Report on Bachelor Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Viktória Mjartanová
Advisor:	doc. PhDr. Martin Gregor, Ph.D.
Title of the thesis:	Determinants of Web-Based CSR Disclosure in the Retail Sector of the Czech Republic

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Contribution

Voluntary adoption (and disclosure) of certificates (*economics of certifications*) is a topic of academic interest at least since early 1980s, and work on this topic uniquely connects industrial organization, accounting, business research and microeconomic theory. This thesis contibutes to the economics of certifications by empirically analyzing voluntary adoption and disclosure of CSR activites by retail firms in the Czech Republic.

Viktória has narrowed down her interest to the retail sector where the key stakeholder (general public) largely overlaps with the customer base. As the general public is the key stakeholder, external CSR activities (such as catering environmental interests and local community interests) arguably become the main activities in favor of stakeholders. Also, since the key stakeholder overlaps with the customer base and customers are socially concious, there is an economic interest to cater the key stakeholders interests. (Namely, socially concious customers can be charged a CSR premium; provision of CSR is then analogous to provision of quality.)

To cover external CSR activities systematically, Viktoria has exploited that retail firms in these days regularly communicate to the public through their online activities; hence, websites can be used as the disclosure channel.

Her main contribution is that in this general-public-oriented sector, only a few variables systematically distinguish the CSR adopters from non-adopters. It seems that the older (more established) retail firms adopt CSR; also, CSR is more adopted by finncially sound firms, especially if measured by EBIT or return on assets. (EBIT also indirectly captures an effect of size as financial variables are highly correlated and except of returns expressed in absolute terms.) The latter result may be partly an artifact of the cross-sectional nature of the data (more about that in the summary part).

Interestingly, many legal and structural variables (such as the legal form and heaquarter location in Prague) are not significant. There is no different pattern across sub-industries either, which is also very interesting.

Methods

The thesis is primarily empirical. The author has compiled her own database by collecting EMIS data and by manually collecting and coding web-based CSR activities as in Utgaard (2018). Three econometric models (linear probability, logit and probit) are introduced in details.

What I appreciate is that legal and organizational control variables (such as legal form, location, and obviously age from incorporation) are likely not endogenous to CSR activities.

I miss a bit a simple formal model of competitive investments into CSR that would clarify which firm characteristics should support the CSR adoption.

Literature

A wide literature from various areas (such as business strategy, managerial economics, and financial economics) is covered, including recent important articles on various effects of CSR published in top

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top finance and economics journals such as in Kruger (2015, J of Financial Economics), Liang and Renneboog (2017, J of Finance), Lins et al. (2017, J of Finance), and Magill et al. (2015, Econometrica).

Manuscript form

The manuscript is very carefully edited in LaTeX. Academic writing is adequate at the undergraduate level.

Summary and suggested questions for the discussion during the defense

In my view, the thesis is a nice piece of work, where discussion during the defense should determine the final grade between B and A. My suggestions for the discussion is as follows:

1. Please discuss the how the Directive 2014/95/EU on disclosure of non-financial and diversity information by large companies may have influenced these results and how it would affect the analysis in the next year when the directive becomes binding. (The point is that the directive will apply only to annual reports of particular types of firms.)
2. How exactly does the lack of significance of certain structural variables contrast evidence from other countries and industries?
3. Please elaborate in detail disadvantages of the cross-sectional nature of data. One aspect is that current CSR activities reflect past CSR activities (as firms very unlikely discontinue CSR) and past activities may have improved current financial variables. If you had a bigger population of firms and observations on past CSR activities, could you address this problem by excluding „past adopters" (those who have adopted CSR in the past) and maintain only „non-adopters" and „current adopters" (those who have adopted CSR in the current year)?

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
Contribution	(max. 30 points)	25
Methods	(max. 30 points)	25
Literature	(max. 20 points)	19
Manuscript Form	(max. 20 points)	20
TOTAL POINTS	(max. 100 points)	**89**
GRADE	(A – B – C – D – E – F)	**B**

NAME OF THE REFEREE: **Martin Gregor**

DATE OF EVALUATION: **August 28, 2018**

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Referee Signature