



Accounting Research Workshop (ARW) – summer 2023 –
This workshop is part of the TRR-Seminar-Series

Speaker: Amoray Riggs-Cragun

University: Assistant Professor, The University of Chicago, Booth School of Business

Date: July 4, 2023

Topic: “Motivating ESG activities through contracts, taxes, and disclosure regulation”

On July 4th 2023, we had the pleasure to welcome Professor Amoray Riggs-Cragun to our Accounting Research Workshop. Amoray presented a paper addressing an extremely timely and important research question: To what extent can contracts, taxes, and disclosure regulation motivate firm managers to invest in ESG activities? To answer this research question Amoray and her coauthor Professor Jonathan Bonham develop an analytical model where managers can influence the joint distribution over financial and ESG outcomes and reports. The findings suggest that contracts can indeed change managers’ motivation to invest in ESG activities but the effect is limited by the extent to which shareholders value ESG activities. In terms of taxes as another tool to motivate managers to invest in ESG activities, the findings suggest that taxes can more strongly align shareholders’ and societal objectives but only in case ESG outcomes are reliably measurable. Finally, disclosure regulation can foster managers’ investment in ESG technologies if ESG-conscious firms in the market are powerful enough to compete against brown firms and cooperate with green firms.