DISSERTATION PROPOSAL

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"Essays on Corporate Social Responsibility (CSR) Disclosures"

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In response to the increasing demand for individual firms to provide corporate social responsibility (CSR) information, U.S. regulators, such as the Securities and Exchange Commission (SEC), are on the verge of mandating greater transparency for a move toward standardized sustainability disclosures. Yet, there exists limited evidence on the economic effects of mandatory CSR disclosure. In this dissertation, I plan to address this research gap in the existing literature and study how mandatory corporate social responsibility disclosures affect firms' behavior by examining both information effects and real effects.

In the first chapter, coauthored with Nicholas Muller and Pierre Jinghong Liang, we examine the real effects of the Greenhouse Gas Reporting Program (GHGRP) on electric power plants in the United States. Starting in 2010, the GHGRP requires both the reporting of greenhouse gas emissions by facilities emitting more than 25,000 metric tons of carbon dioxide per year to the Environmental Protection Agency and the public dissemination of the reported data in a comprehensive and accessible manner. Using a difference-in-difference research design, we find that power plants that are subject to the GHGRP reduced carbon dioxide emission rates by 7%. The effect is stronger for plants owned by publicly traded firms. We detect evidence of strategic behavior by firms that own both GHGRP plants and non-GHGRP plants. Such firms strategically reallocate emissions between plants to reduce GHGRP-disclosed emissions. We interpret this as evidence that the program is costly to the affected firms. Our results offer new evidence that public or shareholder pressure is a primary channel through which mandatory Corporate Social Responsibility (CSR) reporting programs affect firm behavior.

In the second chapter, I propose to study the interaction between mandatory CSR disclosure and voluntary CSR disclosure. The extant literature on CSR disclosure largely focuses on voluntary disclosure and suggests mixed results on a large set of determinants of voluntary CSR reporting. While mandatory CSR disclosure has the potential to improve the overall information environment in the market, it can also lead to unintended consequences if firms strategically respond to the anticipated stakeholder response. Specifically, I ask how mandatory CSR disclosure affects firms' overall disclosure strategy and their subsequent voluntary disclosure behavior. Given that firms strategically choose to voluntarily disclose CSR information, I hypothesize that the information shock from the mandatory disclosure regulation will cause an equilibrium shift by firms that previously disclosed voluntarily. Having an understanding of this dynamics on firms' disclosure behavior is crucial in evaluating the effectiveness of mandatory disclosure regulation and its subsequent effects on firm behaviors.