

# 行政院國家科學委員會專題研究計畫 成果報告

基金經理人性別差異對於基金績效、投資風格、職涯考量、媒體曝光度與市場評價影響之研究(WR43)(第2年)  
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## 第一章 緒論

過去共同基金的學術研究多著重於共同基金績效的探討，包括共同基金的績效持續性、擇股能力、擇時能力以及基金持股變動對績效的影響 (Sharpe,1966; Jenson, 1968; Treynor and Mazuy,1966; Heriksson, 1984; Grinblatt, Titman and Wermers, 1995; Daniel, Grinblatt, Titman, and Wermers, 1997; Wermers, 2000)，較少提到基金經理人特徵對績效產生的影響。有關基金經理人特徵與績效的關係的研究指出，共同基金經理人的年齡、學歷以及任期都會對共同基金績效造成影響 (Golec, 1996; Chevalier and Ellison, 1999a)。然而，這些研究忽略經理人的性別所帶來的影響。

不論是西方國家或是東方社會，女性在過去幾十年在勞動參與率有顯著的進展，但是能夠晉升到高層職位的人數卻非常少。這種現象也就是所謂的玻璃天花板效應 (glass ceiling effect)，雖然學術文獻指出男女高階主管的能力以及績效並無差異 (Snyder, Verderber, Langmeyer, Myers, 1994; Morgan, 1998)，但由於女性高階主管的比例很低<sup>1</sup>，所以在推論上較不具代表性。台灣共同基金的女性經理人約為整體經理人的 40%<sup>2</sup>，共同基金經理人與高階主管所進行的資源分配上的工作相似，所以本研究採用基金經理人的樣本來探討女性工作者在職場上的表現更具代表性。

本計畫在第二年度的研究目的有二：第一、投資人在投資共同基金時是否會受到共同基金經理人性別的影響；第二、探討媒體曝光度對共同基金的影響。對於媒體曝光度的影響，我們分兩種情形討論：女性基金經理人的媒體曝光度是否會影響共同基金投資人的申購或贖回行爲，以及一般公司的媒體曝光度是否會影響女性基金經理人投資該公司股票或債券的決策。

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<sup>1</sup> Morgan (1998) 指出 1990 年美國女性工作者約佔整體勞動市場 45%，但是女性高階主管卻僅佔整體主管 5%。富比士雜誌指出，2007 年以美國為例，美國五百大企業的 10145 個主管職位，女性只占 15.6%。

<sup>2</sup> 美國探討基金經理人的研究，其女性樣本約為 10% (Atkinson, Baird and Frye, 2003; Bliss and Potter, 2002)。

## 第二章 文獻探討

### 第一節 基金經理人性別對於共同基金投資人的影響

Gruber (1996) 開始以共同基金投資人的角度，來檢驗共同基金投資人是否具有預測共同基金未來績效的能力。他指出精練的投資人(sophisticated investors) 可以察覺到共同基金經理人的能力，基金的流入與流出量可以做為預測共同基金績效的指標，新流入資金較多的基金其未來報酬也會較佳。後續研究發現 Berk and Green (2002, 2004)投資人可以藉由觀察過去的績效表現來學習到有關經理人的能力，並將資金流入到有高能力的經理人(Zheng, 1999; Sawicki and Finn ,2002; Berk and Green 2004; 池祥萱、林煜恩、周賓凰，2007)。

上述文獻指出共同基金存在聰明錢效果，但是這些文獻並未探討性別對共同基金投資人所造成的影響，也未考量共同基金經理人更換的情形，當基金經理人是第一次掌管該共同基金時，投資人是否仍然能找出績優的共同基金，或者是對基金經理人有特殊的偏好行為，學術文獻如 Atkinson, Baird and Frye (2003) 指出投資人會受基金經理人的性別而決定是否申購該檔基金，在掌管基金的頭一年，由於沒有過去的績效資訊，基金投資人不願意投資女性經理人的管理的基金，其餘則受前一年度的績效所影響，本研究希望進一步探討台灣共同基金投資人是否會受基金經理人性別的影響，而決定其是否要投資該檔基金，聰明錢效果是否會因而受基金經理人性別的影響。

## 第二節 基金經理人性別對於媒體曝光度的影響

許多文獻指出 CEO 媒體曝光度對於公司的經營績效有正面的影響。Pincus, Rayfield and Cozzens (1991)、Daily and Johnson (1997) 及 Deephouse (2000) 認為 CEO 是公司領導者與成功者的象徵，藉由大量的媒體曝光可以為公司吸引更多的客戶。富比世雜誌每年都會公布當年度全球百大權力女性排行，其對全球百大權力女性的有兩個排行標準，其中一個就是能見度(媒體曝光率)。由此可知，女性共同基金經理人的媒體曝光度對於市場投資人可能有其重要性。Sirri and Tufano (1998) 指出共同基金的成功與否在於其是否能吸引足夠的基金流量，因此本計畫擬研究當共同基金經理人的曝光度越高，對共同基金的申購是否有正面的影響；Atkinson, Baird and Frye (2003) 指出基金投資人不願投資女性基金經理人所管理的共同基金，因此我們亦假設男性與女性基金經理人的曝光程度對共同基金的申購有不同的影響。

Barber and Odean (2005) 專業的機構投資人較不會受新聞的影響而進行股票的買賣行為，但是其研究為共同基金的樣本，並未探討性別的影響。郭敏華、范秉航(2004) 的研究中指出女性會受外來資訊影響進行投資決策，Felton, Gibson and Sanbonmatsu (2003) 則指出人們比較樂觀或者自信時，他們會搜尋大量的資訊來進行分析，由分析所得的私有資訊來進行決策。本計畫擬進一步探討男性與女性基金經理人是否會受公司曝光程度影響去進行投資。

### 第三章 資料與研究方法

#### 第一節 資料

本研究的研究範圍是台灣地區所發行的開放型股票共同基金。基金資料內容包含共同基金的名稱、代碼、經理人的姓名、性別、年齡、教育程度、資歷、離職原因、共同基金的持股資料以及共同基金的原始報酬率、買進周轉率、賣出周轉率、手續費率、交易稅率、經理費率以及保管費率。所有資料皆取自於台灣經濟新報 (TEJ)、台灣經濟新報貨幣觀測與信用評等與情報贏家資料庫。

有關股票的新聞資料則使用聯合知識庫 (聯合報系資料庫)，該資料庫涵蓋了政治、社會、財經、影藝、體育、副刊等每日之新聞。由於媒體曝光度之資料龐大且蒐集較費時，乃採用資料索引搜尋的方式，將每日攸關特定股票的消息陳列出來，在逐一針對每一則消息內容，進行消息屬性的判斷，將每則攸關股票之消息區分為好消息、壞消息、中立消息三類。本研究收集 2001 年 1 月到 2001 年 12 月所有上市櫃公司的新聞資料。

#### 第二節 研究方法

首先，本研究擬探討共同基金投資人是否受媒體曝光度的影響而其基金的申購與贖回，本研究採用式 (1)、式(2)來檢驗媒體曝光度、經理人性別以及其交互作用對共同基金投資人投資決策的影響。

$$inflow_t = \alpha_i + \beta_1 * Ret_{t-1} + \beta_2 * DGender_{t-1} + \beta_3 * Ret_{t-1} * DGender_{t-1} + c_j * C_j \quad (1)$$

$$outflow_t = \alpha_i + \beta_1 * Ret_{t-1} + \beta_3 * DGender_{t-1} + \beta_3 * Ret_{t-1} * DGender_{t-1} + c_j * C_j \quad (2)$$

式 (1) 中， $inflow_t$  為共同基金當月份申購額， $Ret_{t-1}$  為共同基金的報酬率， $DGender_{t-1}$  為共同基金前一月份經理人性別虛擬變數，男性為 1，否為 0， $Ret_{t-1} * DGender_{t-1}$  為報酬率與性別的交乘項。式 (3) 中， $outflow_t$  為共同基金當月份贖回額，藉此我們可以檢驗基金投資人的申購與贖回金額是否會受基金經理人性別影響。

本研究第二個目的為探討共同基金經理人是否受媒體曝光度的影響而其股票的賣

進與賣出，本研究採用式 (3)、式(4)來檢驗媒體曝光度、性別以及其交互作用對共同基金投資人人投資決策的影響。

$$Buy_t = \alpha_i + \beta_1 * Media_{t-1} + \beta_2 * Media_{t-1}^2 + \beta_3 * DGender_{t-1} + \beta_4 * Media_{t-1} * DGender_{t-1} + c_j * C_j + \varepsilon \quad (3)$$

$$Sell_t = \alpha_i + \gamma_1 * Media_{t-1} + \gamma_2 * Media_{t-1}^2 + \gamma_3 * DGender_{t-1} + \gamma_4 * Media_{t-1} * DGender_{t-1} + c_j * C_j + \varepsilon \quad (4)$$

式 (3) 中， $Buy_t$  為基金經理人當月份買進個股張數取自然對數， $Media_{t-1}$  為個股的前一月份媒體曝光度， $Media_{t-1}^2$  為個股前一月份媒體曝光度的平方項， $DGender_{t-1}$  為共同基金性別虛擬變數，若為男性定義為 1，否為 0， $Media_{t-1} * DGender_{t-1}$  為媒體新聞量與性別的交乘項。若媒體曝光度對基金經理人會造成影響，則我們預期當非負面新聞的比率越高，基金經理人購買的股票張數也會越高，則  $\beta_1$  為正，而先前的文獻亦指出媒體曝光度與投資行為呈現非線性關係，我們預期  $\beta_2$  為負，亦即當資訊量超過某一臨界點時，會產生資訊過載的現象，基金經理人反而不願意買進該檔股票。式 (4) 中， $Sell_t$  為基金經理人當月份賣出該持股張數取自然對數，若媒體曝光度對基金經理人會造成影響，則我們預期當非負面新聞的比率越高，基金經理人賣出的股票張數也會越高，則  $\gamma_1$  為負，亦即基金經理人越不會賣出股票，而先前雖然指出媒體曝光度與投資行為呈現非線性關係，然而，該預測僅針對買進行為探討，所以我們對  $\gamma_2$  不做任何預期符號。本研究亦驗證性別對投資決策的影響，而針對交互作用效果，我們檢驗何種性別的經理人較易受到媒體曝光度的影響，如果基金經理人手頭上持有的股票有帳面虧損，若又同時有高媒體曝光率，會導致基金經理人更不會賣出該檔股票。

我們亦以相似的模型來檢驗基金投資人的申購贖回情況，藉此檢驗共同基金收購與贖回是否會受經理人性別影響，藉此可檢驗聰明錢效果是否存在，假設基金投資人是理性的決策者，則其投資決策應該不會受到性別所影響。

## 第四章 實證分析與討論

### 第一節 基金經理人性別對基金投資人投資決策的影響

研究結果顯示，共同基金投資人在基金申購額方面，有輕微的追逐過去績效的現象，當過去的績效越佳，其申購額也越佳，我們進一步檢驗共同基金經理人性別對基金投資人的影響，結果發現不管是基金經理人性別或者是基金經理人的性別與績效相乘項皆不顯著，顯示基金投資人在進行申購決策時並不會受到基金經理人性別的影響。

我們進一步檢驗基金經理人的性別對基金投資人贖回決策的影響，結果發現當前期績效越佳，基金投資人會有落袋為安的現象，會增加基金贖回的現象，而在基金經理人性別虛擬變數方面，基金投資人不會因為經理人性別而影響其投資決策；在基金經理人性別虛擬變數與共同基金前期績效的交乘項上，顯著為負，該結果表示當基金投資人發現基金經理人是男性時，如果該檔基金績效較好，投資人較不會贖回其資金。

我們的結果顯著，投資人在進行申購行為時較不會受性別所影響，亦表示基金投資人在進行投資決策時較為理性，然而就基金公司的角度來看，在股市大漲的情況下，應該多以男性基金經理人為主，如此可以保留較多的資金；然而若股市大跌時，共同基金績效通常較差，此時如果是女性經理人為主，基金投資人較不會贖回其資金。

### 第二節 基金經理人性別與媒體曝光度的影響

我們分別檢驗當股票公司有好消息與壞消息時對基金經理人買進決策與賣出決策的影響，

除了檢驗其投資決策，本研究亦藉助事件研究法來探討當樣本期間內好消息與壞消息的異常報酬率的情況，藉以判斷基金經理人的投資決策是否正確，結果發現不管是好消息或者是壞消息，其累積異常報酬率都小於 0，顯示如果基金經理人能做出正確的投資決策，當出現公司的消息時，就應該減少買進或者賣出持股。

平均而言，當有公司的好消息出現時，基金經理人都會增加其持股，但是當好消息的次數出現的過於頻繁時，基金經理人較不會買進該檔股票，而性別虛擬變數顯著為負，

顯示女性基金經理人較男性基金經理人較會買進股票，然而交乘項不顯著，顯示在解讀新聞上的能力差異不大，他們較不會買進該檔股票；在賣出決策上，當有好消息發生時，基金經理人都會賣出持股，虛擬變數為正，顯示男性基金經理人賣出的股票較多，有趣的是性別虛擬變數與媒體變數的交乘項為負，顯示當好消息越多時，男性基金經理人較不願意賣出持股，然而，我們在前面提到，不管是好消息還是壞消息都會帶來長期的負異常報酬率，顯示女性基金經理人在解讀正面新聞的能力上較男性基金經理人佳，該結果在公司有壞消息出現時也類似，然而交乘項皆不顯著，顯示基金經理人較不受公司負面新聞的影響。

我們的結果顯示，在判斷個股公司的新聞上，女性基金經理人的能力較男性基金經理人佳。

## 第五章 結論與建議

本文結果發現，台灣共同基金經理人的性別會對共同基金投資人的投資決策產生影響，基金投資人在進行贖回決策上會考慮基金前期績效與基金經理人性別，在績效較佳的情況下，他們較不會贖回男性基金經理人所管的基金；然而在績效較差的情況下，基金投資人比較相信女性基金經理人。

進一步分析不同男性與女性基金經理人是否會受媒體的影響而進行投資決策，結果發現，就好消息而言，女性基金經理人與男性基金經理人在股票型基金上的買進決策上沒有顯著的差異，在賣出決策上，女性基金經理人則能夠正確解讀好消息對公司負面績效的影響，進而進行賣出決策。

本文的結果對投信公司以及共同基金投資人有兩個重要意涵，第一，投信公司在選擇基金操盤人可以考慮基金前期的績效或者市場狀況，在績效較佳的情況下，男性基金經理人能留住較多的資金；然而在績效較差的情況下，女性基金經理人反而能留住較多的資金；第二，對於基金投資人而言，女性基金經理人在解讀新聞的能力上較佳，對於其進行基金投資決策上可以有所幫助。

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# Doing Good with or without Being Known? The Impact of Media Coverage of Corporate Social Performance on Corporate Financial Performance

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# Doing Good with or without Being Known? The Impact of Media Coverage of Corporate Social Performance on Corporate Financial Performance

## Abstract

Based on a sample of financial holding companies listed on the Taiwan Stock Exchange, we examine the impact of media coverage of corporate social performance on corporate financial performance. Our findings are as follows. First, information about a firm's social actions provided by the media is more relevant than provided by the financial holding company (FHC) itself, and the quantity of news articles about positive social activities of FHCs is positively correlated with financial performance; however, strikingly, that of news articles about FHCs' negative social activities is also positively correlated with financial performance. In addition, we find that news articles about FHCs' positive social activities *for shareholders* will trigger a positive evaluation by shareholders; however, rather interestingly, news articles about FHCs' positive (negative) social activities *for employees* will trigger a negative (positive) evaluation by shareholders. But if the news articles about FHCs' positive social activities *for employees* are initiated by the media, rather than by the company itself, they will trigger a positive evaluation by shareholders. Therefore, the evidence suggests that "doing good" can be expected to be "doing well" if the positive CSP information is provided by the media, rather than by the company itself.

*Key words:* Financial holding companies; Corporate social performance (CSP); Corporate financial performance; Media coverage.

*JEL classification:* G32; G34; G14; M410

# 1 Introduction

While doing good are generally expected to be doing well for a company (Simpson and Kohers, 2002), a direct relationship between corporate social performance (CSP) and corporate financial performance (CFP) has not been convincingly demonstrated, since, for one part of the empirical studies, positive CSP–CFP relationship is found (Roman, Hayibor, and Agle, 1999; Simpson and Kohers, 2002), but negative or neutral relationship are also found on the other (Griffin and Mahon, 1997; McWilliams and Siegel, 2000). Therefore, the conflicting empirical results across studies leave managers without a clear direction regarding the desirability of pursuing socially responsible programs (McWilliams and Siegel, 2001; Schuler and Cording, 2006).

Why does the relationship between CSP and CFP seem so unclear? Schuler and Cording (2006) have interpreted the reason is that these empirical studies are based on the theoretical framework that CSP and CFP are assumed to be directly and positively (or negatively) related and, in doing so, ignore the choices made by stakeholders to link these two activities. More importantly, Schuler and Cording (2006) emphasized that some theories assume a positive (negative) relationship between CSP and CFP, but this will only be true if four conditions are met: (1) information is available about a firm's CSP; (2) the stakeholder is aware of the information; (3) the stakeholder's moral values emphasize other-regarding (self-regarding) characteristics, and (4) the stakeholder is motivated to engage in supportive (deleterious) behavior toward the firm. If any of these conditions cease to exist, the relationship can be expected to fail. Therefore, to have good (or bad) social consequences from social activities of a firm, not only stakeholders need to have *relevant* information about that firm's social performance, but also the CSP information need to be sufficient to motivate stakeholders to engage in supportive (deleterious) behavior toward the firm.

As to the CSP information, it's worth noting that if the information about a firm's good (or bad) social performance is provided by the firm itself, it might be insufficient to trigger a significant evaluation by shareholders or another stakeholders. For example, Yoon, Gürhan-Canli, and Schwarz (2006) found that if the consumers learn about the CSP activity from the firm itself, or they found the company advertised its good works to a greater degree than it contributed to good works, they might lower the confidence in the sincerity of the firm's motives, i.e., they might suspect ulterior motives and even

evaluate the firm negatively. However, if information about a firm's social actions is provided by external sources, such as the media, it will have a higher likelihood that an average consumer is aware of the information (Schuler and Cording, 2006). McWilliams and Siegel (2001) also argued that media coverage heighten customer awareness of CSP. Although the above literature reveals that, media, rather than the firm, seems to play a more central role in the process by recording and transmitting CSP information, they didn't test it directly. The first aim of this paper is, therefore, to empirically investigate whether or not information about a firm's good (or bad) social actions provided by the media is *more relevant*, i.e., with a higher likelihood that an average stakeholder is aware of the firm's social performance, than information provided by the firm itself. In this paper, we limit our empirical testing to the information available to, and the decision employed by, one key stakeholder— the shareholder, since shareholders directly affect firm financial performance through their investment behavior, i.e., either supportive behavior, i.e., buying shares, or deleterious behavior, i.e., selling shares, that affects the firm's share prices and ultimately the financial performance.

McWilliams and Siegel (2001) have argued that advertising and media coverage heighten customer awareness of CSP, increasing the demand for socially responsible behavior and, therefore, the potential returns from CSP, but McWilliams and Siegel (2001) ignore the role *moral values* of stakeholders may play on the CSP-CFP link (Schuler and Cording, 2006), i.e., the demand for socially responsible behavior may *decrease* if stakeholders of the company embrace *self-regarding* value type. For example, an average shareholder embracing the self-regarding value type will *criticize* the company if the media report the company expends resources on improving the job security of employees. He may also expect that managers who practice the activity to improve employees' welfare may sacrifice more profitable projects such that shareholders' wealth will not be maximized (Friedman, 1970). Therefore, the average shareholder will be motivated to engage in deleterious behavior toward the company, i.e., selling shares of the company, and the selling pressure ultimately leads to a slump in the share price and thus an increase in the cost of equity of the company (Nöthiger, Schilli, and Scheiwiller, 2001). Doing good can, therefore, be expected to be "doing worse," instead of "doing well." In other words, doing good can be expected to be "doing well" only when the average shareholder embraces *others-regarding* value type, i.e., he will *praise for* the CSP activities beneficial to employees, and he also expects that the costs of maintaining relationships with employees might be minimized (Jones, 1995). The second aim of this

paper, therefore, is to analyze whether or not “doing good” can be expected to be “doing well” if CSP information is *relevant* enough.

Furthermore, Deephouse (2000) provides theoretical and empirical support for the conjecture that media reputation is a strategic resource leading to competitive advantage and increasing the financial performance of commercial banks (see also McWilliams and Siegel, 2001). Deephouse (2003) has investigated the role of information as a mediating variable in the CSP–CFP relationship and found that the quantity of media coverage of banks’ socially responsible actions was positively correlated with financial performance. While these studies have identified that “doing good” with “being known” can be expected to be “doing well,” there exists an empirical shortcoming. That is, to measure media coverage of CSP, observations from all positive (negative) CSP information for each company was *totaled* and then the number of negative CSP information was subtracted from the number of positive CSP information (Deephouse, 2003), but the measure ignores the fact that different positive (or negative) CSP information cannot be *totaled*. For example, an average shareholder may praise for one positive CSP activity, e.g. enhancing the board effectiveness, but may criticize another positive CSP activity, e.g. expending resources on improving the employees’ welfare. Therefore, on investigating whether “doing good” leads to “doing well,” different kinds of CSP information cannot be *totaled* and should be analyzed separately.

Our sample consists of all financial holding companies (FHCs) listed on the Taiwan Stock Exchange Corporation (TSEC) between years 2002 and 2006 for which quarterly financial data are available. The FHCs are chosen mainly because the companies within the same industry have similar production factors, products, customers and regulations, it controls for differences so as to test the impact of CSP information on the firm performance. The empirical results can be briefly summarized as the following. First, information about a firm’s social actions provided by the media is more relevant than provided by the financial holding company (FHC) itself, and the quantity of news articles about FHCs’ positive social activities is positively correlated with financial performance (stock returns); however, strikingly, that of news articles about FHCs’ negative social activities is also positively correlated with financial performance. In addition, we find that news articles about FHCs’ positive social activities *for shareholders* will trigger a positive evaluation by shareholders; however, rather interestingly, news articles about FHCs’ positive (negative) social activities *for employees* will trigger a negative (positive) evaluation by shareholders. But if the news articles about FHCs’ positive social activities *for employees*

are initiated by the media, rather than by the company itself, they will trigger a positive evaluation by shareholders. Therefore, the evidence suggests that “doing good” can be expected to be “doing well” if the positive CSP information is provided by the media, rather than by the company itself.

The remainder of this article is organized as follows. Section 2 develops our hypotheses. Section 3 describes the sample and operating variables. Section 4 presents our empirical results and Section 5 concludes the paper.

## 2 Hypotheses

In this paper, we ask how the positive (negative) information about a company’s social performance impacts its financial performance. Since shareholders directly affect firm financial performance through their investment behavior, we try to investigate how information about a company’s social performance might influence the decisions of a shareholder to engage in either supportive or deleterious behavior that ultimately affects the firm’s financial performance. There are two competing hypotheses, *conflicts of interest* and *social harmony hypotheses*, to account for the impacts of CSP information on CFP.

The *conflicts of interest hypothesis* claims that a firm’s actions that one stakeholder group reacts to positively may elicit a negative response in another stakeholder group (Schuler and Cording, 2006), for example, a firm’s expending resources on improving the work environment will be praised by employees but may be criticized by shareholders embracing self-regarding value type, and shareholders may rationally expect that managers who practice the activity may neglect to take the opportunity cost of such actions into account and, therefore, sacrifice more profitable projects such that shareholders’ wealth will not be maximized (Friedman, 1970). Over time, such social practice will not only lead to poor financial performance (Schuler and Cording, 2006), but these positive information about a company’s social performance might also influence the decisions of a shareholder to engage in deleterious behavior, i.e., selling shares of the company, that ultimately leads to a slump in the share price and thus an increase in the cost of equity of the company (Nöthiger, Schilli, and Scheiwiller, 2001). From this viewpoint, since the negative effect on CFP in response to positive CSP information results from conflicts of interest between employees and shareholders, we refer this to as the *conflicts of interest hypothesis*.

On the contrary, the same managerial skills and strategies necessary for good social performance are

also needed for good financial performance (Alexander & Buchholz, 1978; Anderson & Frankle, 1980; Davis, 1973; Frooman, 1997; Ullmann, 1985; Waddock & Graves, 1997; Schuler and Cording, 2006). Furthermore, if a company engages in good social actions, shareholders embracing other-regarding value type will praise for these actions, and they may rationally expect that the costs of maintaining relationships with stakeholders, e.g. employees, might be minimized (Jones, 1995). Such social practice, therefore, will lead to better financial performance, and these positive CSP information might be rewarded by shareholders through their investment behaviors, i.e., buying shares of the company, that ultimately boosts the share price and thus an decrease in the cost of equity of the company. From this viewpoint, since the positive effect on CFP in response to positive CSP information results from harmony between shareholders and another stakeholders, we refer this to as the *social harmony hypothesis*.

### **3 Data and Methodology**

The financial holding companies (FHCs) listed on the TSEC are chosen as our sample. Taiwan's government has been engaged in a series of deregulation since 1988 to accommodate the global trend of financial liberalization and internalization. The actions include lifting the long-standing restrictions on the establishment of financial institutions, and the enactment of several bills to allow for the establishment of asset management corporations, the consolidation of financial institutions, and establishment of financial holding companies. Our sample consists of all FHCs listed on the TSEC between years 2002 and 2006 for which quarterly financial data are available. The FHCs are chosen mainly because the companies within the same industry have similar production factors, products, customers and regulations, it controls for differences so as to test the impact of media coverage on the firm performance (Griffin and Mahon, 1997; Deephouse, 2000; Deephouse, 2003). Taiwan is also an international financial and information center, meanwhile the banking industry represents one of the major industries in the stock market because of its large market capitalization and high trading volume, so mass media and the public pay more attentions to FHCs than to other firms. Third, relative to other firms, FHCs have more abilities to engage in CSP activities in Taiwan.

To investigate the goals of our research, media coverage must be defined. Since there is no related index in Taiwan, we build a unique media database to measure firms' media coverage. Robinson and

Levy (1996) and Gaines-Ross (2000) suggest that newspapers provide the most powerful media coverage. (See also Park and Berger, 2004; Hamilton and Zeckhauser, 2004; and Delahaye's studies).<sup>1</sup> Therefore, we select two most popular newspapers, China Times and Commercial Times, in Taiwan to build a unique media coverage database for our research. Although there are more than these two newspapers in Taiwan, it seems that the same article often appears in different newspapers with the same attributes. For completeness and to avoid the articles are double-counted, we choose newspapers with different focuses to catch different readers: China Times belongs to the general area and Commercial Times covers business news.

We searched for the CSP-related words combined with a FHC's name as a key word within the media coverage database. The media coverage is defined as the number of times a company's CSP-related news articles appear in the newspapers. After completing the search process, our sample consisted of 869 news articles for 14 FHCs listed on the TSEC.

Two screening criteria are further used. First, news articles are classified as positive, negative or neutral, depending on the *tone* of the media report. The 'positive' type means that the content of the report is the company does good things to stakeholders, employees and investors. For example, a report is regarded as positive if it indicates that the company provides more welfare for employees or receives the awards of 'Corporate Social Responsibility' from famous and credible organizations. The 'negative' type means that the report is harmful to stakeholders. For instance, reports that the layoff information release, or financial statements are manipulated are both treated as negative. The 'neutral' type of report tone indicated that the reports neither reflected a positive or a negative tone.

Second, news articles are classified as media-initiated, company-initiated or analyst-initiated depending on the sources of the media report. The 'media-initiated' type means that media design voluntarily special topics or subjects for CSP companies to report. The 'company-initiated' type means that the company disclosures actively its CSP news and information through media. The 'analyst-initiated' type means that the analysts announce forecast information about the companies they cover through media.

We use stock returns (*Return*) rather than accounting returns, e.g. return on assets (ROA), to

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<sup>1</sup> The website for Delahaye is: <http://www.delahaye.com>.

measure CFP, since we limit our empirical testing to the information available to, and the decision employed by the shareholder and they directly affect firm financial performance through their investment behavior. Furthermore, stock prices aggregate information from market participants' prospects for companies, shareholders can trade up or down the companies stock prices to express that they agree or disagree with the companies' devoting to CSP activities. We also add some variables to control for other effects on stock performance. These control variables allow us to test whether the media coverage rather than the firm-specific characteristics are related to the stock price reactions. Following Johnson (1995), Stewart (1997) and Leggett and Strand (2002), three control variables were used: portfolio composition (total loans to total deposits; *LOAND*), capital adequacy ratio (*Equity-to-Asset ratio*) and asset size (*Size*). The last control variable was a dummy variable (*Bank*), which is given a 1 if the core subsidiary of the FHC is the bank and 0 otherwise. Therefore, Equation (A), (B), (C), (D), and (E) then test the impact of media coverage of CSP on CFP, as follows:

$$\begin{aligned} \text{Return}_{i,t+1} = & a_0 + a_1 \text{CSP\_Total}_{i,t} \\ & + a_2 \text{LOAND}_{i,t} + a_3 \text{Equity-to-Asset}_{i,t} + a_4 \text{Size}_{i,t} + a_5 \text{Bank}_{i,t} + \delta_{i,t}; \end{aligned} \quad \dots(\text{A})$$

$$\begin{aligned} \text{Return}_{i,t+1} = & b_0 + b_1 \text{CSP\_Media}_{i,t} + b_2 \text{CSP\_Corp}_{i,t} + b_3 \text{CSP\_Analyst}_{i,t} \\ & + b_4 \text{LOAND}_{i,t} + b_5 \text{Equity-to-Asset}_{i,t} + b_6 \text{Size}_{i,t} + b_7 \text{Bank}_{i,t} + \varepsilon_{i,t}; \end{aligned} \quad \dots(\text{B})$$

$$\begin{aligned} \text{Return}_{i,t+1} = & c_0 + c_1 \text{CSP\_Positive}_{i,t} + c_2 \text{CSP\_Negative}_{i,t} + c_3 \text{CSP\_Neutral}_{i,t} \\ & + c_4 \text{LOAND}_{i,t} + c_5 \text{Equity-to-Asset}_{i,t} + c_6 \text{Size}_{i,t} + c_7 \text{Bank}_{i,t} + \gamma_{i,t}; \end{aligned} \quad \dots(\text{C})$$

$$\begin{aligned} \text{Return}_{i,t+1} = & d_0 + d_1 \text{CSP\_Positive\_Employees}_{i,t} + d_2 \text{CSP\_Negative\_Employees}_{i,t} + \\ & d_3 \text{CSP\_Neutral\_Employees}_{i,t} + d_4 \text{CSP\_Positive\_Shareholders}_{i,t} + \\ & d_5 \text{CSP\_Negative\_Shareholders}_{i,t} + d_6 \text{CSP\_Neutral\_Shareholders}_{i,t} + d_7 \text{LOAND}_{i,t} + \\ & d_8 \text{Equity-to-Asset}_{i,t} + d_9 \text{Size}_{i,t} + d_{10} \text{Bank}_{i,t} + \phi_{i,t}; \end{aligned} \quad \dots(\text{D})$$

$$\begin{aligned} \text{Return}_{i,t+1} = & e_0 + \\ & e_1 \text{CSP\_Positive\_Employees\_Media}_{i,t} + e_2 \text{CSP\_Positive\_Employees\_Corp}_{i,t} + \\ & e_3 \text{CSP\_Positive\_Employees\_Analyst}_{i,t} + e_4 \text{CSP\_Negative\_Employees\_Media}_{i,t} + \end{aligned}$$

$$\begin{aligned}
& e_5CSP\_Negative\_Employees\_Corp_{i,t} + e_6CSP\_Negative\_Employees\_Analyst_{i,t} + \\
& e_7CSP\_Neutral\_Employees\_Media_{i,t} + e_8CSP\_Neutral\_Employees\_Corp_{i,t} + \\
& e_9CSP\_Neutral\_Employees\_Analyst_{i,t} + \\
& e_{10}CSP\_Positive\_Shareholders\_Media_{i,t} + e_{11}CSP\_Positive\_Shareholders\_Corp_{i,t} + \\
& e_{12}CSP\_Positive\_Shareholders\_Analyst_{i,t} + e_{13}CSP\_Negative\_Shareholders\_Media_{i,t} + \\
& e_{14}CSP\_Negative\_Shareholders\_Corp_{i,t} + e_{15}CSP\_Negative\_Shareholders\_Analyst_{i,t} + \\
& e_{16}CSP\_Neutral\_Shareholders\_Media_{i,t} + e_{17}CSP\_Neutral\_Shareholders\_Corp_{i,t} + \\
& e_{18}CSP\_Neutral\_Shareholders\_Analyst_{i,t} + \\
& e_{19}LOAND_{i,t} + e_{20}Equity-to-Asset_{i,t} + e_{21}Size_{i,t} + e_{22}Bank_{i,t} + \eta_{i,t};
\end{aligned}
\tag{E}$$

where  $Return_{i,t+1}$  is stock return for FHC  $i$  at quarter  $t+1$ ;  $CSP\_Total_{i,t}$  represents the total quantity of CSP news for FHC  $i$  at quarter  $t$ ;  $CSP\_Media_{i,t}$ ,  $CSP\_Corp_{i,t}$ , and  $CSP\_Analyst_{i,t}$  represent the quantity of CSP news initiated by the media, the corporation, and the analyst, respectively.  $CSP\_Positive_{i,t}$ ,  $CSP\_Negative_{i,t}$ , and  $CSP\_Neutral_{i,t}$  represent the total quantity of CSP news, which are as positive, negative, and neutral, respectively.  $CSP\_Positive\_Employees_{i,t}$  is the quantity of CSP news positive to employees, and so on.  $CSP\_Positive\_Employees\_Media_{i,t}$  represents the quantity of CSP news, which is initiated by the media and positive to employees, and so on.  $LOAND_{i,t}$  represents loans as a percentage of deposits.  $Equity-to-Asset_{i,t}$  is the ratio of equity to total assets.  $Size_{i,t}$  represents the natural log of total assets.  $Bank_{i,t}$  is dummy variable, which takes the value of 1 if the core subsidiary of the FHC is the bank, and 0 otherwise.

The data for stock prices and financial variables are retrieved from the *Taiwan Economic Journal* (TEJ) database. Table 1 presents the mean, median, maximum, minimum, standard deviation and correlations among variables. The mean of the stock returns (*Return*) is 0.31%, its maximum is 55.84%, and its minimum is -64.8%. The results indicate company stock performance differs significantly among FHCs in the sample. Similar situations exist in portfolio composition (total loans to total deposits; *LOAND*), capital adequacy ratio (*Equity-to-Asset* ratio) and asset size (*Size*). The correlation coefficients between different pairs of variables are very small, so these control variables do not have the multicollinearity problem.

## 4 Empirical Results

The results of the estimations on the impact of media coverage of CSP on CFP, and presents five model specifications each with a different combination of explanatory variables. The specification (A) considers the impact of the total quantity of CSP news on CFP for FHC; specification (B) takes into account the *tone* of the news, i.e., positive, negative, or neutral; specification (C) takes into account the *initiation* of the news, i.e., news initiated by the media, the FHC itself, and the analyst; specification (D) takes into account the stakeholders, i.e., employees or shareholders; specification (E) takes into account the tone, the initiation, and stakeholders, simultaneously.

As shown in specification (A) of Table 2, the coefficient of *CSP\_Total* is positive and significant (4.35), indicating that the quantity of news articles about FHCs' social performance is positively correlated with CFP (stock returns). The results for the remaining explanatory variables are also interesting. Firstly, in specification (B) of Table 2, the coefficient of *CSP\_Media* is positive and significant (0.07) and that of *CSP\_Corp* is insignificant, indicating that information about a firm's social actions provided by the media is more relevant than provided by the company itself. Secondly, in specification (C) of Table 2, the coefficient of *CSP\_Positive* is positive and significant (0.07), indicating that the quantity of news articles about FHCs' positive social activities is positively correlated with financial performance; however, strikingly, that of news articles about FHCs' negative social activities is also positively correlated with financial performance since the coefficient of *CSP\_Negative* is also positive and significant (0.21).

Thirdly, in specification (D) of Table 2, the coefficient of *CSP\_Positive\_Shareholders* is positive and significant (0.24), indicating that news articles about FHCs' positive social activities *for shareholders* will trigger a positive evaluation by shareholders. Rather interestingly, the coefficient of *CSP\_Positive\_Employees* is negative and significant (-0.14), and that of *CSP\_Negative\_Employees* is positive and significant (0.86), indicating that news articles about FHCs' positive social activities *for employees* will trigger a negative evaluation by shareholders and those about FHCs' negative social activities *for employees* will trigger a positive evaluation by shareholders. The *conflicts of interest* hypothesis, therefore, gains support. But it is worth noting that if the news articles about FHCs' positive social activities *for employees* are initiated by the media, rather than by the FHC itself, they will trigger a positive evaluation by shareholders, such that the social harmony effect will dominate the conflicts of interest effect, since, in specification (E) of Table 2, the coefficient of *CSP\_Positive\_Employees\_Media*

is positive and significant (0.004) and the coefficient of *CSP\_Positive\_Employees\_Corp* is negative and significant (-0.02).

## 5 Conclusions

Our sample consists of all financial holding companies (FHCs) listed on the Taiwan Stock Exchange Corporation (TSEC) between years 2002 and 2006 for which quarterly financial data are available. The FHCs are chosen mainly because the companies within the same industry have similar production factors, products, customers and regulations, it controls for differences so as to test the impact of CSP information on the firm performance. The empirical results can be briefly summarized as the following. First, the quantity of news articles about FHCs' positive social activities is positively correlated with financial performance; however, strikingly, that of news articles about FHCs' negative social activities is also positively correlated with financial performance. In addition, we find that news articles about FHCs' positive social activities *for shareholders* will trigger a positive evaluation by shareholders; however, rather interestingly, news articles about FHCs' positive social activities *for employees* will trigger a negative evaluation by shareholders and news articles about FHCs' negative social activities *for employees* will trigger a positive evaluation by shareholders. But if the news articles about FHCs' positive social activities *for employees* are initiated by the media, rather than by the FHC itself, they will trigger a positive evaluation by shareholders. Therefore, the evidence suggests that "doing good" can be expected to be "doing well" if the positive CSP information is provided by the media, rather than by the company itself, and this is consistent with the notion that firms with competency in managing external coverage of their reputations may be advantaged in extracting gains from their CSP activities (Christmann, 2004).

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**Table 1 Descriptive Statistics and Correlations Matrix**

The table presents summary statistics and correlations of dependent and independent variables. Our sample consists of all financial holding companies (FHCs) listed on the Taiwan Stock Exchange Corporation (TSEC) between years 2002 and 2006 for which quarterly financial data are available, and there consists of 14 FHCs and 280 firm-quarters. *Return* is stock returns. *LOAND* represents loans as a percentage of deposits. *Equity-to-Asset* is the ratio of equity to total assets. The descriptive statistics of *Size* represent actual total assets. Correlations are computed with the natural log of total assets because it is used in the regression analyses. *Bank* is dummy variable, which is given a 1 if the core subsidiary of the FHC is the bank and 0 otherwise.

Panel A: Descriptive Statistics					
Variable	Mean	Median	Maximum	Minimum	Std. Dev.
1. <i>Return</i> (%)	0.31	0.21	55.84	-64.80	16.25
2. <i>LOAND</i> (%)	92.93	79.36	397.43	65.62	52.02
3. <i>Equity-to-Asset</i> (%)	132.66	120.98	236.54	47.09	32.70
4. <i>Size</i> (Million)	1,220	1,300	3,600	242	808
5. <i>Bank</i>	0.58	1	1	0	0.50
Panel B: Correlations Matrix					
	1	2	3	4	5
1. <i>Return</i> (%)	1				
2. <i>LOAND</i> (%)	-0.054	1			
3. <i>Equity-to-Asset</i> (%)	-0.112	0.446	1		
4. <i>Size</i> (Million)	0.009	-0.403	-0.119	1	
5. <i>Bank</i>	0.070	0.213	-0.230	0.094	1

**Table 2 The Media Coverage of CSP on CFP**

The sample consists of all financial holding companies (FHCs) listed on the Taiwan Stock Exchange Corporation (TSEC) between years 2002 and 2006 for which quarterly financial data are available, and there consists of 14 FHCs and 280 firm-quarters. The dependent variable is stock returns of a FHC. *CSP\_Total* represents the total quantity of CSP news of a FHC; *CSP\_Media*, *CSP\_Corp*, and *CSP\_Analyst* represent the quantity of CSP news initiated by the media, the corporation, and the analyst, respectively. *CSP\_Positive*, *CSP\_Negative*, and *CSP\_Neutral* represent the total quantity of CSP news, which are as positive, negative, and neutral, respectively. *CSP\_Positive\_Employees* represents the quantity of CSP news, which is positive to employees, and so on. *CSP\_Positive\_Employees\_Media* represents the quantity of CSP news, which is initiated by the media and positive to employees, and so on. *t*-values are reported in parentheses. The significance levels of 10%, 5% and 1% are denoted by \*, \*\* and \*\*\*, respectively.

Variables	Model Specifications				
	(A)	(B)	(C)	(D)	(E)
Constant	-12.43 (-0.09)	164.94 (1.12)	38.81 (0.29)	17.28 (0.13)	
<i>CSP_Total</i>	4.35*** (3.11)				
<i>CSP_Media</i>		0.07** (2.06)			
<i>CSP_Corp</i>		0.02 (0.21)			
<i>CSP_Analyst</i>		-0.17 (-0.74)			
<i>CSP_Positive</i>			0.07** (2.04)		
<i>CSP_Negative</i>			0.21* (1.83)		
<i>CSP_Neutral</i>			-0.04 (-1.12)		
<i>CSP_Positive_Employee</i>				-0.14** (-2.29)	
<i>CSP_Negative_Employee</i>				0.86*** (3.73)	
<i>CSP_Neutral_Employee</i>				0.02 (0.31)	
<i>CSP_Positive_Shareholders</i>				0.24*** (3.87)	
<i>CSP_Negative_Shareholders</i>				-0.27 (-0.73)	
<i>CSP_Neutral_Shareholders</i>				-0.15 (-1.53)	
<i>CSP_Positive_Employee_Media</i>					0.004* (1.73)
<i>CSP_Positive_Employee_Corp</i>					-0.02** (-2.34)
<i>CSP_Positive_Employee_Analyst</i>					0.005 (0.19)

**Table 2 (Contd.)**

<i>CSP_Negative_Employee_Media</i>					0.002 (0.19)
<i>CSP_Negative_Employee_Corp</i>					0.05 (1.61)
<i>CSP_Negative_Employee_Analyst</i>					-0.15** (-2.05)
<i>CSP_Neutral_Employee_Media</i>					-0.002 (-0.97)
<i>CSP_Neutral_Employee_Corp</i>					0.005 (0.45)
<i>CSP_Neutral_Employee_Analyst</i>					0.03 (0.72)
<i>CSP_Positive_Shareholders_Media</i>					-0.003 (-0.98)
<i>CSP_Positive_Shareholders_Corp</i>					0.02 (1.51)
<i>CSP_Positive_Shareholders_Analyst</i>					-0.001 (-0.05)
<i>CSP_Negative_Shareholders_Media</i>					0.03 (1.19)
<i>CSP_Negative_Shareholders_Corp</i>					-0.06 (-1.24)
<i>CSP_Negative_Shareholders_Analyst</i>					0.008 (0.07)
<i>CSP_Neutral_Shareholders_Media</i>					-0.001 (-0.17)
<i>CSP_Neutral_Shareholders_Corp</i>					-0.007 (0.33)
<i>CSP_Neutral_Shareholders_Analyst</i>					-0.005 (-0.11)
<i>LOAND</i>	0.40** (2.16)	0.28 (1.43)	0.25 (1.33)	0.26 (1.44)	0.16 (0.81)
<i>Equity-to-Asset</i>	-0.72*** (-6.74)	-0.73*** (-6.72)	-0.76*** (-7.04)	-0.84*** (-8.07)	-0.88*** (-8.37)
<i>Size</i>	3.65 (0.59)	-4.44 (-0.65)	-3.45 (-0.53)	3.64 (0.58)	5.39 (0.79)
<i>Bank Dummy</i>	Yes	Yes	Yes	Yes	Yes
<i>Adj-R<sup>2</sup></i>	0.23	0.25	0.28	0.42	0.50
<i>Number of observations</i>	280	280	280	280	280