THREE ESSAYS ON CORPORATE SOCIAL RESPONSIBILITY DISCLOSURES AND THE TRANSITION TO MANDATORY CSR REPORTING IN EUROPE

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Transition to mandatory corporate social responsibility (CSR) reporting in Europe following Directive 2014/95/EU in 2014 opens new possibilities for comprehensive analysis of non-financial reporting in an environment of regulatory change. A significant fraction of CSR information exists in the form of text, and the number of entities required to publish this information includes all large European companies. Textual nature of data and lack of uniform presentation call for non-traditional tools to measure the change in reporting quality and its capital market effects. We address this issue using textual analysis, which seems to be a promising channel to capture regulatory impact. While isolating CSR discussion and analysis in a dedicated report is not an issue, its extraction from the annual report requires developing an adapted algorithm. The first chapter of the thesis describes such an algorithm developed for that purpose. In our second chapter, we analyze CSR reporting by large European listed companies pre and post-adoption of Directive 2014/95/EU mandating non-financial reporting in the European Union. In our final chapter, our primary focus is to analyze the capital market consequences of mandatory CSR reporting around the new Directive. Overall, this study contributes to CSR literature investigating economic consequences of disclosure regulations, summarizing CSR narratives with alternative measures besides non-transparent ratings and extending scope of CSR disclosure analysis by including annual reports.