



Conflicting Stories: Firm and Journalist News Event Portrayal

HYPOTHESES

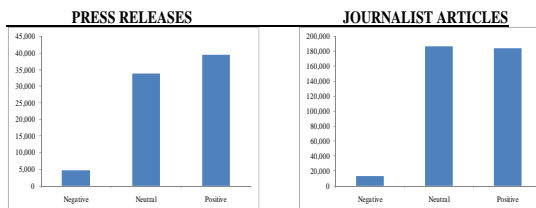
- A good news bias is predicted to exist in firms' press release disclosures. Firms are expected to:
 - (i) provide more press releases on good news events, and
 - (ii) place a positive spin on press release textual tone when reporting on bad news events.

RESULTS SUMMARY

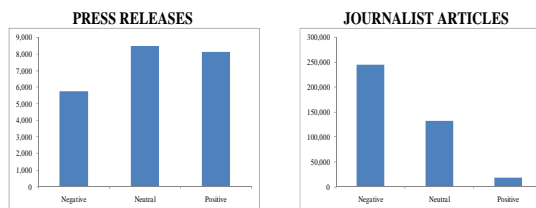
- Univariate results
 - Firms issue substantially more press releases for good news than bad news events
 - Journalists issue comparable numbers of stories for good and bad news events
- Multivariate results
 - A positive spin exists in the textual tone of firm press releases on bad news events after controlling for firm size, prior coverage, risk, and other firm and news event characteristics
 - Firms(journalists) are more likely to report on good(bad) news events objectively using a positive(negative) textual tone.
 - Firms(journalists) are more likely to use a positive(negative) textual tone when reporting on news releases for bad(good) news events.

Frequency of firm press releases and journalist articles for good and bad news events sorted by textual tone

Good News Events:



Bad News Events:



NEXT STEPS

- Replicate findings using a random sample of press releases and journalist articles and using alternate methods of textual analysis to identify news release tone.
- Identify associations between capital market reactions to news and spin in textual tone.
- Determine if large(small) investors are more(less) likely to make optimal trades in response to news releases with positive or negative spin.