

Publication year: 2012

Source:Journal of Business Research, Volume 65, Issue 11

Leonardo Becchetti, Rocco Ciciretti, Iftekhar Hasan, Nada Kobeissi

Corporate social responsibility (CSR) has become one of the core components of corporate strategy and a crucial instrument to minimize conflicts with stakeholders. While corporations are busy adopting and enhancing CSR practices, the academic literature on understanding the impact of CSR is scarce, especially in the capital market. This paper traces the market reaction to corporate entry and exit from the Domini 400 Social Index, recognized as a CSR benchmark, between 1990 and 2004. The results reveal a significant negative effect on abnormal returns after exit announcements from the Domini index. The effect persists even after controlling for concurring financial distress shocks and stock market seasonality.

[Read Full Article](#)