Asian Economic and Financial Review, 2016, 6(3): 162-171

Asian Economic and Financial Review
ISSN(e): 2222-6737/ISSN(p): 2305-2147

URL: www.aessweb.com

DO NEGATIVE INCIDENTS AND CORPORATE SOCIAL RESPONSIBILITY INFLUENCE ON SPONSORS' STOCK ABNORMAL RETURNS?

Huei-Wen Lin[1]
[1]*Department of Finance and Banking, Aletheia University, Taiwan*

ABSTRACT

This study aimed at introducing the panel data analysis to explore the determinants and the effect of ethics violations on the abnormal returns of the sponsors of Chinese Professional Baseball League (CPBL) by using the five negative incidents over 20 years. The financial secondary data collected from the CTMONEY database and the CPBL official website were employed to determine the relationship between sponsors' attributes and their stock abnormal returns when the CPBL suffers from the gambling scandals through the panel data analysis. The results showed that there were not always significantly negative impacts on the abnormal returns of sponsors when a match-fixing scandal happened in the CPBL, even the sponsors have participate in the activities of corporate social responsibility (CSR). The managerial implication drawn from this study was not only to help professional sports managers or sponsors have a deeper insight into the significance and spillover effect of negative incidents on stock returns, but also for the investors in capital market, the signal effects reflected by the negative incidents could be used as the reference for the further investment decisions.

Keywords: Negative incidents, Corporate social responsibility (CSR), Panel data, Sponsors, Abnormal returns, Chinese professional baseball league (CPBL).

Received: 2 February 2016/ **Revised:** 7 March 2016/ **Accepted:** 10 March 2016/ **Published:** 14 March 2016

Contribution/ Originality

The paper contributes the first financial analysis using panel data to determine the impact of negative incidents in professional sports, and help clarify the relationship between negative incidents in professional sports and capital market, providing both theoretical perspective and empirical evidence for Taiwan's current professional sports ethics and finance.

1. INTRODUCTION

Given the complexities and rapid expansion of contemporary sports, ethical and moral issues have become increasingly important in sports management. Sports managers must evaluate the ethical value of sports from a business perspective, and call for aggressive positive reforms to ensure that ethical behaviors prevail (DeSensi and Roseberg, 2003). Although sports benefits the individual and society, its commercialization also breeds a dark side such that in elite sporting events, competitors are under pressure to win or perform well at all cost, resulting in the distortion of basic integrity and authenticity in sports (Park *et al.*, 2007). It is for such inherent sports value that early

DOI: 10.18488/journal.aefr/2016.6.3/102.3.162.171
ISSN(e): 2222-6737/ISSN(p): 2305-2147

philosophers, educators and even politicians highly praised the importance of sports participation in moral and social development. However, due to enormous commercial profits in contemporary sports, the pursuit of victory has become the primary goal, resulting in repeated scandals such as doping, violence, match-fixing for personal gain and gambling. In reality, professional sports is very similar to business activities in that reports of a negative incident often damages a company's brand image or reputation, and may cause a decrease in market share or profitability. With advance in the media industry and ready Internet broadcast channels in recent years, companies are under increasing pressure when handling negative incidents (Ahluwalia *et al.*, 2000; 2001). Hence, most companies have crisis management mechanisms for responding to negative incidents. In particular, an excellent social relationship and commitment to corporate social responsibility (CSR) for a company is like purchasing an insurance policy to ensure reputation and long-term profit so that in case of a negative incident, the impact on the company's financial performance can be significantly mitigated (see (Godfrey, 2005; Peloza, 2006; Godfrey *et al.*, 2009; Minor and Morgan, 2011)). Nevertheless, the scope of negative incidents can be broad, and if a company lacks caution, its sustainability may be seriously undermined.

From a business management perspective, participating in CSR has become an important strategic tool for reducing conflict between companies and their stakeholders. Sexty (2010) believes that businesses not only have economic and legal obligations in their operations, but must also take into account their social obligations, and balance their economic, social and environmental responsibility to satisfy shareholder and stakeholder expectations. Carroll and Buchholtz (2011) defined CSR as the social impact of corporate actions therein company decision-makers have the responsibility to take into account stakeholders interest, and protect and promote the overall welfare of society in their actions. Carroll (1991) proposed the CSR pyramid theory where in addition to creating economic value and products that meet public demand, corporations must fulfill four other types of CSR, namely economic, legal, ethical and philanthropic responsibilities, respectively from the bottom up.

Many past business studies have focused on the relationship between CSR and corporate performance, risk or strategic implications (Orlitzky and Benjamin, 2001; Orlitzky *et al.*, 2003; McWilliams *et al.*, 2006) but few studies have examined capital market response to corporate CSR. Doh *et al.* (2010) first discovered investor concern with a company's commitment to CSR, and recommended that further research be conducted to clarify such a perspective. However, the discussions regarding whether CSR activities enhance corporate financial performance still remain inconclusive. The opponents argue that the cost of CSR activities may not generate return, but may instead reduce financial performance due to increasing expenditure, and therefore it is not conducive to the objective of profit maximization (Becchetti *et al.*, 2012). On the other hand, the supporters believe that although participating in CSR activities seems to increase operating cost, the benefits of improved relationship among stakeholders outweigh the cost, which increase rather than decrease operating performance (Graves and Waddock, 2000; Margolis and Walsh, 2003). Some literature compares CSR to insurance for reducing the detrimental impact of a negative incident on the corporate financial performance (Godfrey, 2005; Peloza, 2006; Minor and Morgan, 2011). In risk management perspective, Godfrey *et al.* (2009) indicated that, the greater the CSR involvement is, the more significant its insurance-like effect. Zeigler (2007) argued that the social dimension of a corporation is the most important issue for sport managers in the 21st century. Therefore, if professional sports have positive social relationships and commitment to CSR, then they will earn stable long-term profit and image.

In the last decade, some studies have shown that negative corporate incidents usually involve moral issues or corporate competence (Ahluwalia *et al.*, 2000; Klein and Dawar, 2004; Monga and John, 2008; Vanhamme and Grobben, 2009) and have confirmed the extensive impact of these incidents. However, research scope has been confined to marketing for exploring the impact of negative incidents on a specific company brand and products, and few studies have evaluated their impact on a company's market value. Furthermore, most existing sports industry research assert that the sponsorship of large-scale sports events or themed competition have a positive impact (Clark *et al.*, 2002;2009; Pruitt *et al.*, 2004; Cornwell *et al.*, 2005) but very few studies have focused on how a gambling incident occurring in a popular national sports would impact its sponsors. In particular, current studies concerning the impact of negative incidents on the value of a company are especially lacking. On the other hand, although past studies have shown that in the short run, most sponsorship are positively correlated to abnormal returns, that does not necessarily suggest that news of a negative incident will cause the stock returns of sponsors to fall. Unlike Europe and the US where a professional ball team is operated by a single corporation, Taiwan's professional baseball teams are sponsored by different parent companies. Therefore, using empirical analysis, this study aims to clarify the following issue: How do parent company and sponsor attributes (e.g. industry type, size, CSR participation) affect the sponsors' cumulated abnormal returns (CAR) during the negative incidents? Hence, the study uses the panel data analysis to examine the spillover effect of sport ethics violations occurring in CPBL (i.e., gambling incidents) on the abnormal returns of sponsors. Furthermore, secondary longitudinal financial data were collected and analyzed to determine whether the stock abnormal returns of the sponsors were attributed to the CSR participation during the five cases of gambling incidents.

2. METHOD

2.1. Constructing the Hypotheses

Fama and French (1995) believe that company size significantly affect the impact on abnormal returns in that the operations of large companies are more stable than that of small companies. Subsequent empirical study by Cornwell *et al.* (2005) found that sponsorship more significantly affect the stock prices of high tech or large companies. In view of the different industries among the CPBL parent companies and sponsors, Chen and Chen (2012) pointed out the varying impact of Japan's professional baseball team winning the championship on abnormal returns. In particular, hypermarkets have a leading edge in marketing channel, and the impact on their AAR is more significant compared to other industries. Therefore, company size and industry type may be important variables affecting CAR in the incident period, and the following hypotheses are proposed:

H1: The larger the size of the sample company, the greater the negative impact of a negative CPBL incident on its CAR.

H2: The impact of a negative CPBL incident on a company's CAR is significantly different for different types of industries.

Callan and Thomas (2009) believe that a company's CSR participation in the previous year affects the company's performance in the subsequent year. Although CSR participation increases operating cost, it enhances stakeholder relationship, and hence the benefits outweighs the cost, resulting in increased rather than decreased operating performance (Graves and Waddock, 2000; Margolis and Walsh, 2003). Some literature compares CSR participation to the purchase of insurance to mitigate the negative impact of a negative corporate incident on financial performance (Godfrey, 2005). Godfrey *et al.* (2009) used a risk management perspective to show that the greater the CSR participation, the more significant the insurance-like effect in the event of a negative corporate incident. Zeigler (2007) believes that the social dimension of a business is an issue that must be carefully considered by 21st century professional sports managers, and that a positive social relationship and CSR commitment will bring about stability and long-term profits and image. In recent years, Taiwan's enterprises are paying increasing attention to CSR, and realize that in addition to profits, they must carry out the basic mission of social responsibility, such as employee care and customer service, and exert positive influence. In addition, CSR has become an essential performance management indicator among listed companies. Most companies in this study are already committed to CSR, and to verify the effect of CSR on a company's CAR in the event of a negative CPBL incident, the following Hypothesis 3 is proposed:

H3: A negative CPBL incident has less negative impact on a company's AR if that company has won a CSR award in that year.

After verifying the impact of negative CPBL incidents on abnormal returns, the impact of sponsors' properties (such as size, industry type, company operating performance or ratio of intangible assets, and CSR participation) on the CAR was examined by panel data analysis during each negative incident.

2.2. Sample Selection and Data Collection

The major negative incidents in this study comprised professional baseball gambling and match-fixing revealed on specific dates on the official CPBL website. Generally, the incidents occurred between the first year of the CPBL in 1990 and the 21th year in 2009. During this period, the gambling and match-fixing incidents occurred in 1996 (the Black Eagles Incident), 2005 (the Black Bears Incident), 2007 (the Black Whales Incident), 2008 (the Dmedia T-Rex Incident) and 2009 (the Black Elephants Incident). During the abovementioned incidents, sample companies were selected according to whether the primary sponsors were listed. Companies that were not listed or over-the-counter (OTC) were eliminated due to difficulty obtaining and authenticating financial information. Such a selection process may limit sample size and result in significant deviation from the norm. However, a review of even study method indicates that such a statistical problem with sample size of less than 20 can be overcome by using non-parametric tests (Elayan *et al.*, 2003; Weiss, 2003; Josev *et al.*, 2004).

The sponsor list was obtained from the official CPBL website, and verified with each team's operator. After the initial screening, the sponsors were selected. Their industries include finance, food and consumer goods production. Once the names and securities code of the CPBL sponsors were confirmed, further information on their finances and trading stock prices were obtained from the CTMONEY database. At the same time, official statistics were collected from the official website of CPBL and the WikiBaseball Chronicle of Events for content analysis and comparison with the empirical results. In addition, the company properties were categorized and compared to determine the variables contributing to differences in abnormal returns.

Since the sponsors vary each year, the data period in this study were divided into the 2005, 2007, 2008 and 2009 CPBL seasons, including the regular March to October matches and championships. Then, the panel data analysis was employed to determine important variables affecting the abnormal returns during the period of the negative incidents.

2.3. Panel Data Model

Literature review shows the effect of CRS participation on the impact of negative incidents. Hence, the dummy variable D indicating sample companies' CRS participation at the time of the incident was included in the model. Specifically, companies that won CSR awards during the year of the incident were denoted D=1; otherwise, D=0, and sample companies with CSR and without CSR awards were tested for significant difference in AR. Likewise, dummy variables were used for industry types and parent company status to test for significant difference in the sample companies' CAR during the time of the incident. In addition, given the considerable factors affecting the financial returns of company stocks, Tobin and Brainard (1968) and Tobin (1969) proposed the commonly used Tobin's q ratio as an indicator of a company's market performance. In other words, the ratio of replacement cost for a company's tangible assets is calculated to reflect the ratio of the company's market value and basic value. Therefore, the higher a company's intangible assets (such as franchise, reputation and patent), the higher its Tobin's q ratio, and the greater its future growth potential.

Hence this study defined the Tobin's q ratios of sample companies as variables affecting CAR, expressed as *Tq*. In addition, based on the studies of stock price fluctuation (Hatakeda and Isagawa, 2004; Lioui and Sharma, 2012) total asset is used as a measurable variable for company size and included into the model. However, the difference numerical size between the total asset and other variable is too large; hence a hyperbolic logarithm is adopted, expressed as *lnA*. Fama and French (1995) and Villalonga (2004) indicated that a company's price-to-book ratio (PB) is an important measure of a company's financial performance or intangible assets, whereas a low PB stock generally represents a higher return on investment. On the other hand, Hatakeda and Isagawa (2004) and Godfrey *et al.* (2009) used PB as a control variable. Similarly, this study adopted a company's price-to-book ratio, expressed as *PB*, to examine the effect on CAR.

Based on the abovementioned research hypotheses, a panel data model is formulated (Eq. 1). To test the research hypotheses, the STATA release13 software is used to analyze the major variables affecting AR during the incidents.

$$CAR_{i,t} = \alpha_0 + \beta_1 \ln A_{i,t} + \beta_2 PB_{i,t} + \beta_3 Tq_{i,t} + \sum_{j=1}^{n} \gamma_j D_j + e_{i,t} \qquad (1)$$

In Equation (1), $CAR_{i,t}$ is the CAR of the i^{th} sample company on the t^{th} day of the incident; α_i is the constant; $\ln A_{i,t}$ is the logarithmic value of the total asset of the i^{th} sample company on the t^{th} day of the incident; $PB_{i,,t}$ is the PB of the i^{th} sample company on the t^{th} day of the incident; $Tq_{i,t}$ is the Tobin's q ratio of the i^{th} sample company on the t^{th} day of the incident; D_j is the dummy variable, such as industry type, CSR award, and parent company status; β_1, β_2, β_3 and γ_j are regression coefficients of the explanatory variables; $e_{i,t}$ is the error term, where $e_{i,t} \sim iid\ (0,\sigma^2_e)$. Since all the variables of panel data model are simultaneously cross-sectional and chronological, Breusch and Pagan (1980) Lagrange Multiplier Test (LM test) and the Hausman Test (Hausman, 1978) were first used to determine whether the traditional ordinary least square (OLS), or the fixed-effect or random-effect models would be more appropriate for the data patterns. Once the fixed-effect or random-effect model was selected, the regression coefficient for each variable was calculated.

3. RESULTS

The panel data model was applied to further analyze whether the individual company property (such as industry type, size, CSR awards) and financial performance index (e.g. Tobin's q ratio, price book ratio) affect the impact of negative incidents on the CAR of the sample companies and thereby verify the study hypotheses. Before estimating the parameters in the panel data model, LM test for each negative incidents showed significance ($p<.05$), indicating that the estimation obtained from the panel data model in this study was better than the OLS estimation. Subsequent Hausman test also showed significance ($p<.05$), indicating that estimation using a fixed effect model was more appropriate.

Table 1 is the result of the fixed effect model estimate, and shows that the degree of impact of negative incidents on the sample companies' CAR financial index was different for different years. In the 1996 Black Eagles and 2007 Black Whales incidents, the CAR of the sample companies were positively related to company size, that is, the larger the company, the higher the CAR. However the year 2007 was also a bull's market, which may have contributed to the larger positive CAR.

Table-1. The panel data analysis of sponsors' attributes on AR with five cases of the CPBL gambling incidents

Event date	1996/8/3		2005/7/26		2007/8/23		2008/10/8		2009/10/26	
CAR	Coef. (S.E.)	z value	Coef. (S.E.)	z value	Coef. (S.E.)	z value	Coef. (S.E.)	z value	Coef. (S.E.)	z value
lnA	8.35 (3.80)	2.20**	-3.18 (1.56)	-2.03**	5.14 (1.89)	2.72***	0.07 (1.76)	0.04	3.12 (2.85)	1.09
PB	-6.70 (2.54)	-2.64***	-8.96 (3.16)	-2.84***	12.88 (2.91)	4.42***	-0.54 (2.28)	-0.24	36.80 (7.70)	4.78***
Tq	0.00 (0.00)	1.75*	58.39 (6.27)	9.31***	-10.38 (3.72)	-2.79***	13.66 (3.90)	3.50***	-41.45 (10.44)	-3.97***
D1[a]	-10.41 (5.96)	-1.75*	1.44 (7.26)	0.20	0.11 (10.97)	0.01	6.04 (5.85)	1.03	-28.44 (7.91)	-3.59***
D2[b]	-0.09 (13.52)	-0.01	-21.26 (4.84)	-4.40***	2.57 (5.62)	0.46	-11.46 (5.40)	-2.12**	7.56 (6.84)	1.11
D3[c]	-9.95 (7.15)	-1.39	15.83 (4.89)	3.24***	13.08 (6.57)	1.99**	10.75 (4.52)	2.38**	14.23 (8.39)	1.70*
D4[d]	11.45 (10.42)	1.10	-5.94 (4.79)	-1.24	3.77 (5.56)	0.68	9.55 (4.88)	1.96*	-85.87 (15.70)	-5.47***
α	-167.41 (78.01)	-2.15**	31.17 (38.45)	0.81	-141.79 (47.46)	-2.99***	-21.35 (41.76)	-0.51	-89.68 (69.99)	-1.28
sigma_u	19.13		4.75		5.47		4.53		5.21	
sigma_e	18.31		1.85		4.18		6.61		2.28	
rho	0.60		0.87		0.63		0.32		0.84	
	Wald chi2 (7) =123.39***		Wald chi2 (7) =196.74***		Wald chi2 (7) =47.18***		Wald chi2 (7) =64.83***		Wald chi2 (7) =41.08***	
LM test	chibar2 (1) =28.23**		chibar2(1)=1309.82***		chibar2 (1) =339.56***		chibar2 (1) =40.98***		chibar2 (1) =71.99***	
Hausman test	chi2 (3) =4.64**		chi2 (3) =381.37***		chi2 (3) =285.71***		chi2 (3) =92.24***		chi2 (3) =663.35***	

a. Industrial dummy variables, foodstuff: D1=1; others: D1=0.
b. Industrial dummy variables, financial: D2=1; others: D2=0.
c. Company dummy variables, title companies: D3=1; sponsors D3=0.
d . CSR dummy variable, Winning CSR: D4=1; others=0.
S.E.: Standard Error; $* \ p < .1$; $** p < .05$; $*** \ p < .01$.

In contrast, in the Black Bears incident in 2005, the CAR of the sample companies was negatively related to company size, but in the 2008 Black Dmedia incident and 2009 Black Elephants incident, the effect of company size on CAR was not significant. Therefore, Hypothesis *H1* was only supported for negative incidents occurring in certain years. In addition, the effect of a company's financial performance indicator showed inconsistent effect on CAR. In 1996 and 2005, PB showed significant negative relationship to the CAR of the sample companies, but in 2007 and 2009, PB showed significant positive relationship to the CAR of the sample companies while in 2008, the relationship was not significant.

Likewise, Tobin's q showed significant positive relationship to the CAR of the sample companies in 1996, 2005 and 2008, but showed significant negative relationship in 2007 and 2009. In terms of industry type and CAR, Table 1 indicates that in the 1996 and 2009 negative incidents, food industry (Variable D1) showed a significant negative relationship to the CAR of the sample companies compared to non-food industry. In the 2005 and 2008 negative incidents, financial industry (Variable D2) showed a significant negative relationship to the CAR of the sample companies compared to non-financial industry. In the 2007 negative incidents, the industry type of the sample companies was not significantly related to their CAR. Therefore, Hypothesis *H2* was only supported for negative incidents occurring in certain years. In terms of the CAR of parent companies and individual sponsors (Variable D3), except for the negative incident in 1996, during the negative incidents in the other 4 years, the CAR of parent companies were consistently significantly higher than the CAR of sponsors, therefore suggesting that negative incidents had a smaller impact on the CAR of parent companies.

In terms of the effect of CSR participation on the impact of negative incident on company's CAR (Variable D4), the CAR of sample companies with CSR awards during the 5 CPBL gambling and match-fixing incidents showed that CAR was significantly higher only in the 2008 Black Dmedia incident. In contrast, in the 2009 Black Elephants incident, sample companies with CSR award showed lower CAR than companies with no CSR award. For negative incidents in the other years, there was no significant difference between companies with CRS awards and those without CSR awards. Therefore, as in previous researches, the result of this study cannot verify the protective effect of CSR participation against negative incidents, and Hypothesis *H3* is only supported for negative incidents occurring in certain years.

4. DISCUSSION

Comparing the above study results with public opinion and fluctuation in the number of spectators at each occurrence of CPBL match-fixing, it is evident that although the five gambling incidents severely undermined Taiwan's professional baseball and caused fans to lose confidence, not every negative incident had a significant negative impact on the abnormal returns of the parent companies or sponsors. This might be because of the history of professional baseball in Taiwan, public sentiment toward baseball and the special long-standing relationship between professional baseball teams and parent companies or sponsors. Hence, unlike previous studies on general enterprises, the negative spillover effect of the negative incidents is not consistent or evident in the empirical results. This phenomenon corresponds to Taiwan's baseball history and cultural background, where the development of baseball teams began with ordinary people. Lacking government support, both players and spectators developed their own entertainment in baseball, which gradually became an important activity for the ordinary public. Hence a little betting was unavoidable, but limited to petty winning or loss. The nature of baseball is such that it often begins in a certain area or is promoted by particular people, so the interaction among the players often comprises interpersonal networks, resulting in a strongly personal baseball culture. Therefore in baseball matches 50 to 60 years ago, rule violations were often due to human relationships. It is noteworthy that during that era, baseball was not a national interest; yet it was a projection of behavioral standards and a practice in moral education. Despite incidences of manipulation, not fixing matches remained an upheld principle. These attitudes were formed by the contemporary social and cultural attitudes and rooted in daily life. After 1970, Taiwan's Little League emerged, and when Taiwan won the Little League, Senior League and Big League championships, baseball naturally gained the status of national sport. Moreover, because of Taiwan's dangerous political and diplomatic situation, public feeling of inferiority resulted in the need for vindication through baseball championship. Hence baseball entered an era where winning the world championship became the ultimate goal, and winning and losing became of greatest importance to the public, and along with it, unscrupulous gamblers infiltrated baseball to control the matches, plunging baseball in the beginning of a crisis. Moreover, in the cultivation of ball players, the development of a secondary expertise and moral education were neglected in favor of game performance, and the attitude that nothing else but the number of gold medals matter became the sole criteria in evaluation. Yet the path of a gold medalist may not be smooth sailing. Some players successfully leave the profession to transition into a new career, but others go astray and sink into decadence. Sometimes in the face of corrupt match-fixers, even guileless players become involved in collusion incidents. Although professional baseball was established in Taiwan after 1990, it was not a stable profession. The professional life span of the players is limited, yet they lack the expertise for transitioning into another profession. Moreover, the relational network, personal involvement and gambling for amusement characterizing Taiwan's baseball gradually resulted in players being unable to extricate themselves from the threats and inducements of gamblers. Baseball became distant from moral character, and naïve players become instruments for crime. The inability to detach from personal relationships is founded in the historical and cultural characteristics of baseball, and these relationships have instead become today's network for illegal activities.

In Taiwan, professional baseball culture should not only pursue the numbers of international gold medals, but should appear a symbol of Taiwan's life culture and moral education. Perhaps after the five gambling incidents in professional baseball, baseball players, teams and managers must eager to rediscover this spirit and true value of baseball sport.

5. CONCLUSION

This study is a financial analysis using panel data to determine the impact of negative incidents in professional sports. Through secondary financial data collected from the sponsors of professional baseball teams, the sponsors' attributes on the abnormal returns of sponsors were examined. The empirical results showed that the impacts of repeated negative incidents on the CAR of sponsors are inconsistent between the five negatives incidents, and it cannot verify the protective effect of CSR participation against negative incidents. Nevertheless, for the sponsors, in order to pursue the benefits through actively sponsoring professional sports, the sponsors should also pay attention to coping strategies for reducing the financial impact of negative incidents. From the content analysis, the causes of the constantly repeated negative incidents occurring in CPBL could still be roughly revealed. These crucial factors could be summarized as the problems of small market size and limited player salary, apparent lack of efficiency in the baseball union, the characteristics and moral nurturing of the players, ineffective management, anti-fraud and investigative capability of the CPBL in Taiwan's professional baseball environment. Theoretically, this study integrated sports ethics, marketing and financial theories to empirically verify the economic impact of negative incidents, and specifically analyzed the financial dimension of sports ethics incidents. The study results can help clarify the relationship between major negative incidents in professional sports and capital market, providing both theoretical perspective and empirical evidence for further study in Taiwan's current professional sports ethics and sports finance.

Funding: This study received no specific financial support.

Competing Interests: The author declare that there are no conflict of interests regarding the publication of this paper.

REFERENCES

Ahluwalia, R., R.E. Burnkrant and H.R. Unnava, 2000. Consumer response to negative publicity: The moderating role of commitment. Journal of Marketing Research, 37(5): 203-214.

Ahluwalia, R., R.E. Burnkrant and H.R. Unnava, 2001. The moderating role of commitment on the spillover effect of marketing communications. Journal of Marketing Research, 38(4): 458-470.

Becchetti, L., R. Ciciretti, I. Hasan and N. Kobeissif, 2012. Corporate social responsibility and shareholder's value. Journal of Business Research, 65(11): 1628-1635.

Breusch, T.S. and A.R. Pagan, 1980. The lagrange multiplier test and its applications to model specification in econometrics. Review of Economic Studies, 47(1): 239-253.

Callan, S.J. and J.M. Thomas, 2009. Corporate financial performance and corporate social performance: An update and reinvestigation. Corporate Social Responsibility and Environmental Management, 16(2): 61-78.

Carroll, A.B., 1991. The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. Business Horizons, 34(4): 39-48.

Carroll, A.B. and A.K. Buchholtz, 2011. Business and society: Ethics, sustainability, and stakeholder management. 8th Edn., Mason, OH: South-Western College.

Chen, C.D. and C.C. Chen, 2012. Assessing the effects of sports marketing on stock returns: Evidence from the Nippon professional baseball series. Journal of Sports Economics, 13(2): 169-197.

Clark, J.M., T.B. Cornwell and S.W. Pruitt, 2002. Corporate stadium sponsorship, signaling theory, agency conflicts and shareholder wealth. Journal of Advertising Research, 42(6): 16-32.

Clark, J.M., T.B. Cornwell and S.W. Pruitt, 2009. The impact of title event sponsorship announcements on shareholder wealth. Marketing Letters, 20(2): 169-182.

Cornwell, T.B., S.W. Pruitt and J.M. Clark, 2005. The relationship between major-league sports official sponsorship announcements and the stock prices of sponsoring firms. Journal of the Academy of Marketing Science, 33(4): 401-412.

DeSensi, J.T. and D. Roseberg, 2003. Ethics and morality in sport management. 2nd Edn., Morgantown, WV: Fitness Information Technology.

Doh, J.P., S.D. Howton, S.W. Howton and D.S. Siegel, 2010. Does the market respond to an endorsement of social responsibility? The role of institutions, information, and legitimacy. Journal of Management, 36(6): 1461-1485.

Elayan, F.A., W.H. Hsu and T.O. Meyer, 2003. The informational content of credit rating announcements for share prices in a small market. Journal of Economics and Finance, 37(3): 337-356.

Fama, E.F. and K.R. French, 1995. Size and book-to-market factors in earnings and returns. Journal of Finance, 50(1): 131-155.

Godfrey, P.C., 2005. The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. Academy of Management Review, 30(4): 777-798.

Godfrey, P.C., C.B. Merrill and J.M. Hansen, 2009. The relationship between corporate social responsibility and shareholder value: An empirical test of the risk management hypothesis. Strategic Management Journal, 30(4): 425-445.

Graves, S.B. and S.A. Waddock, 2000. Beyond built to last stakeholder relations in built-to-last companies. Business & Society Review, 105(4): 393-418.

Hatakeda, T. and N. Isagawa, 2004. Stock price behavior surrounding stock repurchase announcements: Evidence from Japan. Pacific-Basin Finance Journal, 12(3): 271 -290.

Hausman, J.A., 1978. Specification tests in econometrics. Econometrica, 46(6): 1251-1271.

Josev, T., H. Chan and R. Faff, 2004. What's in a name? Evidence on corporate name changes form the Australian capital market. Pacific Accounting Review, 16(1): 57-76.

Klein, J. and N. Dawar, 2004. Corporate social responsibility and consumers attributions and brand evaluations in a product-harm crisis. International Journal of Research in Marketing, 21(3): 203-217.

Lioui, A. and Z. Sharma, 2012. Environmental corporate social responsibility and financial performance: Disentangling direct and indirect effects. Ecological Economics, 78(C): 100-111.

Margolis, J.D. and J.P. Walsh, 2003. Misery loves companies: Rethinking social initiatives by business. Administrative Science Quarterly, 48(2): 268-305.

McWilliams, A., D. Siegel and P. Wright, 2006. Corporate social responsibility: Strategic implications. Journal of Management Studies, 43(1): 1-18.

Minor, D.B. and J. Morgan, 2011. CSR as reputation insurance: Primum non nocere. California Management Review, 53(3): 40-59. DOI 10.1525/cmr.2011.53.3.40.

Monga, A.B. and D.R. John, 2008. When does negative brand publicity hurt? The moderating influence of analytic versus holistic thinking. Journal of Consumer Psychology, 18(4): 320-332.

Orlitzky, M. and J.D. Benjamin, 2001. Corporate social performance and firm risk: A meta-analytic review. Business & Society, 40(4): 369-396.

Orlitzky, M., F.L. Schmidt and S.L. Rynes, 2003. Corporate social and financial performance: A meta-analysis. Organization Studies, 24(3): 403-441.

Park, J.B., J. Quarterman and L. Thibault, 2007. Contemporary sport management. 3rd Edn., Champaign, IL: Human Kinetics.

Peloza, J., 2006. Using corporate social responsibility as insurance for financial performance. California Management Review, 48(2): 52-72.

Pruitt, S., T.B. Cornwell and J. Clark, 2004. The NASCAR phenomenon: Auto racing sponsorships and shareholder wealth. Journal of Advertising Research, 44(3): 281-296.

Sexty, 2010. Canadian business and society: Ethics and responsibilities. Toronto, Canada: McGraw-Hill Ryerson Higher Education.

Tobin, J., 1969. A general equilibrium approach to monetary theory. Journal of Money, Credit and Banking, 1(1): 15-29.

Tobin, J. and W.C. Brainard, 1968. Pitfalls in financial model building. American Economic Review, 58(2): 99-122.

Vanhamme, J. and B. Grobben, 2009. Too good to be true! The effectiveness of CSR history in countering negative publicity. Journal of Business Ethics, 85(2): 273-283.

Villalonga, B., 2004. Diversification discount or premium? New evidence from the business information tracking series. Journal of Finance, 59(2): 479-506.

Weiss, I.S., 2003. Discussion of firm valuation effects of the expatriation of U.S. corportations to tax-haven contries. Journal of the American Taxation Association, 25(s-1): 111-115.

Zeigler, E.F., 2007. Sport management must show social concern as it develops tenable theory. Journal of Sport Management, 21(3): 297-318.