

Effect of Media Reputation on Financial Performance and Abnormal Returns of Corporate Social Responsibility Winner

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Abstract : This study examines whether the reputation from media press affect the financial performance and market abnormal returns around the announcement of corporate social responsibility (CSR) award in the Taiwan Stock Market. The differences between this study and prior literatures are that the media reputation of media coverage and net optimism are constructed by using content analyses. The empirical results show the corporation which won CSR awards could promote financial performance next year. The media coverage and net optimism related to CSR winner are higher than the non-CSR companies prior and after the CSR award is announced, and the differences are significant, but the difference would decrease when the day was closing to announcement. We propose that non-CSR companies may try to manipulate media press to increase the coverage and positive image received by investors compared to the CSR winners. The cumulative real returns and abnormal returns of CSR winners did not significantly higher than the non-CSR samples however the leading returns of CSR winners would higher after the award announcement two months. The comparisons of performances between CSR and non-CSR companies could be the consideration of portfolio management for mutual funds and investors.

Keywords : corporate social responsibility, financial performance, abnormal returns, media, reputation management

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