

Impact of CSR-Related News on Stock Price of Companies Listed in Dhaka Stock Exchange Limited

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Abstract

This paper aims to investigate the stock market reaction in response to news related to corporate social responsibility on the stock prices of listed companies in the Dhaka Stock Exchange of Bangladesh. It analyses 101 news items released from 2017 to 2023, in four CSR dimensions (environment, healthcare, disaster management, and education) using the event study. A [-2, +2] event window is specified to assess the market's perception. The results reveal heterogeneous market responses to different CSR news. The education and disaster management announcements generate statistically significant positive abnormal returns. On the other hand, environmental news indicates a significant adverse market reaction. Market reaction to health CSR news is statistically not significant. The results indicate that CSR-related news is a significant signal for short-term shareholder value in Bangladesh. This study is important for corporate managers, investors, analysts, and policymakers, as it suggests that CSR news should be evaluated as price-sensitive information.

Keywords

CSR-Relevant News, Corporate Social Responsibility, Event Study, Cumulative Abnormal Return, Dhaka Stock Exchange.

JEL Classification: G14; G32; Q56.