Tsileponis, N., Stathopoulos, K., & Walker, M. (2020). Do Corporate Press Releases Drive Media Coverage? *British Accounting Review*, 52(2), [100881]. <https://doi.org/10.1016/j.bar.2020.100881>

Peer reviewed version

Link to published version (if available):
[10.1016/j.bar.2020.100881](https://doi.org/10.1016/j.bar.2020.100881)

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Do Corporate Press Releases Drive Media Coverage?

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ABSTRACT: We examine the role of voluntary corporate press releases about firms' financial performance as a stimulus for financial media coverage. We find that there is a spike of media articles on the same day and one trading day following firms' press releases. We provide evidence that managers compete for media attention and can use voluntary press releases to increase their firms' media coverage; a firm's issuance of press releases attracts more media articles about the firm leading to greater abnormal returns and trading volumes. Our results are robust to controlling for firm characteristics, different model specifications as well as regular earnings announcements, which have been the focus of prior literature. We also show that our inferences are not sensitive to managers' duty to disclose material information to investors. Collectively, our findings suggest that media coverage decisions can be influenced by a firm.

Keywords: financial press; firm-originated news; media coverage management; information environment.

We have benefitted from discussions and comments by Marie Dutordoir, Joachim Gassen, Anastasia Kopita, Edward Lee, Kevin McMeeking, James Ohlson, William Rees, Cathy Shakespeare, Andy Stark, Norman Strong, Liang (Alice) Xu, Steven Young and Cheng (Colin) Zeng. We thank conference participants at Alliance Manchester Business School 2015 and 2016 Research Conferences, BAFA 2015 Doctoral Conference, BAFA 2016 Annual Conference, EAA 2016 Doctoral Colloquium and ESRC-NWDTC 2015 Workshop for their comments. We also thank Mahmoud El-Haj for excellent research assistance. Tsileponis is grateful for financial support by the University of Manchester and the Economic and Social Research Council [grant number 1365816].

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1. Introduction

A considerable literature investigates firms' potential economic benefits from increased disclosure.¹ Recent trends in accounting and finance research have led to a proliferation of studies that examine the market reaction to news originating either from the business press or from the companies themselves in order to understand the information value of these disclosures. However, we know surprisingly little about the impact of company-initiated disclosure on media coverage. Prior studies have primarily examined these two sources of information independently (e.g., Engelberg & Parsons, 2011; Fang & Peress, 2009). In this paper, we investigate whether firms can influence their business press coverage through the release of voluntary financial performance-related disclosures. In contrast to prior literature that almost exclusively studies mandatory earnings announcement releases, our focus is on voluntary corporate disclosures about events the publication and timing of which are under the direct control of the firm's management.

As an important player in the information environment in society, the financial press is expected to disseminate material company information to the investment community, and to enrich companies' information environments through the creation of original information (Bushee, Core, Guay, & Hamm, 2010; Soltes, 2010). Several studies investigate the association between media activity and stock market reactions, and report strong correlations (Fang & Peress, 2009; Tetlock, 2007; Tetlock, Saar-Tsechansky, & Macskassy, 2008). Recent evidence makes causal inferences and suggests that media coverage drives stock trading (e.g., Dougal, Engelberg, García, & Parsons, 2012; Drake, Guest, & Twedt, 2014). Collectively, prior work outlines a critical role of the media in financial markets, and views media coverage as an important determinant of trading activity and price formation. However, prior literature models media coverage as being unaffected by firms' disclosure choices. In this paper, we report a

¹ Healy and Palepu (2001) and Leuz and Wysocki (2016) present comprehensive reviews of the empirical disclosure literature.

strong relation between corporate press releases and media coverage, thus highlighting the possibility that companies could influence their media coverage.

We base our empirical analysis on a novel dataset examining financial performance-related corporate disclosures and media coverage for the constituent companies of the Standard and Poor's 500 index between January 2000 and December 2013. We focus on large firms since they are often under the media spotlight. We collect data on 230,020 performance-related media articles and 78,279 performance-related press releases from the Factiva database using a method that is effective in distinguishing between media- and company-initiated articles.

We show that there is a spike of media articles on the same day and one trading day following firms' voluntary press releases. We focus on voluntary corporate disclosures by excluding from our main analysis earnings release announcements, which are highly anticipated disclosures, and press releases about events for which managers have little or no discretion over the timing of their occurrence or disclosure, as classified by Tian (2015). Our results indicate that the voluntary issuing of financial performance-related press releases affects the amount of coverage firms receive in the business press. This finding has important implications given the consequences of greater or lesser media attention to the firm.²

Our results also suggest that firms compete for media attention and voluntary press releases can be used to increase firm media coverage. Moreover, these findings are robust to controlling for different model specifications as well as regular earnings announcements, which have been the focus of prior literature. In particular, the findings hold when we examine abnormal media coverage, which strengthens the conjecture that managers issue press releases as a mechanism to generate greater than usual media coverage. In addition, we find that voluntary corporate disclosures have an incremental effect to media coverage, leading to

² For example, Rogers, Skinner, and Zechman (2016) examine the disseminating role of the media and provide evidence that the financial press plays a significant role in price formation in capital markets through the wide dissemination of news. Acknowledging that investors are attention-constrained, Dong and Ni (2014) use stock return synchronicity as a proxy for the proportion of firm-specific information in stock prices, and find that firms with higher media coverage have less synchronous stock returns.

greater absolute abnormal returns and abnormal trading reaction. Importantly, we show that our results cannot be attributed solely to managers' obligation to disclose material information to investors, thus confirming our conjecture regarding managerial discretion over the release and timing of voluntary releases. Using a propensity score matching design, we also examine the effect of firms' financial communication style on media coverage, and provide further evidence that the issuance of voluntary press releases by the firm drives more media coverage, holding the economic characteristics of the firm constant. Finally, a potential concern with the above conjecture is that firms might disclose corporate information in response to media coverage, leading to reverse causality inferences. In untabulated analysis, we use data on corporate press release and media article timings, and show that firms' press releases almost always precede financial media articles about the firm when they are issued on the same day, suggesting that reverse causality is not likely to explain our primary results.

This study contributes several findings to the extant academic literature. First, several prior studies investigate the impact of media coverage in financial markets (e.g., Drake et al., 2014; Peress, 2014). However, they do not explore the possibility that the amount of business press coverage may be affected by managers seeking to increase their firms' media exposure. This study examines the role of company-initiated information as a stimulus for media coverage and provides evidence consistent with media coverage being affected by firm level disclosure management. Second, unlike other studies that also investigate managerial efforts to influence media coverage, we do not focus only on specific corporate events, such as mergers and acquisitions (Ahern & Sosyura, 2014), or earnings announcement days (DeHaan, Shevlin, & Thornock, 2015; Solomon & Soltes, 2012), or specific aspects of media coverage, such as CEO media visibility (Blankespoor & DeHaan, 2015). Rather, we study whether firms can affect the amount of business press coverage they receive by examining all (non-earnings) voluntary financial performance-related press releases. We focus our attention on voluntary disclosures, such as a stock split and dividend increase or decrease announcements, since the

timing of the underlying information events and their publication involve significant managerial discretion. This is something that the prior literature largely overlooks by examining primarily earnings release announcements, which are broadly mandated disclosures. As a robustness test, we control for the presence of earnings release announcements and show that our main conclusions remain unchanged.³ Third, our analysis also demonstrates the timing of the response to corporate press releases by media outlets. The relevant literature has only considered the intraday timing of press releases (Solomon & Soltes, 2012), while we examine the timing of corporate disclosures over a wider window. Finally, unlike prior theoretical and empirical voluntary disclosure research, we recognize that managers' duty to disclose material information influences their disclosure decisions and provide evidence that our inferences are not affected by the presence of disclosure obligations (i.e., materiality).

The remainder of the paper is organized as follows. Section 2 outlines the literature related to our study and motivates our main hypothesis. Section 3 provides a description of our research design, sample selection and data. Sections 4 and 5 present the main results and robustness checks, respectively. Section 6 discusses the findings and concludes.

2. Related Literature and Hypothesis Development

2.1 Related Literature

Information differences and conflicting incentives between management and outside market participants amplify the significance of financial disclosures (Kothari, Li, & Short, 2009). In addition to regulated financial reports, voluntary corporate communications, including press releases and conference calls, are important means for managers to communicate their superior knowledge and disseminate financial information to the investment community (Henry, 2008). Information intermediaries, such as financial analysts and the business press, play an important

³ We present the results of this robustness test in Table IA.2 of the Internet Appendix.

role in converting inside into outside information in a credible and timely manner, and thus in reducing information asymmetry (Bushee et al., 2010; Kothari et al., 2009; Yohn, 1998).

Nevertheless, the role of the business press as a mechanism for distributing firm-specific news stories has been the subject of considerable debate. On the one hand, several studies demonstrate that the media plays a significant role as a distributor of key information in financial markets (Engelberg & Parsons, 2011; Peress, 2014; Tetlock, 2010). Dyck and Zingales (2002) and Miller (2006) contend that the media has an investigative reporting role and undertakes original analysis apart from re-broadcasting information. Bushee et al. (2010) provide evidence consistent with the business press reducing information asymmetry around earnings announcement periods. In a more recent study, Coyne, Kim, and Kim (2019) investigate the role of the business press in influencing investors' trading activity around earnings announcements, and find that media coverage increases trading volume associated with price change, as well as trading volume unassociated with price change, concluding that media coverage plays both an information dissemination and information creation role. In contrast, other studies identify a more speculative role of the press that faces incentives to publish sensational news stories that will appeal to readership (Ahern & Sosyura, 2015; Core, Guay, & Larcker, 2008; Jensen, 1979). For example, Core et al. (2008) study media coverage of executive compensation practices and find that negative coverage is greater for CEOs with large option exercises, which they interpret as evidence of "sensationalism". In the context of merger rumors, Ahern and Sosyura (2015) investigate the accuracy of the media and show that the financial press is more likely to publish attention-grabbing news at the expense of accuracy.

Importantly, a number of recent studies document a causal effect for media coverage on trading activity and price formation (Dougal et al., 2012; Drake et al., 2014). Engelberg and Parsons (2011) establish a causal relation between media coverage and stock market reactions by demonstrating that individual investors are more likely to trade a Standard and Poor's 500 index stock following an earnings release if the investor's local newspaper covers that release.

In similar vein, Peress (2014) exploits exogenous newspaper strikes in several countries to demonstrate that the media stimulates stock market activity. Overall, these studies highlight the important role of the business press in financial markets but consider media coverage to be unaffected by firm management. Given the significant economic implications media coverage has, this paper examines further the determinants of media coverage and, in particular, studies whether firm-initiated disclosures influence the amount of press coverage companies receive.

This paper is related to but distinct from other recent studies that investigate managerial actions to control media coverage. Ahern and Sosyura (2014) use comprehensive data on media coverage and merger negotiations and show that bidders in fixed exchange ratio stock mergers engage in strategic disclosure to manipulate their media coverage, which increases their stock price and, hence, the takeover price. Blankespoor and DeHaan (2015) focus on CEO visibility and conclude that CEOs engage in strategic disclosure in order to influence media coverage and improve their career outcomes. DeHaan et al. (2015) demonstrate that managers schedule earnings announcements for strategic purposes; in particular, they show that managers emphasize bad (positive) earnings news by reporting in periods of low (increased) media attention. Unlike these studies, we do not restrict our analysis to specific corporate events, such as acquisitions, aspects of media coverage, such as CEO's media visibility, or largely mandatory earnings release announcements. Instead, we look at all voluntary press releases, which allow us to capture all channels of managerial discretion in corporate disclosure.

This paper relates especially to Solomon and Soltes (2012), who examine the extent to which firms control the amount of media coverage they receive by identifying factors over which managers have direct control. In particular, they find that the intraday timing of corporate disclosures plays an important role, as evening announcements have reduced probability of being covered. However, they reach the conclusion that factors outside managerial discretion, such as firm size and industry, are the most important determinants of media coverage. We extend their analysis by examining in greater depth the timing of corporate

disclosures and its effect on financial press coverage. Also, similar to DeHaan et al. (2015), Solomon and Soltes (2012) focus only on earnings announcement days. Contrary to these studies, we follow Tian's (2015) classification and exclude from our main analysis the three-day window surrounding press releases about events for which managers have little or no discretion over the timing of the occurrence or disclosure. Specifically, this paper focuses on a largely unexplored area, that is, the effect of *voluntary* corporate disclosures on firms' business press coverage. Given that we wish to capture managerial discretion over corporate disclosure choices and its impact on media coverage, we avoid studying disclosures for which managers have little or no control over either their presence or timing.

2.2 Hypothesis Development

In developing our hypothesis, we first discuss media organisations' objectives in covering corporate information, and then build on upper echelons theory (Hambrick & Mason, 1984) to explore managerial motives for making voluntary disclosures.

Journalists' primary objective is the attraction of greater readership, but at the same time they face various constraints, such as time constraints, and this is why time allocation is of paramount significance to them. Specifically, Fengler and Ruß-Mohl (2008) argue that journalists have their own interests that drive content production, that is, the selection, production and dissemination of news. On the one hand, Bushee et al. (2010) claim that "*the ultimate objective of the press is to maximize subscription and advertising revenues by attracting greater readership*" (p. 11); therefore, it is of no surprise that different media outlets actively compete for readership, as prior literature suggests (e.g., Ahern & Sosyura, 2015). In fact, in their attempt to accomplish their objective (i.e., greater readership), journalists are more likely to cover newsworthy events and firms for which there is demand for information (Core et al., 2008; Miller, 2006). On the other hand, journalists also face various constraints on which firms they can cover. In particular, they face limitations on the amount of news they can cover

and publish, while they are also expected to produce articles in a very timely manner. Consequently, financial journalists need to find an equilibrium between their objective of maximizing readership and the various (e.g., space and time) constraints they face (Miller, 2006; Solomon & Soltes, 2012).

Regarding managerial incentives to make voluntary disclosures, our starting point is the assumption that managers are in a position to affect the financial communication strategy of their firms by altering the number of voluntary press releases they issue. This assumption is informed by Hambrick and Mason (1984)'s upper echelons theory, which posits that managerial decision making leads to different corporate outcomes, including strategic choices and financial performance. Consistent with Bamber, Jiang, and Wang (2010), we argue that the predictions of the upper echelons theory suggest that managers can have significant impact on their firms' voluntary disclosure choices. This is in sharp contrast to neoclassical economics and agency theories, which primarily highlight the role of monitoring and incentives in inducing shareholder-compliant managerial behaviour. Bamber et al. (2010) provide empirical evidence confirming that managers exert economically significant influence over their firms' voluntary disclosures, which further strengthens our priors.

We frame managerial motives for making voluntary disclosures as a trade-off between the benefits of greater information transparency and dissemination versus the costs of greater investor scrutiny. In general, there is a significant volume of research showcasing the benefits of lower information asymmetry for corporations (e.g., Healy & Palepu, 2001; Leuz & Wysocki, 2016). In our context, we hypothesize that voluntary disclosures would lead to more media coverage, which will reduce information asymmetry through the timely and widespread dissemination of corporate information. Greater media coverage is beneficial to firms since it leads to greater market liquidity through lower bid-ask spreads and greater trading depth (Bushee et al., 2010). More intense media coverage also leads to higher absolute returns and trading volume (Li, Ramesh, & Shen, 2011). At the same time, given that the issuance of a

press release typically attracts the attention of the market, it also brings more investor scrutiny. Anecdotal evidence suggests that companies routinely conduct private ‘call-backs’ with significant investors and sell-side analysts after the publication of a press release; this involves a significant time commitment for managers. Furthermore, a lot of work goes into preparing a press release to make sure that only the appropriate information is communicated to investors and the wider business community.

An assumption of our paper is that firms have a good understanding of what kind of press release content is likely to be of interest to the media; our sampled firms typically have highly professional financial communication departments with a deep understanding of the demand for information by information intermediaries in general, and the financial media in particular. In this context, the present study involves an investigation of the role of voluntary company-initiated information as a stimulus for media coverage. Our main tests explore the influence of corporate disclosures on business press coverage, including both print publications and newswires. Printed newspapers are distributed in the morning and are able to report corporate announcements issued on the previous day(s). Online newspapers and newswires publish news in electronic format and are thus able to report corporate disclosures published either on the same day or on the previous day(s) of the media article date. We expect that managers might attempt to affect the amount of media coverage their firms receive through the release of voluntary corporate disclosures. More specifically, managers have direct control over the amount and timing of the press releases they issue. Therefore, after controlling for factors outside managerial control, such as firm size and industry (Solomon & Soltes, 2012), we hypothesize that the release of corporate disclosures issued by firm i on the same day (t) or the preceding trading day of the media coverage day ($t-1$), exhibits a consistent positive association with the amount of coverage the firm receives in the business press on day t . More formally, our hypothesis is:

Hypothesis

Managers are able to increase the amount of coverage their firms receive in the business press by voluntarily issuing press releases about the firm's financial performance.

3. Research Design, Sample Selection and Data

3.1 Research Design

Our hypothesis predicts that voluntary company-initiated disclosures about firm i 's financial performance influence the amount of coverage the firm receives in the business press. We apply Factiva's subject codes to identify and exclude from our primary analysis the three-day window surrounding press releases about events managers cannot control, as classified by Tian (2015). Specifically, if a news event is required to be disclosed under Form 8-K, but managers have control over the timing of its occurrence or disclosure, or if an event is not subject to the 8-K reporting requirement, then the event is regarded as a manager-controlled event. Otherwise, it is deemed an event managers cannot control (Tian, 2015). Following the above classification, we exclude the following categories of mandatory announcements: New license (0.1%), Being sued (0.5%), Penalty as a result of litigation or environmental violation (0.3%), Work accident (0.0%), SEC inquiry (1.1%), and Resignation of a director (1.9%). We also exclude from our main analysis the three-day window around earnings announcement dates; thus, we ensure our findings are not driven by earnings release announcements, which are the most prominent kind of scheduled and highly anticipated announcements in our sample (42.2%). We use the following model to identify whether there is a positive relation between firm i 's voluntary corporate press releases and the number of media articles in the financial press about firm i as well as their lag effect:

Media Coverage_{*i,t*}

$$\begin{aligned}
&= b_0 + b_1 \text{Corporate Disclosure}_{i,t} + \sum_{z=1}^5 b_{z+1} \text{Corporate Disclosure}_{i,t-z} \\
&+ b_j X_{i,t} + b_k \text{DAY} + b_l \text{MONTH} + b_m \text{YEAR} + b_n \text{INDUSTRY} \\
&+ e_{i,t},
\end{aligned} \tag{1}$$

where *Media Coverage_{i,t}* is the number of media articles about firm *i*'s financial performance issued on trading day *t*; *Corporate Disclosure_{i,t}* is the number of corporate press releases about firm *i*'s financial performance issued on trading day *t*; *z* is the index of summation, which assumes values starting with 1 and ending with 5; consistent with prior literature (Bushee et al., 2010; Engelberg, 2008; Fang & Peress, 2009), *X_{i,t}* is a vector of variables that controls for other factors that affect the level of media coverage firm *i* receives; *DAY* represents weekday fixed effects; *MONTH* represents month fixed effects; *YEAR* represents year fixed effects; *INDUSTRY* represents industry fixed effects using the 48 industry classification of Fama and French (1997); and *e_{i,t}* is the regression error term.

To support our conjectures on managers' attempt to influence their firm's level of media coverage, we re-estimate equation (1) using alternative model specifications. First, we use firm fixed effects to control for the effect of time-invariant unobservable firm-level variables. Second, we use a pooled Poisson model, as the dependent variable is a count variable, namely a nonnegative integer (Cameron & Trivedi, 2010). A formal test of the null hypothesis of equidispersion (i.e., equality of the conditional variance and conditional mean) indicates the presence of significant overdispersion (untabulated result). That is why we estimate the pooled Poisson estimator by using cluster-robust standard errors that take care of both overdispersion and serial correlation (Cameron & Trivedi, 2010). Third, we use Poisson firm fixed effects to control for any omitted company characteristics that remain constant over time.⁴ For all model

⁴ According to Cameron and Trivedi (2010), the Poisson FE estimator requires that the count for a sample firm be nonzero in at least one period of data. Therefore, the Poisson FE estimator might lead to a loss of observations.

specifications, we estimate robust standard errors clustered at the company level. We expect to find positive and significant coefficients for *Corporate Disclosure*_{*i,t*} and *Corporate Disclosure*_{*i,t-1*} across all four model specifications (Pooled OLS, Firm Fixed Effects, Pooled Poisson and Poisson Firm Fixed Effects).

3.2 Sample Selection

Following the extant literature (Ahern & Sosyura, 2014; Bushee et al., 2010; Bushee & Miller, 2012), we obtain data on media articles and press releases related to companies' financial performance from the Factiva database. Our sample includes the constituent companies of the Standard & Poor's 500 index. We restrict our sample to firms included in the S&P 500 index because they represent approximately 80% of the total market capitalization in the United States and, as a result, these firms draw the interest of the press quite often (Tetlock et al., 2008). Our sample period is January 2000 to December 2013. We believe that 14 years are sufficient enough to capture the anticipated effect, while the year 2000 seems to be a reasonable year to begin our sample period given that Regulation Fair Disclosure (FD) was promulgated by the Securities and Exchange Commission (SEC) in 2000 in order to prohibit selective disclosures by companies. Furthermore, Factiva's news coverage is limited in earlier years and its intelligent indexing codes are not available for all companies before 2000 (Ahern & Sosyura, 2014).

3.3 Press Releases and Financial Media Data

Similar to Ahern and Sosyura (2014) and Core et al. (2008), we assume that all articles carried on Factiva's category 'Major News and Business Publications', including *The New York Times*, *The Financial Times*, *The Washington Post* and *The Wall Street Journal*, are press-initiated. This method ensures that we obtain English-language media articles from publications that exercise editorial control over their content (Bushee et al., 2010). Following prior literature

(Ahern & Sosyura, 2014; Bushee & Miller, 2012; Engelberg, 2008; Soltes, 2010), we collect media coverage data using Factiva's 'intelligent indexing' codes (i.e., unique indexing codes assigned to each firm), a process that allows us to identify relevant media articles that discuss a particular company in detail. We also apply Factiva's expert search 'financial performance' in order to obtain media articles about our sample firms' financial performance.

We follow Bushee et al. (2010), Bushee and Miller (2012) and Core et al. (2008) in using Factiva's category 'Press Release Wires', which includes *PR Newswire* and *Business Wire*, to collect our sample companies' corporate disclosures. We also collect articles coded as press releases by Factiva. We apply 'financial performance' indexing and thus we manage to collect all financial performance-related press releases covered by Factiva. Similar to Ahern and Sosyura (2014), we eliminate press releases with fewer than 50 words. We require the name or alternative names of the company of interest (e.g., 'International Business Machines', or 'International Bus. Machines', or 'IBM') to appear in each release's headline. Although almost all press releases contain the issuing company's name in the headline, this procedure is not sufficient to ensure that all corporate disclosures were issued by the companies of interest. In line with Soltes (2010), we take advantage of the fact that corporate press releases include a separate field (the CT field) with the company's contact information at the bottom of each press release. We require each company's name, alternative names or official website to be mentioned within this contact field. Failure to take each disclosure's contact information into account would introduce bias and would lead to significant misclassification (Soltes, 2010).

We construct our sample using the 835 S&P 500 index constituent firms between 2000 and 2013. We begin by collecting 282,406 financial performance-related media articles and 90,472 financial performance-related corporate press releases from the Factiva database. We drop 1,837 media articles and 312 press releases that have identical date of publication, Factiva company identifier, headline, author name, number of words and source code. We remove 9,358 media articles and 214 press releases that are issued on a Saturday or Sunday since we

require daily trading information for our analysis, which is not available over the weekend. We drop 3,051 media articles and 2,506 press releases that are issued about or by 67 companies included in the S&P 500 index for less than 12 months. We further remove 784 media articles and 125 press releases issued about or by 4 firms that contain the term “-OLD” in their names. We also drop 37,356 media articles and 9,036 press releases either because they are issued on a non-trading day or because they are issued on a trading day for which full data are unavailable. In total, the sample includes 230,020 media articles and 78,279 corporate press releases. After the exclusion of the three-day window surrounding press releases about events managers cannot control, as classified by Tian (2015), 123,623 press-initiated articles and 47,088 company-initiated disclosures remain in the sample. The 760 firms left in our sample provide 1,915,153 firm-day observations from January 2000 to December 2013.

3.4 Control Variables

We control for a number of company and industry characteristics that are associated with a company’s information environment. We obtain data from several sources. The Centre for Research in Securities Prices (CRSP) supplies stock price and return data. The Institute Brokers Estimate System (I/B/E/S) provides analyst data. Compustat reports accounting data. All variables used in the present study are described in Appendix A.

Larger firms attract greater media attention (Bushee et al., 2010; Fang & Peress, 2009; Solomon & Soltes, 2012; Soltes, 2010), as they usually have a large investor base, while editors realize that news stories about them appeal to a substantial readership. For these reasons, we expect a positive coefficient between our proxy for firm size and media coverage. Prior work indicates that the number of analysts following a firm is also a significant determinant of media coverage and affects market attention. Several studies (e.g., Engelberg, 2008; Soltes, 2010) find that firms with high analyst coverage tend to experience greater media coverage, as they offer more sources to journalists to write news stories about them. In contrast, Fang and Peress

(2009) suggest that analyst coverage might serve as a substitute rather than complement to media coverage by showing that firms covered by analysts are less likely to receive coverage in the press. In addition, the same reasons that lead journalists to write news stories about some firms could also lead analysts to cover these firms. Thus, we are agnostic over the effect analyst coverage will have on our sample firms' media coverage.

The effect of idiosyncratic volatility, that is, the firm-specific component of share return volatility, on media coverage is also ambiguous. Fang and Peress (2009) show that media coverage is positively correlated with idiosyncratic volatility, Soltes (2010) identifies a negative relation, while Engelberg (2008) finds no relation. Therefore, we cannot predict a priori the sign of the effect of idiosyncratic volatility on business press coverage. Bushee et al. (2010) also use the book-to-market ratio as an inverse proxy for growth opportunities and provide evidence that high-growth firms (i.e., firms with low book-to-market ratios) experience higher media coverage. This is contrary to the finding by Fang and Peress (2009), namely that value firms (i.e., firms with high book-to-market ratios) receive greater media coverage. For this reason, we are uncertain about the sign of the effect of book-to-market ratio on business press coverage.

Next, we control for share turnover, as increased trading is likely to influence business press coverage. Peress (2008) focuses on earnings announcement days and shows that trading volume is larger for firms with higher media coverage. Similar to Bushee et al. (2010), we predict firms with high share turnover to be most likely featured in the media. Moreover, we expect that highly leveraged firms have higher media attention.

Similar to prior studies (Bushee et al., 2010; Engelberg, 2008), we expect firms with abnormal returns to receive substantial media coverage. This expectation is consistent with the idea that the magnitude of market reaction is newsworthy and attracts media attention. As discussed earlier, a number of studies show that the press is more likely to publish sensational stories likely to win the attention of a broad set of readers, while others find that the press plays

an informative and investigative role. We test whether the press plays an entertaining rather than an informative role by examining whether it is more likely to report news stories about firms with negative abnormal returns rather than positive abnormal returns; the view that the media is more likely to cover very negative news because of their greater economic information content for readers seems to be less plausible (Solomon & Soltes, 2012).

We also include in our models dummy variables for the 48 Fama-French industries (Fama & French, 1997), as the media might be more interested in writing news stories about the financial performance of firms that belong to specific industries (e.g., software firms).⁵ Finally, in order to capture season or time trends in media coverage all our models include day of the week, month and year fixed effects.

4. Descriptive Statistics and Empirical Results

4.1 Descriptive Statistics

Table 1 presents counts of media articles and (voluntary) corporate press releases by day, month and year of publication for our sample firms. We find that most disclosures are made on a Thursday, followed by Tuesday and Wednesday. This is consistent with the idea that managers disclose news to be absorbed by the market and incorporated in stock prices in the middle of the week when market attention is perceived to be higher.⁶ We observe a very similar pattern for media articles. We also notice that most corporate disclosures are issued in January, April, July, and October. This finding is more pronounced when examining press releases about all events (untabulated), which is not surprising if one considers that most S&P 500 companies issue quarterly reports, hence make their quarterly earnings announcements, during these months. Interestingly, media articles also seem to follow the quarterly reporting cycle.

⁵ We report the industry classification for our sample firms in Table IA.3 of the Internet Appendix.

⁶ Dellavigna and Pollet (2009) find that earnings announcements on a Friday receive less investor attention than announcements that occur on other weekdays. However, DeHaan et al. (2015) argue that, despite managers' perceptions, the market attention is no different on Fridays compared to other weekdays.

[Insert Table 1 here]

In Table 2, Panel A, we present summary statistics for the raw values of key variables. An average S&P 500 company issues 0.025 (non-earnings) financial performance-related press releases and appears in 0.065 media articles per trading day. Conditional on the presence of at least one press release issued during the day, the mean *Media Coverage_t* is 0.351 (untabulated). The firms in our sample have an average $CAR[-3, -1]$ of 0.1%, while the panel mean for size (market capitalization) is \$18.9 billion. The median firm has a book-to-market ratio of 0.66, is followed by 16 analysts, has a share turnover of 49.3%, and has 23.3% leverage.

In Table 2, Panel B, we present pairwise correlations for key variables. We find a positive and significant correlation between the amount of media coverage on day t and the number of corporate disclosures on the same day (10.3%), which reveals that there is a strong positive association between company-initiated and press-initiated articles. We also notice that media coverage is negatively correlated with $CAR[-3, -1]$; this indicates that the media might be more likely to report news stories about firms that experience negative abnormal returns. Larger firms and firms covered more by analysts draw the interest of the press more often, suggesting that analyst coverage might serve as a complement to media coverage.

[Insert Table 2 here]

Figure 1 provides evidence that media articles concentrate around corporate disclosure days, as shown by the two adjacent spikes representing the number of media articles on the same day and one trading day following a firm's press release issuance. This finding suggests that there is a positive relation between corporate disclosures and media coverage.

[Insert Figure 1 here]

4.2 Main Results

In Table 3 we present the results of our multivariate regressions on the number of media articles about firms' financial performance. In column 1 we report the results from a pooled OLS regression; in column 2 we control for time-invariant unobservable firm-level characteristics by including firm fixed effects; in column 3a we run a pooled Poisson model, which is specifically designed for count variables,⁷ whereas in column 3b we present the average marginal effects (A.M.E.) for the pooled Poisson model, which we consider as the most appropriate specification; in column 4 we apply Poisson firm fixed effects. The regression coefficients of the pooled Poisson model and the Poisson firm fixed effects model can be interpreted as semi-elasticities. The main variables of interest, hypothesized to affect business press coverage, are *Corporate Disclosure_t* and *Corporate Disclosure_{t-1}*. According to the pooled OLS regression results, an additional disclosure issued by firm *i* on trading day *t* (*t-1*) is predicted to increase, ceteris paribus, the firm's media coverage on day *t* by 0.260 (0.096). The inclusion of firm fixed effects does not change the statistical and economic significance of the results. In the pooled Poisson regression model the estimated coefficient for *Corporate Disclosure_t* (*Corporate Disclosure_{t-1}*) is 1.171 (0.694). The average marginal effects for *Corporate Disclosure_t* and *Corporate Disclosure_{t-1}* are 0.076 and 0.045, respectively. Therefore, on average, increasing the number of corporate press releases on trading day *t* (*t-1*) by one is associated with 0.076 (0.045) additional media articles on day *t*, holding other variables at their observed values. Given that the mean media coverage is 0.065, the above coefficients are economically significant. This is because an additional corporate press release issued by firm *i* on trading day *t* (*t-1*) is expected to increase, ceteris paribus, the firm's media

⁷ The pooled Negative Binomial model, which is also used to model count variables, typically works well and offers flexibility by allowing for overdispersion (Cameron & Trivedi, 2010; Long & Freese, 2014). The literature also recommends zero-inflated Poisson and Negative Binomial regressions to model count variables with excessive zeros (Cameron & Trivedi, 2010; Long & Freese, 2014). Given that firm-days with no media coverage are prevalent in our study, in untabulated tests we also run these models and find that our inferences are robust to using each of these specifications: (1) pooled Negative Binomial, (2) zero-inflated Poisson, and (3) zero-inflated Negative Binomial regressions.

coverage on day t by 117.1% (69.4%). The Poisson firm fixed effects regression results are quite similar; for every additional corporate disclosure on trading day t ($t-1$), a company's expected media coverage on day t increases by 119.2% (69.5%), holding other factors constant. The coefficient estimates for *Corporate Disclosure* _{$t-2$} , *Corporate Disclosure* _{$t-3$} , *Corporate Disclosure* _{$t-4$} and *Corporate Disclosure* _{$t-5$} are significantly positive across all model specifications, but their economic significance is much lower, as expected; in fact, the magnitudes of these coefficients become gradually lower as we move further away from the media coverage day t . Hence, our findings demonstrate the timing of the response to firm-initiated announcements by media outlets.⁸ Our results across all model specifications are consistent with H1 and indicate that there is a positive association between corporate disclosures and firms' media coverage. This finding is a first indication that managers might be able to influence their firm's coverage in the financial press by issuing press releases.

Our results also suggest that firms with positive abnormal returns receive substantial media coverage. The positive sign of the coefficient for *CAR*[-3, -1] in columns 1-4 confirms this result. However, the slope coefficient for the interaction term, which measures the difference in sensitivity of *Media Coverage* _{t} to positive and negative abnormal returns, is negative and significant at the 1% level across all model specifications, implying that firms with positive and firms with negative abnormal returns do not have the same effect on the level of media coverage. In fact, we find that the business press disproportionately reports news stories about firms with negative abnormal returns. This finding could be interpreted as being in line with the sensationalist view of the press (Ahern & Sosyura, 2015; Core et al., 2008;

⁸ In Table IA.1 in the Internet Appendix, we report the results of an additional test, which differentiates between the online and print versions of the *Wall Street Journal* (WSJ), to highlight the timing of the response to corporate press releases by media outlets. We confirm our finding that media articles concentrate around corporate disclosure days. However, the timing varies depending on the type of WSJ edition. When we examine the print-version articles, we find a one-trading day lag between corporate disclosures and the newspaper publications relating to these disclosures. Interestingly, when we examine the WSJ online edition, we find a spike on WSJ online coverage on the corporate disclosure day, consistent with the ability of the online edition to incorporate and disseminate new corporate information in more timely fashion. Overall, our findings point towards a strong positive association between corporate disclosures and business press coverage.

Jensen, 1979). Our regression results in Table 3 also show that media coverage is greater for larger firms and firms with high idiosyncratic volatility, book-to-market ratio, and leverage.

[Insert Table 3 here]

5. Additional Analyses and Robustness Checks

5.1 Media Coverage Competition Among Firms

Our basic model ignores the possibility that the media coverage of one firm might be influenced by the media coverage of other firms. There are, at least, two main considerations here. First, reporters have limited capacity to produce media articles, and companies need to compete against other firms to gain their attention. Second, it is possible that media coverage may be driven, to some extent, by events that affect related firms, such as firms in the same industry.

To test for these possibilities, we construct a model that focuses on the working week rather than daily frequency. This picks up on the idea that reporters have limited capacity and need to ration their time across the working week. We estimate the following model:

$$\begin{aligned}
 \text{Weekly Media Coverage}_{i,w} &= b_0 + b_1 \text{Weekly Corporate Disclosure}_{i,w} \\
 &+ b_2 \text{OtherFirms_Weekly Media Coverage}_{-i,w} \\
 &+ b_3 \text{OtherFirms_Weekly Corporate Disclosure}_{-i,w} + b_4 \text{StDev_AbnReturns}_{i,w} \\
 &+ b_5 \text{OtherFirms_StDev_AbnReturns}_{-i,w} + b_j \text{WEEK} + b_k \text{INDUSTRY} \\
 &+ e_{i,t},
 \end{aligned} \tag{2}$$

where *Weekly Media Coverage_{i,w}* is the number of media articles about firm *i*'s financial performance issued in week *w*; *Weekly Corporate Disclosure_{i,w}* is the number of corporate press releases about firm *i*'s financial performance issued in week *w*; *OtherFirms_Weekly Media Coverage_{-i,w}* is the number of media articles about other firms' financial performance in the same industry, excluding firm *i*, issued in week *w*; *OtherFirms_Weekly Corporate Disclosure_{-i,w}* is the number of corporate press releases about other firms' financial

performance in the same industry, excluding firm i , issued in week w ; $StDev_AbnReturns_{i,w}$ is the standard deviation of $Abnormal\ Return_{i,t}$ of firm i in week w , where $Abnormal\ Return_{i,t}$ is the difference between a firm's stock return on trading day t and the return on the S&P 500 index on the same day; $OtherFirms_StDev_AbnReturns_{-i,w}$ is the standard deviation of $Abnormal\ Return_{i,t}$ of other firms in the same industry, excluding firm i , in week w ; $WEEK$ represents week fixed effects; $INDUSTRY$ represents industry fixed effects using the 48 industry classification of Fama and French (1997); and $e_{i,t}$ is the regression error term.

We estimate this model using the four estimation methods presented in the main analysis. Consistent with H1, we predict a positive coefficient for *Weekly Corporate Disclosure_{i,w}*. The results clearly support this prediction; weekly media coverage is positively associated with news at the firm level arriving during the period.

We do not have a unidirectional prediction for coefficient b_2 . If common events drive coverage for all firms in the same industry, then b_2 will be positive. However, if reporters prioritize one firm over another firm within the same industry, then b_2 will be negative. The results indicate a significantly positive effect consistent with common events affecting the media coverage of firms within an industry.

Given the significant consequences of media coverage, which prior research shows reduces information asymmetry (Bushee et al., 2010) and affects the desirability of firms' securities (e.g., Engelberg & Parsons, 2011; Fang & Peress, 2009), managers face incentives to influence their firms' media coverage, and compete for media attention. Therefore, we expect b_3 to be negative, consistent with related firms competing for media coverage. Our findings confirm that voluntary corporate disclosures by firms in the same industry lead to lower media coverage for firm i . This is an important result which speaks directly to the managerial motivation for issuing voluntary press releases.

High abnormal stock return volatility indicates increased news flow for the firm concerned. So, we expect b_4 to be positive, and the results support this view. We do not have a

unidirectional prediction for b_5 . This could be negative if news about other firms in the industry divert media attention away from firm i . However, b_5 could be positive if news about firms in the same industry lead reporters to consider possible spill-over effects for firm i . The largely negative results suggest that the former consideration dominates.

Overall, the findings in Table 4, whilst still supporting our main hypothesis, clearly indicate that the media coverage of one firm is not independent of the coverage of related firms during the same working week. Table 4 also provides evidence consistent with firms in the same industry competing for media coverage. In addition, the results suggest that industry-specific events can result in increased coverage for firms in the same industry.

[Insert Table 4 here]

5.2 Results for Abnormal Media Coverage

It is likely that our main results capture a positive association between corporate press releases and media coverage primarily due to managers timing, on average, the publication of their press releases to coincide with periods of higher media coverage. In our main model, we control for this alternative explanation by including weekday, month and year fixed effects in our specifications, which deal with season and time trends in media coverage. Instead, in this section, we directly define and calculate abnormal media coverage and study its relation with corporate disclosures. Table 5 reports the results from a pooled OLS regression (column 1) and a regression with firm fixed effects (column 2) on *Abnormal Media Coverage* $_{i,t}$, which is defined as the difference between the number of media articles about firm i 's financial performance issued on trading day t and firm i 's mean quarterly number of media articles. Our results for the main variables of interest are almost identical to the ones in Table 3 (columns 1 and 2) and provide consistent evidence that corporate disclosures exhibit a positive association with abnormal media coverage, that is, firm managers' issuance of press releases generates greater than usual media coverage. Even though this analysis is more direct since it relates

corporate disclosures to abnormal levels of media coverage, it is also based on an ad-hoc definition of abnormal coverage. Thus, we decide to present it only as additional analysis instead of replacing our main model specification.

[Insert Table 5 here]

5.3 Abnormal Returns and Trading Around Corporate Press Releases and Media Coverage

As discussed in Section 2.1, prior literature reveals that media coverage is an important driving factor of price formation and trading activity. We investigate whether corporate disclosures about firms' financial performance have an incremental effect to media coverage, by studying their effect on absolute abnormal returns (Table 6, Panel A) and abnormal trading volume (Table 6, Panel B) after controlling for media coverage. Although in Panel A we model media coverage as a determinant of absolute abnormal returns, we are agnostic as to the direction of causality. That is, we concur it may be the case that abnormal returns attract higher media attention (Table 3). In either case, although not our main focus, we provide evidence consistent with a strong association between absolute abnormal returns and media coverage.

Panel A shows that, after controlling for the level of media coverage a firm receives, the amount of corporate disclosures issued on trading days t and $t-1$ exhibits a positive association with absolute abnormal returns on day t . Our results indicate that investors react abnormally to corporate disclosures, even after controlling for the media coverage they receive. This finding implies that investors view company-initiated releases as an important form of communication that conveys significant firm-specific information to the market, above and beyond the market impact of the media coverage related to these company disclosures. Peress (2008) documents that earnings announcements with greater media coverage create higher trading volume at the announcement. In Panel B, we show that voluntary corporate disclosures issued on trading days t and $t-1$ also influence positively abnormal trading volume on day t . Their effect is above and beyond the media articles one. Hence, we extend Peress' (2008)

results by showing that voluntary corporate disclosures have a similar effect to earnings announcements. The results presented in this Section are important since they illustrate the scope for managers to influence abnormal returns and trading volumes at their discretion through the release of voluntary company disclosures.

[Insert Table 6 here]

5.4 Sensitivity to the Materiality of News

Heitzman, Wasley, and Zimmerman (2010) discuss the implications of materiality for voluntary disclosures in the accounting literature. Although prior voluntary disclosure research examines the benefits and costs of voluntary disclosures, it typically fails to distinguish between the disclosure of material and immaterial information. Managers have a duty to disclose information to investors when they consider it to be material. Therefore, disclosures that contain material information are not ‘truly’ voluntary. Heitzman et al. (2010) conclude that future voluntary disclosure research needs to consider the impact of materiality (i.e., managers’ duty to disclose material information) on firms’ disclosure policies. Materiality is the threshold between the important and the less significant disclosures. Lo (2010) argues that the dividing line between material and immaterial pieces of information can be vague but highlights the importance of classifying facts as being material or immaterial, as the concept of materiality is necessarily “*a discrete categorization*” (p. 134) in practice.

Although we exclude from our main analysis mandatory earnings announcement releases and disclosures about events the publication and timing of which are outside managerial control, we acknowledge that not all remaining corporate disclosures are actually voluntary, in the sense that managers have an affirmative duty to disclose material information to investors. In order to avoid the potential impact of materiality driving our reported findings, in Table 7 we first drop the top quartile of the distribution of *Absolute Abnormal Return*_{*i,t*} (Panel A, columns 1 and 2), or *Abnormal Trading Volume*_{*i,t*} (Panel B, columns 5 and 6), and examine

how the results of Table 5 change in response to these new specifications. The rationale behind this test is that disclosures that are associated with high absolute abnormal returns or high abnormal trading reaction are more likely to contain material information, thus, by dropping them we avoid misclassifying potentially involuntary disclosures as voluntary ones. Still, the coefficients on *Corporate Disclosure_t* and *Corporate Disclosure_{t-1}* remain positive and statistically significant consistent with our conjecture that managers issue voluntary press releases to increase the coverage their firms receive in the business press to above-normal levels. Furthermore, Heitzman et al. (2010) claim that materiality thresholds become smaller when the disclosed item has a significant impact on the investors' trading decision. So, in Table 7 we also drop the upper half of the distribution of *Absolute Abnormal Return_{i,t}* (Panel A, columns 3 and 4), or *Abnormal Trading Volume_{i,t}* (Panel B, columns 7 and 8), and showcase that our results hold despite the anticipated further drop in the economic significance of the main variables of interest.⁹ Overall, our findings do not appear to be driven by managers' obligation to disclose material information to outside market participants.

[Insert Table 7 here]

5.5 Propensity Score Matching Test

It is plausible that the strong positive association between company-initiated and press-initiated articles that we report in our main analysis merely reflects some confounding factors that determine both the number of corporate press releases managers issue and firms' media coverage, thus, does not demonstrate causality. In Table 8, we present additional results based on quarterly data, which mitigate causality concerns via the use of propensity score matching (PSM). We estimate *Quarterly Media Coverage_q* (*Quarterly Corporate Disclosure_q*), defined as the number of media articles (corporate press releases) about firm *i*'s financial performance

⁹ In untabulated tests we run the same regressions as in Table 7, using *Media Coverage_{i,t}*, instead of *Abnormal Media Coverage_{i,t}*, as the dependent variable, and show that our inferences remain unchanged.

issued in quarter q ; we then group firms on the basis of whether they issue several or few (but non-zero) press releases within the quarter using $HIGHDisclosure_q$, that is, an indicator variable that takes the value 1 for the top quartile of the distribution of *Quarterly Corporate Disclosure_q* (i.e., 3), and 0 for the bottom quartile of the distribution of *Quarterly Corporate Disclosure_q* (i.e., 1). Panel A (unmatched sample) compares the results on quarterly media coverage across the two groups, which show that the mean and median *Quarterly Media Coverage_q* of firms that issued at least 3 voluntary press releases within the quarter ($HIGHDisclosure_q = 1$) are significantly higher than those firms that issued only 1 press release within the quarter ($HIGHDisclosure_q = 0$). However, Panel B (unmatched sample) suggests that other factors other than quarterly media coverage differ significantly across the two groups, including analyst coverage, idiosyncratic volatility, firm size, book-to-market ratio, leverage, and share turnover.

Therefore, we employ a propensity score matching design to more clearly attribute observed differences in *Quarterly Media Coverage_q* to *Quarterly Corporate Disclosure_q* itself, rather than to firm characteristics and abnormal market reactions associated with press releases' issuance. More specifically, we first use a probit model in which the dependent variable is $HIGHDisclosure_q$, and the regressors include *Analyst Coverage*, Ln (*Idiosyncratic Volatility*), Ln (*Market Capitalization*), *Book-to-Market Ratio*, *Leverage*, *Share Turnover*, $CAR[-3, -1]$, as well as year-quarter and industry fixed effects (untabulated). We then derive the propensity scores and match, without replacement, each firm from the top quartile of the distribution of *Quarterly Corporate Disclosure_q* with another firm, in the same year-quarter and industry, from the bottom quartile of the distribution of *Quarterly Corporate Disclosure_q* that has the closest propensity score within a maximum distance of 1 percent (i.e., we use a nearest-neighbor matching approach with common support and a caliper constraint of 0.01). The final sample includes 1,498 matched pairs. Through the matching process, we achieve covariate balance, as there are no longer significant differences in the means and medians of any of the

covariates across the two groups (Panel B, matched sample). Thus, the resulting differences in quarterly media coverage (Panel A, matched sample) can be better attributed to the *treatment effect* (i.e., differences in the number of corporate press releases firms issue within the quarter) rather than heterogeneity in firm characteristics and market reactions, alleviating endogeneity concerns related to selection on observable characteristics (Shipman, Swanquist, & Whited, 2017). Importantly, in Panel C, we use the matched sample and regress *Quarterly Media Coverage_q* on *Quarterly Corporate Disclosure_q* (and the control variables); we find that firms that issue voluntary press releases more often enjoy more media coverage than firms that issue press releases less frequently, holding the overall level of the firm news constant. Our results serve as an indication that our inferences are less likely to be driven by confounding effects.

[Insert Table 8 here]

6. Discussion and Conclusions

In this paper, we examine the role of voluntary company-initiated disclosures about firm financial performance as a stimulus for media coverage. We show that there is a consistent positive association between the amount of corporate disclosures and firms' coverage in the business press. Our results provide strong indications that firms compete for media coverage, hence managers can use press releases to attract greater media attention. These results are robust to controlling for firm characteristics, different model specifications as well as earnings announcement days, which have been the focus of prior research. We also show that our inferences are not sensitive to managers' obligation to disclose material information to investors. Overall, we highlight the timing of the response to corporate press releases by media outlets and suggest that the coverage decisions of the press can be influenced by the firm.

A broad research question that emerges from the disclosure literature involves understanding the reasons why managers voluntarily communicate information about their firms that is not mandated by regulation (Miller & Skinner, 2015). Miller and Skinner (2015)

argue that managers spend a substantial amount of time thinking of ways to manage their companies' information environment, as they believe that their disclosure decisions have significant capital market effects. Consistent with this argument, we show that increased frequency of voluntary press releases is associated with an increase in the firm's media coverage. Still, we acknowledge that there might be several other factors affecting managers' decision to issue a voluntary press release; an increase in the firm's level of media coverage is likely to be one of them. The decision to issue a press release is part of managers' overall financial communication policy with information intermediaries and investors.

We provide further evidence that voluntary press releases not only attract more media coverage about the firm but also directly lead to greater abnormal returns and trading volumes. This finding is comparable with prior literature that finds that greater media coverage around earnings announcements improves firms' information environments by reducing bid-ask spreads and increasing market depths, consistent with a reduction in information asymmetry (Bushee et al., 2010). This could serve as an explanation as to why managers might attempt to influence the amount of media coverage their firms receive in the financial press by voluntarily making corporate disclosures. However, the potential endogeneity between our measure for media coverage and information asymmetry measures does not allow us to directly test this hypothesis, as we could not identify a valid instrument for media coverage. Bushee et al. (2010) employ the number of employees as an instrumental variable for media coverage. However, the validity of this instrument in our setting is questionable given that the number of employees is also used as a proxy for firm size, which is a known determinant of media coverage.

We acknowledge that news coverage is endogenous by nature, as reporting is likely to be correlated with underlying events. Consequently, it is difficult to make causal inferences in our study, since omitted variables that concurrently affect media article and firm-initiated press release activity may explain a strong positive association between news coverage and corporate disclosures. Still, our propensity score matching results offer some evidence consistent with a

causal interpretation of our finding. Lastly, an alternative explanation to our findings is that investor relations firms ‘spin’ corporate news resulting in greater media coverage. However, recent evidence suggests that investor relations firms are less likely to influence large national newspapers, and their influence is concentrated in smaller regional newspapers (Ahern & Sosyura, 2014; Bushee & Miller, 2012; Solomon, 2012). We examine the cross-section of the largest firms in the U.S., which attract the attention of the biggest mainstream media outlets. Thus, even though we do not explicitly control for potential investor relations firm fixed effects, our conclusions are less likely to be influenced by the impact of investor relations firms on media coverage.

Our study also offers several areas for future research. First, press releases are not the only mechanism by which the firm communicates with the media. It would be worthwhile to examine whether other mechanisms available to managers, such as social media services, give them the opportunity to influence business press coverage. Second, a limitation of our study is that we do not examine the content of corporate press releases and related financial media articles, as this would require some form of content analysis, which is beyond the scope of this paper. Future research should examine whether managers are able to influence the content of media articles. More specifically, investigating the level of text reuse of corporate press releases by the financial media may offer important insights as to the degree to which media coverage is affected by firm management.

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Appendix A

Variable definitions

Variable	Definition and Measurement
Abnormal Media Coverage _{i,t}	The difference between the number of media articles about firm <i>i</i> 's financial performance issued on trading day <i>t</i> and firm <i>i</i> 's mean quarterly number of media articles.
Abnormal Return _{i,t}	The difference between firm <i>i</i> 's stock return on trading day <i>t</i> and the return on the S&P 500 index on the same day.
Abnormal Trading Volume _{i,t}	The natural logarithm of firm <i>i</i> 's ratio of $AVE[V_{it}]$ to $AVE[V_i]$.
Absolute Abnormal Return _{i,t}	The absolute value of firm <i>i</i> 's <i>Abnormal Return</i> on trading day <i>t</i> .
Analyst Coverage _{i,t}	The number of analysts covering firm <i>i</i> in the previous calendar quarter.
$AVE[V_i]$	Firm <i>i</i> 's average <i>Daily Trading Volume</i> $[V_{it}]$ over the period, <i>t</i> –60 to <i>t</i> –10 and <i>t</i> +10 to <i>t</i> +60, relative to trading day <i>t</i> .
$AVE[V_{it}]$	Firm <i>i</i> 's average <i>Daily Trading Volume</i> $[V_{it}]$ over the three-day window, <i>t</i> –1 to <i>t</i> +1, relative to trading day <i>t</i> .
Book-to-Market Ratio _{i,t}	Firm <i>i</i> 's ratio of total assets to (total assets – book equity + market equity) in the previous calendar quarter.
$CAR[-3, -1]_{i,t}$	Firm <i>i</i> 's cumulative abnormal return from trading day <i>t</i> –3 to trading day <i>t</i> –1 relative to trading day <i>t</i> .
$CAR[-3, -1]_{Neg,i,t}$	Indicator variable that takes the value 1 if $CAR[-3, -1]$ is negative, and 0 otherwise.
$CAR[-3, -1] \times CAR[-3, -1]_{Neg,i,t}$	The interaction of $CAR[-3, -1]$ and $CAR[-3, -1]_{Neg}$.
Corporate Disclosure _{i,t}	The number of corporate press releases about firm <i>i</i> 's financial performance issued on trading day <i>t</i> .
Daily Trading Volume $[V_{it}]$	Firm <i>i</i> 's number of shares traded on trading day <i>t</i> divided by the number of shares outstanding on trading day <i>t</i> .
Earnings Announcement _{i,t}	Indicator variable that takes the value 1 if there is an earnings announcement by firm <i>i</i> on trading day <i>t</i> , and 0 otherwise.
HIGHDisclosure _{i,q}	Indicator variable that takes the value 1 for the top quartile of the distribution of <i>Quarterly Corporate Disclosure</i> , and 0 for the bottom quartile of the distribution of <i>Quarterly Corporate Disclosure</i> .
Leverage _{i,t}	Firm <i>i</i> 's ratio of long- and short-term debt to total assets in the previous calendar quarter.
$\ln(\text{Market Capitalization})_{i,t}$	The natural logarithm of firm <i>i</i> 's market value of equity in the previous calendar quarter.
$\ln(\text{Idiosyncratic Volatility})_{i,t}$	The natural logarithm of the standard deviation of firm <i>i</i> 's <i>Abnormal Return</i> in the last 90 trading days relative to trading day <i>t</i> .
Media Coverage _{i,t}	The number of media articles about firm <i>i</i> 's financial performance issued on trading day <i>t</i> .
OtherFirms_StDev_AbnReturns _{-i,w}	The standard deviation of <i>Abnormal Return</i> of other firms in the same industry, excluding firm <i>i</i> , in week <i>w</i> .
OtherFirms_Weekly Corporate Disclosure _{-i,w}	The number of corporate press releases about other firms' financial performance in the same industry, excluding firm <i>i</i> , issued in week <i>w</i> .

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Appendix A (continued)

Variable	Definition and Measurement
OtherFirms_Weekly Media Coverage _{<i>i,w</i>}	The number of media articles about other firms' financial performance in the same industry, excluding firm <i>i</i> , issued in week <i>w</i> .
Quarterly Corporate Disclosure _{<i>i,q</i>}	The number of corporate press releases about firm <i>i</i> 's financial performance issued in quarter <i>q</i> .
Quarterly Media Coverage _{<i>i,q</i>}	The number of media articles about firm <i>i</i> 's financial performance issued in quarter <i>q</i> .
Share Turnover _{<i>i,t</i>}	Firm <i>i</i> 's ratio of the total number of shares traded to the total number of shares outstanding in the previous calendar quarter.
StDev_AbnReturns _{<i>i,w</i>}	The standard deviation of <i>Abnormal Return</i> of firm <i>i</i> in week <i>w</i> .
Weekly Corporate Disclosure _{<i>i,w</i>}	The number of corporate press releases about firm <i>i</i> 's financial performance issued in week <i>w</i> .
Weekly Media Coverage _{<i>i,w</i>}	The number of media articles about firm <i>i</i> 's financial performance issued in week <i>w</i> .

Figure 1
Media Coverage around Corporate Announcements

Notes: Figure 1 displays the number of media articles related to firm i 's financial performance from 3 trading days preceding its corporate disclosure to 3 trading days following the disclosure. Day 0 refers to the corporate disclosure date.

Table 1
Media Articles and Press Releases by Calendar Period

Panel A: Number of Media Articles and Press Releases per Day of the Week

	Monday	Tuesday	Wednesday	Thursday	Friday	Total
Media Articles	21,576	24,252	23,988	30,459	23,348	123,623
Press Releases	7,668	10,303	9,841	12,633	6,643	47,088

Panel B: Number of Media Articles and Press Releases per Month of Publication

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Media Articles	13,841	10,327	8,924	12,610	8,613	7,405	12,270	9,019	8,549	13,438	9,482	9,145	123,623
Press Releases	5,918	3,615	3,455	5,343	3,519	3,269	5,080	2,486	3,363	5,305	2,683	3,052	47,088

Panel C: Number of Media Articles and Press Releases per Year of Publication

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
Media Articles	5,126	9,646	13,702	8,337	7,105	6,458	5,917	6,061	7,405	10,071	12,598	11,368	14,197	5,632	123,623
Press Releases	720	2,241	2,333	3,833	4,217	4,280	4,050	4,351	4,582	4,032	3,469	2,792	3,698	2,490	47,088

Notes: The table presents counts of media articles and press releases by day (Panel A), month (Panel B) and year (Panel C) of publication. We examine voluntary corporate press releases by excluding the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). Our sample includes 123,623 media articles and 47,088 press releases related to companies' financial performance from the Factiva database for the Standard and Poor's 500 index constituent firms over the period January 2000 – December 2013.

Table 2
Summary Statistics and Correlations

Panel A: Summary Statistics					
	Mean	Std. Dev.	Q1	Median	Q3
Media Coverage _t	0.065	0.430	0.000	0.000	0.000
Corporate Disclosure _t	0.025	0.163	0.000	0.000	0.000
CAR[−3,−1]	0.001	0.035	−0.014	0.001	0.017
Analyst Coverage	16.578	8.002	11.000	16.000	21.000
Idiosyncratic Volatility	0.020	0.013	0.012	0.017	0.024
Market Capitalization (in millions)	18,949	37,560	3,694	7,736	16,937
Book-to-Market Ratio	0.657	0.276	0.436	0.656	0.888
Leverage	0.249	0.174	0.120	0.233	0.352
Share Turnover	0.654	0.532	0.313	0.493	0.803
Absolute Abnormal Return	0.013	0.015	0.004	0.009	0.017
Abnormal Trading Volume	−0.099	0.376	−0.336	−0.110	0.124

Panel B: Correlation Matrix										
	1	2	3	4	5	6	7	8	9	10
1 Media Coverage _{<i>t</i>}	1.000									
2 Corporate Disclosure _{<i>t</i>}	0.103***	1.000								
3 Analyst Coverage	0.113***	0.007***	1.000							
4 Ln (Idiosyncratic Volatility)	0.004***	-0.021***	-0.052***	1.000						
5 Ln (Market Capitalization)	0.154***	0.019***	0.524***	-0.386***	1.000					
6 Book-to-Market Ratio	-0.011***	0.010***	-0.134***	0.008***	-0.201***	1.000				
7 Leverage	-0.001	0.001	-0.209***	-0.011***	-0.092***	0.238***	1.000			
8 Share Turnover	0.013***	-0.004***	0.175***	0.480***	-0.239***	-0.009***	-0.071***	1.000		
9 CAR[-3,-1]	-0.012***	-0.002***	-0.015***	0.019***	-0.026***	0.009***	0.001**	-0.006***	1.000	
10 Abnormal Trading Volume	0.071***	0.036***	0.030***	-0.019***	0.050***	0.000	-0.005***	-0.026***	-0.006	1.000

Notes: The table describes characteristics of firms in our sample. Panel A presents summary statistics of the raw values of key variables, and Panel B shows the correlations between the main variables in our models. We exclude the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). *Media Coverage_{*t*}* (*Corporate Disclosure_{*t*}*) is the number of media articles (corporate press releases) about firm *i*'s financial performance issued on trading day *t* (source: Factiva). All variables are described in Appendix A. *Absolute Abnormal Return*, *Book-to-Market Ratio*, *Leverage* and *Share Turnover* are winsorized at 99%. *Abnormal Trading Volume* and *CAR[-3,-1]* are winsorized at 1% and 99%. The number of observations is 1,915,153; Q1 is the 25th percentile; Q3 is the 75th percentile. The asterisks indicate a 1% (***), 5% (**), and 10% (*) level of significance.

Table 3
Determinants of Media Coverage

Dependent Variable: Media Coverage _t	(1)	(2)	(3a)	(3b)	(4)
	Pooled OLS	Firm FE	Pooled Poisson	Average Marginal Effects	Poisson Firm FE
Corporate Disclosure _t	0.260*** (10.21)	0.258*** (10.44)	1.171*** (17.79)	0.076*** (14.97)	1.192*** (17.12)
Corporate Disclosure _{t-1}	0.096*** (10.64)	0.093*** (11.44)	0.694*** (18.74)	0.045*** (15.56)	0.695*** (17.97)
Corporate Disclosure _{t-2}	0.034*** (6.90)	0.033*** (6.96)	0.243*** (5.82)	0.016*** (5.72)	0.260*** (7.05)
Corporate Disclosure _{t-3}	0.016*** (5.04)	0.014*** (5.39)	0.127*** (5.36)	0.008*** (5.28)	0.131*** (6.66)
Corporate Disclosure _{t-4}	0.014*** (4.52)	0.012*** (4.21)	0.144*** (5.30)	0.009*** (5.35)	0.136*** (4.77)
Corporate Disclosure _{t-5}	0.009*** (3.23)	0.008*** (2.94)	0.064** (1.97)	0.004** (1.98)	0.064** (2.01)
Analyst Coverage	0.001 (1.39)	0.002 (1.28)	0.016*** (2.83)	0.001*** (2.83)	0.016*** (3.97)
Ln (Idiosyncratic Volatility)	0.033*** (6.26)	0.032*** (7.62)	0.442*** (7.72)	0.029*** (7.50)	0.420*** (10.21)
Ln (Market Capitalization)	0.069*** (8.98)	0.026*** (4.54)	0.909*** (34.74)	0.059*** (21.62)	0.452*** (8.26)
Book-to-Market Ratio	0.081*** (8.09)	0.029*** (2.77)	1.249*** (10.79)	0.081*** (10.49)	0.535*** (3.11)
Leverage	0.046* (1.91)	0.044*** (2.69)	0.411** (2.52)	0.027** (2.54)	0.447** (2.12)
Share Turnover	0.017* (1.87)	-0.004 (-0.58)	0.416*** (6.70)	0.027*** (6.46)	0.140*** (3.63)

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Table 3 (continued)

	(1)	(2)	(3a)	(3b)	(4)
	Pooled OLS	Firm FE	Pooled Poisson	Average Marginal Effects	Poisson Firm FE
CAR[−3, −1]	0.223*** (7.62)	0.181*** (6.55)	2.791*** (9.79)	0.180*** (9.40)	2.675*** (9.04)
CAR[−3, −1]_Neg	−0.005*** (−5.28)	−0.006*** (−6.17)	−0.052*** (−4.16)	−0.003*** (−4.12)	−0.054*** (−4.48)
CAR[−3, −1] × CAR[−3, −1]_Neg	−0.763*** (−10.52)	−0.730*** (−11.20)	−8.830*** (−16.69)	−0.570*** (−15.02)	−9.016*** (−16.84)
Intercept	−0.551*** (−7.02)	−0.114* (−1.89)	−11.370*** (−36.41)		
Year, Month, Day of Week FE	Yes	Yes	Yes		Yes
Industry FE	Yes	No	Yes		No
R ² [Pseudo-R ²]	0.059	0.041	[0.246]		
Observations	1,915,153	1,915,153	1,915,153		1,907,075

Notes: The table presents regression results using four models (Pooled OLS, Firm Fixed Effects, Pooled Poisson and Poisson Firm Fixed Effects). Column 3b reports average marginal effects for the pooled Poisson model in column 3a. We exclude the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). The dependent (independent) variable, *Media Coverage_t* (*Corporate Disclosure_t*), is the number of media articles (corporate press releases) about firm *i*'s financial performance issued on trading day *t* (source: Factiva). All variables are described in Appendix A. *Book-to-Market Ratio*, *Leverage* and *Share Turnover* are winsorized at 99%. *CAR[−3, −1]* is winsorized at 1% and 99%. The t-statistics (columns 1 and 2) and z-statistics (columns 3a, 3b and 4) are in parentheses. The asterisks indicate a 1% (***), 5% (**), and 10% (*) level of significance. All standard errors are clustered at a company level. Sample sizes vary across models depending on model specifications.

Table 4
Media Coverage Competition Among Firms

Dependent Variable: Weekly Media Coverage _w	(1)	(2)	(3a)	(3b)	(4)
	Pooled OLS	Firm FE	Pooled Poisson	Average Marginal Effects	Poisson Firm FE
Weekly Corporate Disclosure _w	0.358*** (10.38)	0.306*** (12.40)	0.657*** (20.08)	0.196*** (12.64)	0.489*** (14.31)
OtherFirms_Weekly Media Coverage _w	0.019*** (7.92)	0.021*** (8.55)	0.018*** (10.00)	0.005*** (11.04)	0.021*** (14.95)
OtherFirms_Weekly Corporate Disclosure _w	−0.006* (−1.81)	−0.007** (−1.99)	−0.010* (−1.84)	−0.003* (−1.95)	−0.011** (−2.39)
StDev_AbnReturns _w	2.111* (1.95)	6.871*** (16.22)	5.521* (1.82)	1.647* (1.96)	18.311*** (13.44)
OtherFirms_StDev_AbnReturns _w	−0.292 (−0.22)	−5.208*** (−5.76)	4.119 (1.14)	1.229 (1.11)	−9.770*** (−3.63)
Intercept	0.093* (1.80)	0.112*** (2.98)	−2.164*** (−9.10)		
Week FE	Yes	Yes	Yes		Yes
Industry FE	Yes	No	Yes		No
R ² [Pseudo-R ²]	0.069	0.053	[0.138]		
Observations	411,421	411,421	411,421		409,692

Notes: The table presents regression results using four models (Pooled OLS, Firm Fixed Effects, Pooled Poisson and Poisson Firm Fixed Effects). Column 3b reports average marginal effects for the pooled Poisson model in column 3a. We exclude the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). The dependent variable, *Weekly Media Coverage_w*, is the number of media articles about firm *i*'s financial performance issued in week *w* (source: Factiva). The independent variable, *Weekly Corporate Disclosure_w*, is the number of corporate press releases about firm *i*'s financial performance issued in week *w* (source: Factiva). All variables are described in Appendix A. The t-statistics (columns 1 and 2) and z-statistics (columns 3a, 3b and 4) are in parentheses. The asterisks indicate a 1% (***), 5% (**), and 10% (*) level of significance. All standard errors are clustered at a company level. Sample sizes vary across models depending on model specifications.

Table 5
Determinants of Abnormal Media Coverage

Dependent Variable: Abnormal Media Coverage _t	(1) Pooled OLS	(2) Firm FE
Corporate Disclosure _t	0.251*** (10.32)	0.253*** (10.33)
Corporate Disclosure _{t-1}	0.087*** (11.23)	0.088*** (11.26)
Corporate Disclosure _{t-2}	0.030*** (6.39)	0.031*** (6.62)
Corporate Disclosure _{t-3}	0.011*** (4.61)	0.013*** (5.08)
Corporate Disclosure _{t-4}	0.010*** (3.50)	0.011*** (3.95)
Corporate Disclosure _{t-5}	0.004* (1.78)	0.006** (2.31)
Analyst Coverage	-0.000 (-0.05)	0.000 (1.36)
Ln (Idiosyncratic Volatility)	0.001 (0.97)	0.003*** (4.14)
Ln (Market Capitalization)	-0.000* (-1.67)	0.001* (1.82)
Book-to-Market Ratio	-0.003*** (-3.41)	-0.002** (-2.00)
Leverage	-0.002 (-1.47)	0.002 (1.26)
Share Turnover	-0.003*** (-6.54)	-0.004*** (-8.74)
CAR[-3, -1]	0.149*** (6.43)	0.149*** (6.39)

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Table 5 (continued)

	(1)	(2)
	Pooled OLS	Firm FE
CAR[−3, −1]_Neg	−0.006*** (−6.03)	−0.006*** (−6.03)
CAR[−3, −1] × CAR[−3, −1]_Neg	−0.605*** (−11.58)	−0.605*** (−11.53)
Intercept	0.004 (1.06)	0.009** (2.03)
Year, Month, Day of Week FE	Yes	Yes
Industry FE	Yes	No
R ²	0.015	0.015
Observations	1,915,153	1,915,153

Notes: The table presents regression results using two models (Pooled OLS and Firm Fixed Effects). We exclude the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). The dependent variable, *Abnormal Media Coverage_{it}*, is the difference between the number of media articles about firm *i*'s financial performance issued on trading day *t*, and firm *i*'s mean quarterly number of media articles (source: Factiva). *Corporate Disclosure_{it}* is the number of corporate press releases about firm *i*'s financial performance issued on trading day *t* (source Factiva). All variables are described in Appendix A. *Book-to-Market Ratio*, *Leverage* and *Share Turnover* are winsorized at 99%. *CAR[−3, −1]* is winsorized at 1% and 99%. The t-statistics are in parentheses. The asterisks indicate a 1% (***), 5% (**), and 10% (*) level of significance. All standard errors are clustered at a company level.

Table 6
Abnormal Returns and Trading Around Press Releases and Media Coverage

	Panel A: Dependent Variable: Absolute Abnormal Return		Panel B: Dependent Variable: Abnormal Trading Volume	
	(1)	(2)	(3)	(4)
	Pooled OLS	Firm FE	Pooled OLS	Firm FE
Corporate Disclosure _t	0.002*** (12.98)	0.002*** (15.57)	0.059*** (21.77)	0.058*** (22.08)
Corporate Disclosure _{t-1}	0.001*** (10.81)	0.001*** (14.14)	0.064*** (22.90)	0.062*** (23.05)
Media Coverage _t	0.002*** (10.57)	0.002*** (11.22)	0.038*** (8.10)	0.045*** (10.58)
Media Coverage _{t-1}	0.000*** (4.83)	0.000*** (5.30)	0.050*** (10.80)	0.055*** (12.45)
Analyst Coverage	0.000*** (8.37)	0.000 (1.56)	-0.000 (-0.50)	-0.000* (-1.89)
Ln (Market Capitalization)	-0.002*** (-19.87)	-0.003*** (-7.41)	0.010*** (10.15)	0.017*** (7.86)
Book-to-Market Ratio	-0.000 (-0.02)	-0.003*** (-2.97)	-0.007 (-1.61)	0.004 (0.58)
Leverage	0.001 (1.64)	-0.002 (-1.62)	-0.015** (-2.25)	-0.006 (-0.68)
Intercept	0.045*** (38.98)	0.049*** (14.37)	-0.195*** (-17.92)	-0.217*** (-9.43)
Year, Month, Day of Week FE	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No
R ²	0.142	0.117	0.037	0.035
Observations	1,915,153	1,915,153	1,915,153	1,915,153

Notes: Panel A presents regression results using two models (Pooled OLS and Firm Fixed Effects). The dependent variable, *Absolute Abnormal Return*, is defined as the absolute value of firm *i*'s *Abnormal Return* on trading day *t*, where *Abnormal Return* is calculated as the difference between firm *i*'s stock return on trading day *t* and the return on the S&P 500 index on the same day. Panel B presents regression results using two models (Pooled OLS and Firm

Fixed Effects). Following Landsman, Maydew, and Thornock (2012) and Schleicher and Walker (2015), the dependent variable, *Abnormal Trading Volume*, is defined as $\ln(AVE[V_{it}]/AVE[V_i])$ where $AVE[V_{it}]$ and $AVE[V_i]$ are, respectively, firm i 's average daily trading volume over the three-day window, $t-1$ to $t+1$, relative to trading day t , and average daily trading volume over the period, $t-60$ to $t-10$ and $t+10$ to $t+60$, relative to trading day t . *Daily trading volume*, V_{it} , is defined as firm i 's number of shares traded on trading day t divided by the number of shares outstanding on the same day. Panels A and B exclude the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). *Media Coverage*, (*Corporate Disclosure*) is the number of media articles (corporate press releases) about firm i 's financial performance issued on trading day t (source: Factiva). All variables are described in Appendix A. *Absolute Abnormal Return*, *Book-to-Market Ratio* and *Leverage* are winsorized at 99%. *Abnormal Trading Volume* is winsorized at 1% and 99%. The t-statistics are in parentheses. All standard errors are clustered at a company level.

Table 7
Materiality and Abnormal Media Coverage

Dependent Variable: Abnormal Media Coverage _t	Panel A: We drop observations above the 75 th (50 th) percentile of the distribution of Absolute Abnormal Return				Panel B: We drop observations above the 75 th (50 th) percentile of the distribution of Abnormal Trading Volume			
	drop obs. > 75 th percentile		drop obs. > 50 th percentile		drop obs. > 75 th percentile		drop obs. > 50 th percentile	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Pooled OLS	Firm FE	Pooled OLS	Firm FE	Pooled OLS	Firm FE	Pooled OLS	Firm FE
Corporate Disclosure _t	0.161*** (8.46)	0.163*** (8.46)	0.144*** (7.75)	0.146*** (7.73)	0.125*** (7.79)	0.127*** (7.79)	0.084*** (8.18)	0.086*** (8.14)
Corporate Disclosure _{t-1}	0.058*** (8.22)	0.061*** (8.26)	0.054*** (7.13)	0.057*** (7.23)	0.038*** (7.92)	0.039*** (7.96)	0.026*** (6.24)	0.027*** (6.14)
Corporate Disclosure _{t-2}	0.029*** (6.05)	0.031*** (6.34)	0.031*** (6.43)	0.033*** (6.72)	0.013*** (4.13)	0.015*** (4.71)	0.009*** (3.08)	0.011*** (3.80)
Corporate Disclosure _{t-3}	0.014*** (5.23)	0.016*** (5.79)	0.013*** (4.33)	0.015*** (4.80)	0.012*** (5.13)	0.013*** (5.89)	0.004 (1.61)	0.006*** (2.62)
Corporate Disclosure _{t-4}	0.010*** (3.50)	0.012*** (4.10)	0.009*** (3.04)	0.011*** (3.71)	0.011*** (3.85)	0.013*** (4.53)	0.008** (2.50)	0.010*** (3.30)
Corporate Disclosure _{t-5}	0.006** (2.53)	0.008*** (3.27)	0.006** (2.39)	0.008*** (3.14)	0.005** (2.29)	0.007*** (3.10)	0.003 (1.22)	0.005** (2.27)
Analyst Coverage	-0.000 (-0.33)	0.000** (2.10)	-0.000 (-0.21)	0.000** (2.01)	-0.000** (-2.27)	0.000 (0.24)	-0.000** (-2.26)	-0.000 (-0.29)
Ln (Idiosyncratic Volatility)	-0.009*** (-8.01)	-0.009*** (-7.33)	-0.008*** (-5.64)	-0.006*** (-4.41)	-0.009*** (-6.25)	-0.008*** (-4.94)	-0.011*** (-6.34)	-0.009*** (-4.95)
Ln (Market Capitalization)	-0.007*** (-9.04)	-0.007*** (-5.75)	-0.009*** (-7.71)	-0.007*** (-5.90)	-0.011*** (-10.18)	-0.009*** (-6.30)	-0.017*** (-10.22)	-0.011*** (-5.98)
Book-to-Market Ratio	-0.010*** (-4.66)	-0.009*** (-2.86)	-0.011*** (-4.65)	-0.012*** (-3.08)	-0.014*** (-5.78)	-0.009** (-2.46)	-0.020*** (-6.12)	-0.010* (-1.92)
Leverage	-0.005 (-1.37)	-0.000 (-0.10)	-0.007 (-1.28)	-0.004 (-0.66)	-0.007 (-1.55)	-0.007 (-1.45)	-0.012* (-1.78)	-0.008 (-1.29)

(continued on next page)

Table 7 (continued)

	Panel A: We drop observations above the 75 th (50 th) percentile of the distribution of Absolute Abnormal Return				Panel B: We drop observations above the 75 th (50 th) percentile of the distribution of Abnormal Trading Volume			
	drop obs. > 75 th percentile		drop obs. > 50 th percentile		drop obs. > 75 th percentile		drop obs. > 50 th percentile	
	(1) Pooled OLS	(2) Firm FE	(3) Pooled OLS	(4) Firm FE	(5) Pooled OLS	(6) Firm FE	(7) Pooled OLS	(8) Firm FE
Share Turnover	−0.005*** (−3.53)	−0.003** (−2.39)	−0.006*** (−3.12)	−0.004** (−2.08)	−0.003* (−1.78)	−0.002 (−1.55)	−0.005** (−2.05)	−0.002 (−1.22)
CAR[−3, −1]	0.242*** (7.92)	0.242*** (7.87)	0.222*** (5.99)	0.224*** (5.99)	0.001 (0.05)	−0.000 (−0.01)	−0.060** (−2.43)	−0.057** (−2.32)
CAR[−3, −1]_Neg	−0.004*** (−3.78)	−0.004*** (−3.77)	−0.005*** (−3.89)	−0.005*** (−3.86)	−0.003*** (−2.90)	−0.003*** (−2.84)	−0.003*** (−2.98)	−0.003*** (−2.90)
CAR[−3, −1] × CAR[−3, −1]_Neg	−0.643*** (−9.62)	−0.643*** (−9.65)	−0.636*** (−8.49)	−0.640*** (−8.60)	−0.105*** (−3.47)	−0.104*** (−3.46)	0.005 (0.13)	−0.008 (−0.21)
Intercept	0.006 (0.86)	0.017 (1.64)	0.035*** (2.97)	0.036*** (2.91)	0.064*** (5.35)	0.051*** (3.81)	0.103*** (5.60)	0.062*** (3.65)
Year, Month, Day of Week FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No	Yes	No	Yes	No
R ²	0.010	0.009	0.010	0.009	0.008	0.007	0.010	0.007
Observations	1,436,365	1,436,365	957,577	957,577	1,436,365	1,436,365	957,577	957,577

Notes: The table presents regression results using two models (Pooled OLS and Firm Fixed Effects). We exclude the three-day window surrounding press releases about events for which managers have little or no control over the timing of the occurrence or disclosure, as classified by Tian (2015). In Panel A, columns 1 and 2 (3 and 4), we drop observations above the 75th (50th) percentile of the distribution of *Absolute Abnormal Return*, as defined in Table 6. In Panel B, columns 5 and 6 (7 and 8), we drop observations above the 75th (50th) percentile of the distribution of *Abnormal Trading Volume*, as defined in Table 6. The dependent variable in Panels A and B, *Abnormal Media Coverage_{it}*, is the difference between the number of media articles about firm *i*'s financial performance issued on trading day *t*, and firm *i*'s mean quarterly number of media articles (source: Factiva). *Corporate Disclosure_{it}* is the number of corporate press releases about firm *i*'s financial performance issued on trading day *t* (source Factiva). All variables are described in Appendix A. *Absolute Abnormal Return*, *Book-to-Market Ratio*, *Leverage* and *Share Turnover* are winsorized at 99%. *Abnormal Trading Volume* and *CAR[−3, −1]* are winsorized at 1% and 99%. The t-statistics are in parentheses. The asterisks indicate a 1% (***), 5% (**), and 10% (*) level of significance. All standard errors are clustered at a company level.

Table 8
Comparison between Firms with High Quarterly Corporate Disclosure_q and Firms with Low Quarterly Corporate Disclosure_q

Panel A: Differences in Quarterly Media Coverage _q across groups based on HIGHDisclosure _q										
Variable	Unmatched Matched	HIGHDisclosure _q = 1			HIGHDisclosure _q = 0			Standardized Differences	Differences (1 – 0)	
		Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	(%)	Mean	Median
Quarterly Media Coverage _q	U	6.170	2.000	13.315	3.095	1.000	8.859	27.19	3.075***	1.000***
	M	4.267	2.000	8.190	2.712	1.000	7.538	19.75	1.555***	1.000***
Panel B: Differences in covariates across groups based on HIGHDisclosure _q										
Variable	Unmatched Matched	HIGHDisclosure _q = 1			HIGHDisclosure _q = 0			Standardized Differences	Differences (1 – 0)	
		Mean	Median	Std. Dev.	Mean	Median	Std. Dev.	(%)	Mean	Median
Analyst Coverage	U	17.514	17.000	7.604	16.360	16.000	7.873	14.91	1.154***	1.000***
	M	17.360	17.000	7.612	17.339	17.000	7.693	0.28	0.021	0.000
Ln (Idiosyncratic Volatility) _{AVG}	U	−4.171	−4.238	0.504	−4.043	−4.070	0.522	−24.87	−0.128***	−0.167***
	M	−4.113	−4.174	0.502	−4.122	−4.152	0.487	1.78	0.009	−0.022
Ln (Market Capitalization)	U	9.317	9.214	1.218	8.868	8.802	1.238	36.63	0.450***	0.413***
	M	9.015	8.991	0.974	9.018	8.954	1.026	−0.26	−0.003	0.036
Book-to-Market Ratio	U	0.692	0.690	0.259	0.636	0.624	0.279	20.74	0.056***	0.066***
	M	0.678	0.668	0.270	0.672	0.682	0.277	2.15	0.006	−0.014
Leverage	U	0.248	0.231	0.163	0.242	0.224	0.177	3.47	0.006**	0.007***
	M	0.230	0.216	0.165	0.232	0.217	0.167	−1.66	−0.003	0.000
Share Turnover	U	0.625	0.489	0.482	0.689	0.510	0.563	−12.25	−0.064***	−0.021***
	M	0.639	0.511	0.454	0.632	0.507	0.447	1.67	0.008	0.004
CAR[−3, −1] _{AVG}	U	0.001	0.001	0.019	0.001	0.001	0.035	−0.39	0.000	0.000
	M	0.001	0.001	0.020	0.001	0.000	0.032	0.04	0.000	0.001

Panel C: Subsequent to PSM, pooled OLS, Firm FE, pooled Poisson and Poisson Firm FE models estimated for Quarterly Media Coverage _q					
Dependent Variable:	(1)	(2)	(3a)	(3b)	(4)
Quarterly Media Coverage _q	Pooled OLS	Firm FE	Pooled Poisson	Average Marginal Effects	Poisson Firm FE
Quarterly Corporate Disclosure _q	0.527*** (4.41)	0.244** (2.50)	0.146*** (6.73)	0.511*** (6.21)	0.084*** (3.60)
Analyst Coverage	0.087** (2.04)	0.039 (0.86)	0.020*** (2.89)	0.070*** (2.90)	0.010 (1.19)
Ln (Idiosyncratic Volatility) _{AVG}	2.257*** (3.62)	2.159*** (5.05)	0.665*** (5.77)	2.321*** (5.77)	0.616*** (6.84)
Ln (Market Capitalization)	3.527*** (9.01)	1.439*** (2.89)	0.909*** (17.20)	3.172*** (12.26)	0.537*** (6.11)
Book-to-Market Ratio	4.505*** (3.86)	2.370 (1.38)	1.245*** (5.20)	4.344*** (5.03)	0.720** (2.28)
Leverage	2.656* (1.92)	1.328 (0.49)	0.512* (1.74)	1.788* (1.70)	0.284 (0.87)
Share Turnover	1.862*** (2.86)	0.870* (1.65)	0.540*** (5.41)	1.886*** (4.96)	0.274*** (3.19)
CAR[−3, −1] _{AVG}	−8.069 (−1.26)	−0.615 (−0.16)	−1.538 (−1.48)	−5.369 (−1.49)	−1.051 (−1.16)
Intercept	−24.458*** (−5.39)	−3.216 (−0.68)	−6.717*** (−9.31)		
Year-quarter FE	Yes	Yes	Yes		Yes
Industry FE	Yes	No	Yes		No
R ² [Pseudo-R ²]	0.330	0.167	[0.503]		
Observations	2,996	2,996	2,996		2,724

Notes: Panels A and B, respectively, compare the results on *Quarterly Media Coverage_q* and the results on covariates across groups based on *HIGHDisclosure_q*, prior (‘Unmatched’) and subsequent (‘Matched’) to propensity score matching. *Quarterly Media Coverage_q* (*Quarterly Corporate Disclosure_q*), is the number of media articles (corporate press releases) about firm *i*’s financial performance issued in quarter *q* (source: Factiva). *HIGHDisclosure_q* is an indicator variable that takes the value 1 for the top quartile of the distribution of *Quarterly Corporate Disclosure_q*, and 0 for the bottom quartile of the distribution of *Quarterly Corporate Disclosure_q*. *Ln (Idiosyncratic*

$Volatility)_{AVG}$ is the average $Ln (Idiosyncratic Volatility)$ on days with positive corporate press releases within the quarter. $CAR[-3, -1]_{AVG}$ is the average $CAR[-3, -1]$ on days with positive corporate press releases within the quarter. The number of observations in the $HIGHDisclosure_q = 1$ and $HIGHDisclosure_q = 0$ groups is $N = 5,910$ and $N = 9,536$, respectively, prior to propensity score matching. Subsequent to propensity score matching, the number of observations in each of the $HIGHDisclosure_q = 1$ and $HIGHDisclosure_q = 0$ groups is $N = 1,498$. The standardized difference in percent is $100(\bar{x}_{gr1} - \bar{x}_{gr0}) / \sqrt{\frac{(s_{gr1}^2 + s_{gr0}^2)}{2}}$, where $\bar{x}_{gr1}$ (s_{gr1}^2) is the sample mean (variance) in the $HIGHDisclosure_q = 1$ group and $\bar{x}_{gr0}$ (s_{gr0}^2) is the sample mean (variance) in the $HIGHDisclosure_q = 0$ group. Standardized differences < 20 and > -20 are commonly viewed as indicating a good match (Ferri & Maber, 2013; Rosenbaum & Rubin, 1983). Two-sample t-tests (Wilcoxon two-sample rank-sum tests) are used to test differences in means (differences in medians) for the unmatched subsamples. Paired t-tests (Wilcoxon matched pairs signed-rank tests) are used to test differences in means (differences in medians) for the matched subsamples. Panel C presents the results of Pooled OLS, Firm Fixed Effects, pooled Poisson and Poisson Firm Fixed Effects models estimated for $Quarterly Media Coverage_q$, subsequent to propensity score matching. Column 3b reports average marginal effects for the pooled Poisson model in column 3a. Industry (or firm), and year-quarter fixed effects are included in all regressions (coefficients not reported). All variables are described in Appendix A. *Book-to-Market Ratio*, *Leverage* and *Share Turnover* are winsorized at 99%. $CAR[-3, -1]_{AVG}$ is winsorized at 1% and 99%. The t-statistics (columns 1 and 2) and z-statistics (columns 3a, 3b and 4) are in parentheses. The asterisks indicate a 1% (***), 5% (**), and 10% (*) level of significance. All standard errors are clustered at a company level. Sample sizes vary across models depending on model specifications.