classifications.
* Aggregate at the industry level and look at the effect of scandals at industry level for balanced vs. whole sample
* I made a mistake by dropping observations without similarity index. Country-related reputational spillover models will have more observations.
* I observe heterogeneous effects in whole sample model, but not for automobile industry.
* I can include industries with less than 30 firms, using a weighting structure.
* There is no correlation btw controversies and ESG Score.

# 9th Meeting – 20.01.2021

* I presented my models and results.
* Check whether ESG score is correlated with controversies.
* Scandal dummy is baseline, news count is preferred since it captures the intensity.
* Spillover
  + An alternative similarity (or competitor) index would be the probability of a consumer choosing the other firm: sum of multiplication of revenue shares across countries
  + Consider all scandals in an industry: Sum across k’s and rescale or take max{TS}
  + Remove S\_ii
* There might be selection issues for unbalanced panels.
* Balanced panels are more reliable.
* Take t-1 as reference point for dynamic diff-in-diff garphs
* Work on heterogeneous effects across countries, use VWS or Gallup for environmental public awareness level for each country

# 8th Meeting – 04.01.2021

* I summarized my progress during the break.
* Other controversies count is a good way to control for media attention for bigger companies.
* I will try also with a treatment dummy instead of news count.
* I will produce results both with unbalanced and balanced data.
* Pick a single scandal and show it initially.
* Generalize results to industries using industry-year fixed effects.
* An alternative control group for the spillover effect is a different subsector within the same sector.

# 7th Meeting

* We talked about the empirical strategy and identification strategy. I should be clearer about it.
* We talked about the spillover effects. I should think on a strategy to identify those effects. It is good to have a structural model to identify the spillover effects. If I go for reduced form, I should clarify the limitations.
* Look at the literature for spillover effects.
* Felix’s job market paper is an example to identify the spillover effects using a structural demand model.

# 6th Meeting

* I explained the details about Thomson Reuters ESG Controversy data.
* Coverage starts with 1000 firms in 2002 and expands to more than 9970 firms globally today.
* 114 of those firms have at least one media attention on environmental controversies with 1036 news in total.
* We have the date, title, abstract, and url of each controversy.
* I will also include Public Health controversies.
* A drawback of this database is that it only covers English speaking media.
* There is a better database in terms of environmental controversies and media coverage of companies called RepRisk, but we don’t have access.
* We also have financial data on firms at Thomson Reuters.
* The research question is three-phased:
  1. How do negative information shocks (media coverage on environmental scandals) about firms affect their sales? (in local vs. global market)
  2. Some environmental scandals have local impact while the others are global. Do people care about remote environmental scandals when the effect is local? Is it different when they have global impacts? How are the exports of firms affected from the environmental scandals with local vs. global impacts for exporting firms?
  3. What are the heterogeneous effects? Do consumer responses to environmental scandals change across countries? How does the effect of scandals on exports change across countries with different levels of environmental public awareness?
* The empirical strategy will be difference-in-differences. The treatment is the negative news on environmental issues about a firm. Control group is the group of firms without any environmental controversy within the same sector.
* I should narrow my sample to the manufacturing sector.
* I need to be careful about the spillover effects. A scandal about a firm might have both negative and positive spillover effects on close competitors. The positive effect is the substitution effect. The negative effect might occur due to the increasing attention to the production process in that sector and the competitors would also be affected if they have similar production process. Therefore, I need to pick the control group carefully. It depends on the form of the scandal.
* I should have a closer look to the types/forms of the scandals/controversies.
* For the second question, I should classify the controversies according to the global vs. local impacts, using machine learning if possible.
* For the third question, I will need to find country by country exports/sales data which I don’t have currently.

# 5th Meeting

* The topic of my dissertation will be “Consumer response to (negative) information shock on firms’ environmental performance”
* We can identify the information shock in three ways:
  + Environmental Performance Rating Programs (Disclosure)
  + Scandals
  + Controversy Score via Thomson Reuters
* We talked about the previous works on disclosure programs. There are many papers on them.
* We talked about two alternative scandals: VW Emission Scandal and Campania Toxic Waste Scandal.
* Controversy issue might be promising if we can differentiate them according to local vs. global impact.
* We can have multi-level comparisons:
  + local vs. international market
  + export to countries with low vs. high environmental public awareness
* Does the response of a consumer to an environmental issue change with the impact of the issue being local or global?
* I’ll discover the controversy data more and try to find how much information I can extract from them?
* How can I merge the controversy data with other firm level datasets?
* I’ll think about the possible firm reaction to consumer response on environmental issues.

# 4th Meeting

* I outlined the literature on the disclosure strategies to reduce pollution.
* Powers et al (2011) examine the role of disclosure to reduce pollution by working on the Green Rating Project in India.
* We discussed the findings that the firms with above average rating have no incentive to improve their environmental performance.
* We talked about the ways we can go deeper in terms of the channels that incentivize companies to reduce their pollution levels, especially the consumer side.
* We need to identify the attention/reaction by the consumers to the disclosure of environmental performance of companies and the response by them as a reduction in pollution levels.
* Disclosure doesn’t have to be through a rating project. An environmental scandal also creates an information shock about the environmental performance of a company/industry. It also creates public attention which might increase the salience of the effect we would expect.
* Consumers can be worldwide. Hence, exporting companies in developing countries might be more open to the demand shocks with disclosure and it may also depend to the exported countries. (like fair trade certificates)

# 3rd Meeting with Clement

- I summarized my thoughts regarding the readings I've done.

- We discussed the cost effective ways of reducing pollution by companies.

- We talked about two projects by Anant Sudarshan on Indian emissions trading and green ratings as innovative ways to internalize the externalities.

- Green ratings project is interesting in terms of creating transparency and increasing public awareness.

- Greenstone and Hanna (2014) ask the question of how to design effective environmental regulations in developing countries. They point the importance of higher public awareness and demand for the success of environmental regulations to succeed in weak institutional settings.

- I think rating companies in terms of their environmental impact may incentivize them to reduce pollution in two possible channels: 1. Public support and higher demand by consumers. 2. More investment through financial markets.

- I’ll look if there is any setting doing these kind of ratings.

- We talked about green bonds and plausibility of them for research.

- I’ll think about possible cases/events creating media/public attention on environmental issues either firm level or industry level, like environmental scandals. I’ll try to find a literature on this.

- Rana Plaza case in Bangladesh

- The possible effects of campaigns like Clean Clothes Campaign

- EPCC, environmental summits

- I might look at multiple environmental issues and differential media attention.

- I’ll look at Raymond Fisman’s works.

- Possible effects of (declaring) leaving/entering Paris agreement or other environmental agreements, regulatory changes on investment/energy industries

# 2nd Meeting

WTP for clean air/water by individuals

What about firms?

Internalizing the externalities

envirodevonomics

jack and greenston (2015)

energy, costs of firms

- Jack and Greenstone (2015) - envirodevonomics

- https://www.anantsudarshan.com/india-emissions-trading-scheme.html

-https://www.anantsudarshan.com/green-ratings.html

- https://campuspress.yale.edu/nicholasryan/

- Duflo, Greenstone, Pande, and Ryan (2013, QJE)

- Duflo, Greenstone, Pande, and Ryan (2018, ECMA)

- Ryan (2018, NBER)