Paper Review

1. corporate goodness and share holders wealth

- Overview

Year	Article Name	Abstract	Jounral	cited
2015	Corporate goodness and shareholders wealth	Using a unique data set, I study how stock markets react to positive and negative events concerned with a firm's corporate social responsibility (CSR). I show that investors respond strongly negatively to negative events and weakly negatively to positive events. I then show that investors do value "offsetting CSR," that is positive CSR news concerning firms with a history of poor stakeholder relations. In contrast, investors respond negatively to positive CSR news which is more likely to result from agency problems. Finally, I provide evidence that CSR news with stronger legal and economic information content generates a more pronounced investor reaction. (c) 2014 Elsevier B.V. All rights reserved.	JFE	292

- Main conclusions and Table
    - It's costly to do CSR

      Positive CSR news has slightly negative effect on CAR and negative CSR news has strong negative effect on CAR. see Table3 panelB & panelE

    - While positive event occur, firms with agency problem (Measuring by Book Leverage & Liquidity) has less CAR. Yet after controlling firm size, the statistical result become insignificant. Meaning this phenomenon only occur to large firm. see Table7 panelA

      On the other hand, firms which do CSR due to offseting CSR (defined by having bad news in recent year) will have more return see Table6 panelA

    - While negative event occur, firms which previously equipted with good community relation suffer less-pronounced Negative stock price decline see Table7 panelB

2. Social Capital, Trust, and Firm Performance: The Value of Corporate Social Responsibility during the Financial Crisis

- Overview

Year	Article Name	Abstract	Jounral	cited
2017	Social Capital, Trust, and Firm Performance: The Value of Corporate Social Responsibility during the Financial Crisis	During the 2008-2009 financial crisis, firms with high social capital, as measured by corporate social responsibility (CSR) intensity, had stock returns that were four to seven percentage points higher than firms with low social capital. High-CSR firms also experienced higher profitability, growth, and sales per employee relative to low-CSR firms, and they raised more debt. This evidence suggests that the trust between a firm and both its stakeholders and investors, built through investments in social capital, pays off when the overall level of trust in corporations and markets suffers a negative shock.	JF	565

- Main conclusions and Table
  - Overall, CSR firm perform better during crisis
    see Table IV PanelA
  - Firms with higher CSR rating perform better are due to their superior (related to stakeholder trust)
    1. operating performance - Better sales see Table VI column 1~5
    2. operating performance - The ability of raising more debt see Table VI column 6

3. Sustainable investing in equilibrium

- Overview

Year	Article Name	Abstract	Jounral	cited
2021	Sustainable investing in equilibrium	We model investing that considers environmental, social, and governance (ESG) criteria. In equilibrium, green assets have low expected returns because investors enjoy holding them and because green assets hedge climate risk. Green assets nevertheless outperform when positive shocks hit the ESG factor, which captures shifts in customers' tastes for green products and investors' tastes for green holdings. The ESG factor and the market portfolio price assets in a two-factor model. The ESG investment industry is largest when investors' ESG preferences differ most. Sustainable investing produces positive social impact by making firms greener and by shifting real investment toward green firms. (c) 2021 Elsevier B.V. All rights reserved.	JFE	16

- Main conclusions and Table
  - ESG portfolio return/ Alpha & Investor surplus
    1. Portfolio return

       ESG investors earn significantly lower return than non-ESG investors see p.558 equation 46
    2. Alpha & investor surplus

       While Investor gives up return (Negative Alpha of ESG protfolio), they gain investor surplus see figure 3 panel A, panel B and equation 46
  - Introducing Climate Risk (Decomposing alpha)
    1. Green Stocks as climate hedges (Decomposing alpha)

       Greener stocks now have lower CAPM alphas not only because of investors' tastes for green holdings, but also because of greener stocks' ability to better hedge climate risk see p.562 equation 60
  - Social Impact
    1. Green Firms Invest more

       ESG tastes lead green firms to invest more and brown firms to invest less. ESG tastes reduce green firms' expected returns and hence their costs of capital. Green firms' lower costs of capital increase their projects' NPVs, so green firms invest more. see p.563 equation 61~64
    2. Firms become greener

       investors' ESG tastes tilt real investment from brown to green firms because those tastes generate alphas, which affect the cost of capital, which in turn affects investment **Baker and Wurgler (2012) : Negative relation between alpha and Investment** see p.563 equation 61~67 and figure 6