



Master's Thesis

The effect of ESG scores on firm value: An analysis of listed companies
in Germany

Submitted by
Laimbauer Niklas, BA

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Supervisor	Manfred Schieber, MA MBA MSc

Abstract

This study fills a significant gap in the academic literature by analysing the specific influence of environmental, social and governance (ESG) ratings on the enterprise value of DAX-listed companies. Despite the increasing importance of ESG factors in business and investment decisions, existing studies predominantly focus on the correlation between ESG performance and various financial indicators, overlooking a direct investigation of the influence of ESG ratings on company valuation in relation to the DAX. The study aims to provide valuable insights for investors by analysing the relationship between ESG ratings and firm value, thereby improving informed decision-making in the dynamic landscape of sustainable investments.

This master thesis examines the research question "How do ESG ratings influence the firm value of companies listed on the DAX?" and focuses on the unclear relationship between ESG scores and share prices. The research uses a qualitative methodology to provide an in-depth insight into these complex dynamics.

The key finding of this research is the uncertainty regarding the direct impact of ESG scores on stock prices. A variety of factors, beyond ESG criteria, influence stock prices, making it difficult to identify a clear correlation. Despite this uncertainty, the research shows that the topic of ESG investing is gaining in importance and is increasingly relevant for investors and companies. The expert interviews emphasise the growing attention to environmental, social and governance aspects in the financial world and underline the increasing importance of ESG scores for investment decisions. With regard to industry-specific differences, this study found no significant variation in the influence of ESG scores on firm value within the DAX. This suggests that the impact of ESG factors on company value may be similar regardless of industry.

The qualitative research methodology, based on expert interviews, enabled a comprehensive analysis of the topic and emphasises the need for further research to better understand the various factors influencing the stock market and the role of ESG scores. This work thus contributes to raising awareness of the complex dynamics between ESG scores and company value in the DAX.