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## WiPäd Bachelor Theses FSS 2023: Topics

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- TOPIC NR1:**     **The Diversity Problem in Finance: Gender Gaps in the Academic Finance Profession**  
Advisor: Larissa Ginzinger
- TOPIC NR2:**     **ESG-based Executive Compensation: Can ESG Pay Create Stakeholder Welfare?**  
Advisor: Larissa Ginzinger



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**TOPIC NR1: The Diversity Problem in Finance: Gender Gaps in the Academic Finance Profession**

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**Advisor:** Larissa Ginzinger

The finance industry has a diversity problem. It is one of the sectors in which the underrepresentation of women and people of color in high-status, high-earnings occupations is most prominent. Recently, the focus of the debate on (gender) diversity in finance has focused on the role of diversity in the academic finance profession. The idea is that the rosters of academics who educate future business leaders perhaps ought to reflect the diversity of society. Young women and people of all colors may need to be shown that if they have the ambition and the aptitude, they can one day head a central bank, become a full professor, or be the chief executive of a corporation.

In this effect, recent research has investigated the record of female representation in the academic finance profession. Using a sample of finance faculty at top-100 U.S. business schools, Getmansky-Sherman and Tookes (2022) find that in 2017, barely 16% of finance faculty were women. Moreover, they present evidence that women tend to hold positions at lower-ranked institutions, are less likely to have tenure, and are less likely to be full professors. Adams and Lowry (2022) conduct a survey on the professional culture within finance and report that women in academic finance are held back by bias and discrimination.

**Requirements:**

The goal of this thesis is twofold. First, the student is required to provide a comprehensive literature survey on gender imbalances in the U.S. academic finance profession. The discussion should include, but is not limited to, (1) the status quo of gender imbalances in academic finance; (2) a comprehensive review and comparison of the reasons for these imbalances; (3) the differential effect of the pandemic on female and male finance faculty; (4) measures that can help to overcome gender imbalances in academic finance. Second, the student is required to generate summary statistics on the female representation in the German finance profession based on publicly available DESTATIS Data. Sound knowledge in Excel knowledge is required for this task.

**Introductory Literature:**

- Adams, R., & Lowry, M. (2022). What's good for women is good for science: Evidence from the American Finance Association. *The Review of Corporate Finance Studies*, 11(3), 554-604.
- Adams, R. B., & Xu, J. (2022). *The Inequality of Finance*. SSRN Working Paper 3998218.
- Barber, B. M., Jiang, W., Morse, A., Puri, M., Tookes, H., & Werner, I. M. (2021). What explains differences in finance research productivity during the pandemic? *The Journal of Finance*, 76(4), 1655-1697.
- DESTATIS (2022): *Personal an Hochschulen 2021*.
- Hengel, E. (2022). Publishing while female: Are women held to higher standards? Evidence from peer review. *The Economic Journal*, 132(648), 2951-2991.
- Getmansky-Sherman, M., & Tookes, H. E. (2022). Female representation in the academic finance profession. *The Journal of Finance*, 77(1), 317-365.

**TOPIC NR2: ESG-based Executive Compensation: Can ESG Pay Create Stakeholder Welfare?**

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**Advisor:** Larissa Ginzinger

A heated debate is taking place on how to create a more inclusive capitalism that serves not only the interests of shareholders but also those of other stakeholders such as employees, consumers, suppliers, and the environment (“stakeholder capitalism”). This stakeholder governance view recommends that corporate leaders be given enhanced discretion to consider the interests of all stakeholders, not only shareholders. With the rising support for stakeholder capitalism and at the urging of its advocates, companies have been increasingly using environmental, social, and governance (ESG) performance metrics for CEO compensation.

Cohen et al. (2022) examine the reliance on ESG metrics in executive compensation contracts for a sample of international publicly traded firms. Their findings suggest that the adoption of ESG variables in managerial performance measures has grown rapidly over the past decade and is accompanied by improvements in ESG performance. Bebchuk and Tallarita (2022) argue that the use of ESG-based compensation has, at best, a questionable promise and poses significant perils.

**Requirements:**

The goal of this thesis is twofold. First, the student is required to provide a comprehensive literature survey on ESG-based compensation. The discussion should include, but is not limited to, (1) a review of the agency-theoretic underpinning of ESG-based compensation; (2) a detailed investigation of the current use of ESG metrics in top executives’ compensation schemes and its development over time; (3) the characteristics of ESG pay adopters; (4) the economic outcomes associated with the adoption of ESG pay; (5) a comprehensive review of the limitations and perils of ESG-based compensation. Second, the student is required to conduct a case study including descriptive statistics on the use of ESG-based compensation and firm outcomes. Information on ESG compensation can be retrieved from firms’ proxy statements available at the SEC’s publicly available EDGAR database or from the ISS Incentive Lab database that can be accessed via WRDS. Information on firms’ ESG outcomes can be obtained from Refinitiv Eikon. Sound knowledge in Excel is required for this task.

**Introductory Literature:**

- Azar, J., Duro, M., Kadach, I., & Ormazabal, G. (2021). The big three and corporate carbon emissions around the world. *Journal of Financial Economics*, 142(2), 674-696.
- Bebchuk, L. A., & Tallarita, R. (2022). The perils and questionable promise of ESG-based compensation. SSRN Working Paper.
- Bonham, J., & Riggs-Cragun, A. (2022). Motivating ESG Activities Through Contracts, Taxes and Disclosure Regulation. Chicago Booth Research Paper.
- Cohen, S., Kadach, I., Ormazabal, G., & Reichelstein, S. (2022). Executive compensation tied to ESG performance: International evidence. SSRN Working Paper.
- Hart, O. D., & Zingales, L. (2022). The new corporate governance. NBER Working Paper.