# [***2023 Moskowitz Prize Awarded To Research Measuring Financial Impact of Biodiversity Loss — Plus Honorable Mention Studies***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:69XB-FF91-JCMN-Y28G-00000-00&context=1516831)

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**Body**

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December 20, 2023 /3BL/ - From a field of 99 submitted papers, [***Biodiversity*** *Risk*](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4410107) was selected as the winner of the 2023 Moskowitz Prize at Northwestern University. The award, which recognizes high-impact research in sustainable finance, was presented to [*Stefano Giglio*](https://som.yale.edu/faculty-research/faculty-directory/stefano-giglio) (Yale School of Management), [*Theresa Kuchler*](https://www.stern.nyu.edu/faculty/bio/theresa-kuchler) (NYU Stern), [*Johannes Stroebel*](https://www.stern.nyu.edu/faculty/bio/johannes-stroebel) (NYU Stern), and [*Xuran Zeng*](https://www.linkedin.com/in/xuran-zeng-20b01a296/) (NYU Stern). Honorable Mentions went to [*Voice Through Divestment*](https://ssrn.com/abstract=4386469) , authored by [*Marco Becht*](https://www.ecgi.global/users/marco-becht) (Universit Libre de Bruxelles), [*Anete Pajuste*](https://www.sseriga.edu/pajuste-anete) (Stockholm School of Economics, Riga), and [*Anna Toniolo*](https://pcg.law.harvard.edu/fellows/anna-toniolo/) (Harvard University); and [*Four Facts About ESG Beliefs and Investor Portfolios*](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4415012) , by Stefano Giglio, [*Matteo Maggiori*](https://www.gsb.stanford.edu/faculty-research/faculty/matteo-maggiori) (Stanford Graduate School of Business), Johannes Stroebel, [*Zhenhao Tan*](https://www.nber.org/people/zhenhao_tan?page=1&perPage=50) (Yale University), [*Stephen Utkus*](https://www.linkedin.com/in/steveutkus/) (University of Pennsylvania Wharton Business School), and [*Xiao Xu*](https://www.linkedin.com/in/xiao-xu-b83403163/) (Vanguard).

The [*Moskowitz Prize*](https://www.kellogg.northwestern.edu/social-impact/academics/moskowitz-prize.aspx) , now in its 28th year, recognizes annually a research paper that demonstrates rigorous empirical methods and high potential to influence sustainability-related business and investment practices. This year's field of candidate papers was so strong that in addition to naming the winning paper, the judges took the remarkable step of awarding two Honorable Mention research works.

'The three papers recognized this year study three very different topics, but each represents an exemplary effort to deepen our understanding of sustainable investment,' says [*Lloyd Kurtz*](https://www.linkedin.com/in/lloyd-kurtz-cfa-678a3/) , founder of the Moskowitz Prize and again one of the judges this year. 'All three draw on unique data sets and employ innovative analytical techniques to address open issues in the field, presenting findings that will prompt reassessment and debate on topics that are central to successful future practice.'

Measuring ***Biodiversity*** Risk and Its Impacts

The winning paper's authors tackle key areas largely unexplored by previous research: how to quantify ***biodiversity*** risk, differentiate it from climate risk, and understand its economic impacts including on asset prices.

***Biodiversity*** ***loss*** reflects damage or depletion to the earth's collective total of genes, species, and ecosystems, which are critical to human survival and well-being; it can translate to trillions of dollars in ***losses***. So quantifying ***biodiversity*** risk is paramount.

The researchers develop and test multiple measures of ***biodiversity*** risk and related business exposure, including through a survey of financial and policy professionals, news coverage ( New York Times coverage of ***biodiversity*** developments), 10-K analysis, and others.

The research reveals key findings, including: survey respondents believe ***biodiversity*** risks have at least moderate impacts on business; sectors with high exposure to ***biodiversity*** risk include energy and utilities, while software and semiconductor businesses face less risk; over the past decade, equities have at least partially priced in ***biodiversity*** risk, though not as much as survey respondents believe they should; ***biodiversity*** and climate risks are largely independent phenomenon that should be treated separately in research and practice.

The authors make their ***biodiversity***-related measures available for public use, in the hope that researchers and others will extend knowledge of the extent and impacts of ***biodiversity*** ***loss***.

'This paper, to my knowledge, is the first attempt to try to quantify ***biodiversity*** information in such a complete way,' judge [*Brian Bruce*](https://haas.berkeley.edu/brian-r-bruce/) says. 'Investors always want to know whether ***biodiversity*** risks are incorporated into the price of a stock, and these researchers have stepped into the breach to try to do this.'

Kurtz reinforces the point: 'There's no good commercially available ***biodiversity*** rating system, or good disclosure of related metrics from companies. This paper lays the groundwork for that type of structural development so that sustainable finance professionals can act in a way that's beneficial toward ***biodiversity***.'

"It's wonderful to receive this award, and it's great to see the growing interest in studying and managing nature-related financial risks separately from the related topic of climate risks,' says study co-author Johannes Stroebel.

Retail Investors and ESG

One of the Honorable Mention studies examined the expectations and motivations of retail investors related to ESG assets, including financial and non-financial considerations.

The authors added ESG-investment-related questions to a large-scale survey conducted among Vanguard investors, along with studying anonymized portfolio holdings of respondents. They reveal that between mid-2021 and late 2022, investors expected the 10-year return on ESG investments to underperform the market by 1.4% per year; nearly half of investors saw no reason to invest in ESG, while ethical reasons and hedging of climate risk were the most common motivations for ESG investment; ESG investments were largest among investors with ethical motivations; some investors hold ESG investments even when expecting negative returns.

'This paper gives us a window into the complex motivations of ESG investors, enabling the financial services industry to better serve their needs,' says Moskowitz Prize judge [*Lisa Goldberg*](https://www.econ.berkeley.edu/profile/191202) . Fellow judge [*Ayako Yasuda*](https://gsm.ucdavis.edu/faculty/ayako-yasuda) says, 'To examine whether the sustainable fund industry pursues goals that are aligned with the end-investors' motivations, we need to learn what motivates retail investors to invest in ESG funds. This paper is the first that I'm aware of to provide such statistics.'

Study co-author Zhenhao Tan says, 'We're very grateful for this recognition, and appreciate the interest in better understanding retail investors' motivations for investing in ESG assets."

Voice Through Divestment

The other Honorable Mention paper examines how divestment of stock holdings and pledges to disinvest affect target companies and industries, given past skepticism about this link. The authors view divestment as a form of voice, with disinvestment pledges resonating with boards, customers, employees, and stakeholders, especially via social media.

The paper draws evidence from the 'go fossil free' movement, which has promoted divestment from companies with large coal, oil, and gas reserves. The researchers spotlight Ireland's 2018-2019 divestment from fossil fuel, and how viral related Twitter announcements coincided with significant ***losses*** for US companies during the announcement week, including for non-divested businesses and industries, like airlines. The authors go on to demonstrate that well beyond the Ireland case, viral divestment announcements significantly affect stock prices of all high-carbon emitters, on top of reductions in shares held.

'The research underscores the significant financial impact of environmental advocacy and public sentiment,' says judge [*Lilian Ng*](https://schulich.yorku.ca/faculty/lilian-ng/) . 'It suggests that companies in carbon-intensive industries should reconsider their business strategies to adapt to the evolving market dynamics shaped by environmental narratives.'

'Voice Through Divestment builds on narrative economics, a method not yet widely used or accepted in finance,' says study co-author Marco Becht. 'The recognition by the Moskowitz Prize committee is heartening, and we hope it spurs greater acceptance and understanding of this approach.'

Co-author Anete Pajuste says, 'The idea that divestment announcements are statements of disapproval is a powerful insight that breaks with the notion that divestment and engagements are substitutes. We are grateful to the Moskowitz Prize committee for the recognition and the encouragement to bring this research to fruition.'

Read the Moskowitz Prize Research Briefs to learn more about the methods, data, results, and real-world applications of the award-winning studies.

Moskowitz Winner Research Brief: [***Biodiversity*** *Risk*](https://www.kellogg.northwestern.edu/social-impact/academics/-/media/dc2adcc086d54c8ea5bd64af6db99702.ashx?la=en)

Moskowitz Honorable Mention Research Brief: [*Voice Through Divestment*](https://www.kellogg.northwestern.edu/social-impact/academics/-/media/5565dbf8c76248188d3630f56c723e44.ashx?la=en)

Moskowitz Honorable Mention Research Brief: [*Four Facts about ESG Beliefs and Investor Portfolios*](https://www.kellogg.northwestern.edu/social-impact/academics/-/media/f2b8ee4da7444b5989a6450cd589487f.ashx?la=en)

Support for the Moskowitz Prize

The relevance of the Moskowitz Prize to the business domain is reflected in its premier sponsors, which this year included six financial institutions led by [*Bailard*](https://www.bailard.com/) , the [*Calvert Institute for Responsible Investing*](https://www.calvert.com/calvert-institute.php) , and [*Equilibrium Capital*](https://eq-cap.com/) .

All are global leaders in sustainable finance practices, and their support for the Moskowitz Prize incentivizes and motivates the critical academic research helping to shape this field.

More About the Moskowitz Prize at Northwestern University

The Moskowitz Prize is named for Milton Moskowitz (1932-2019), one of the field's first and most innovative investigators, whose pioneering legacy continues through the Moskowitz Prize. Moskowitz rose to prominence through his '100 Best Companies to Work For' lists, one of the most influential early incentives for responsible corporate governance, and an early examination of the relationship between responsible practices and financial returns.

In 2020 the Moskowitz Prize became an initiative of Northwestern University's Kellogg School of Management. First presented in 1996 by the U.S. Social Investment Forum, the Prize was founded by Lloyd Kurtz, currently Senior Portfolio Manager at Montecito Bank and Trust and a Visiting Scholar at Kellogg. The Moskowitz Prize was awarded by UC Berkeley's Haas School of Business from 2005-2019.

Judging for the Moskowitz Prize is completed by a panel of some of the world's most accomplished sustainable finance researchers and practitioners. In 2023, the panel comprised seventeen judges from universities and financial firms from all over the world, including the Kellogg School at Northwestern University.

[*Learn more about the Moskowitz Prize here*](https://www.kellogg.northwestern.edu/social-impact/academics/moskowitz-prize.aspx) or [*sign up to receive future Moskowitz Prize announcements.*](https://mailchi.mp/kellogg/moskowitz)

More About Northwestern University's Kellogg School of Management

The Kellogg School of Management is a global business school with a vibrant community of faculty, staff, students and alumni who shape the practice of business and organizations around the world. Kellogg brings a blend of theory and practice to its rigorous academic experience, creating a dynamic research and learning environment. Kellogg's purpose is to educate, equip and inspire brave leaders who build strong organizations and wisely leverage the power of markets to create lasting value.

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[*Link to the original story.*](https://www.3blmedia.com/news/2023-moskowitz-prize-awarded-research-measuring-financial-impact-biodiversity-loss-plus)

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