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Understanding how investors respond to different social responsibility communications: an empirical analysis of Japan

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Received 7 September 2023
Revised 21 February 2024
21 March 2024
Accepted 22 March 2024

Abstract

Purpose – This study explores the variance in investor responses to the corporate social responsibility (CSR) performance of firms, as influenced by information sources and investor types.

Design/methodology/approach – This study applies a short-term event study and cross-sectional analysis with unique CSR datasets obtained from newspaper articles and the Dow Jones Sustainability Index.

Findings – Investor reactions are significantly shaped by their sources of information. Individual investors are found to predominantly respond to accessible news announcements, whereas institutional investors show heightened sensitivity to adverse news from both scrutinized sources. Foreign investors, mirroring institutional investors' patterns, uniquely react positively to index additions.

Research limitations/implications – Investors' assessment of CSR activities varies due to the differing sources of information obtained; further, it is affected by the type of investor.

Practical implications – The findings guide public relation managers in strategizing CSR communication toward diverse investor types. This includes recommending targeted approaches for Japanese individual investors through newspapers and TV, exercising caution in disseminating adverse news to Japanese institutions, and promoting and justifying CSR actions to foreign investors. It underscores the need for a strategic investor relations frameworks that considers accessibility, literacy, and investors' interests.

Originality/value – This study examines the relationship between sources of information for CSR activities and investors' responses, an area under-represented in the literature. The author uses CSR announcement data, collected from newspapers to make the results more accurate and relevant.

Keywords Corporate social responsibility, Event study, Investor reaction, Media communication, Sustainability index

Paper type Research paper

JEL Classification — D83, E22, G11, G32, M14, N25

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This paper was previously presented at the 5th Asia Conference on Business and Economic Studies (ACBES 2023), organized by the *Journal of Asian Business and Economic Studies (JABES)* and the University of Economics Ho Chi Minh City (UEH), on August 16 and 17, 2023, in Ho Chi Minh City, Vietnam. We would like to thank the editor and the anonymous referee for their valuable feedback on our article. We also thank the participants at ACBES 2023 for their fruitful comments.

Funding: This work was supported by Grants-in-Aid for Scientific Research from the Government of Japan (20K22104 and 21K13388). The sponsor had no role in the study design; in the collection, analysis, or interpretation of data; in the writing of the report; or in the decision to submit the article for publication.

Journal of Asian Business and Economic Studies
Emerald Publishing Limited
2515-964X
DOI 10.1108/JABES-08-2023-0309

1. Introduction

An organization's reputation is significantly influenced by the public's perception of its social responsibility endeavors. These activities, benefiting society and shareholders alike, enhance corporate value when publicized (Muslu *et al.*, 2019; O'Dwyer, 2011). The evaluation of a firm by investors depends on the corporate social responsibility (CSR) information available to them. Japan's economy, while advanced, is experiencing accelerated integration of CSR into business practices, aligning more closely with Western standards. This shift reflects growing CSR awareness among the Japanese public and governmental efforts toward sustainable practices, contrasting with a financial literacy lag regarding CSR's financial impacts. This scenario presents an opportunity to examine the interplay between CSR communication and investor reactions in the context of emerging CSR engagement and financial education.

CSR disclosures facilitate access to finance, bolster stakeholder engagement, and impact corporate reputation and investor perceptions, influencing long-term investor commitment and market value (Asmussen and Fosfuri, 2019; Awaysheh *et al.*, 2020; Cheng *et al.*, 2014; Durand *et al.*, 2019; Salehi *et al.*, 2019; Zimon *et al.*, 2022). Despite these insights, a gap exists in the literature regarding the comparison of different disclosure channels, such as newspapers versus sustainability indexes, on investor perceptions and actions. This complexity is nuanced by the influence of regulatory frameworks on corporate behavior. Our study, while acknowledging the role of insider trading laws in enhancing financial transparency (Jayaraman, 2012), focuses on the broader scope of CSR communications and their strategic implications for investor relations within the Japanese market. We aim to bridge this gap by analyzing the distinct influences of these channels, underscoring the strategic importance of CSR communication (Engelberg and Parsons, 2011).

By exploring the mediums of CSR disclosures and their implications on investor behavior, particularly in non-Western contexts, this study offers insights into the effectiveness of CSR communication strategies in Japan. The unique investment landscape, characterized by its corporate governance and shareholder engagement practices, provides a context for investigating the impacts of CSR communication. Employing a mixed-method approach, including a short-term event study and cross-sectional analysis, this study aims to furnish a detailed understanding of how investors of different types process CSR information. This detailed exploration is crucial for developing diversified CSR communication strategies that resonate with varied investor preferences, presenting significant practical implications for firms.

The remainder of the paper is organized as follows. Section 2 introduces the theoretical framework and hypotheses. Section 3 outlines the methodology, followed by Section 4, which presents the findings. Finally, Section 5 discusses the implications of these findings, concludes the paper, and explores future research avenues.

2. Theory and hypotheses

Central to our study is signaling theory, which suggests that firms' CSR actions—from community engagement to consumer protection—are vital signals of their strategic vision, commitment to sustainable growth, and operational efficiency (Ashrafi *et al.*, 2020; Spence, 1973). Recent research underscores that CSR activities shape stakeholders' perceptions and indicate firm's long-term financial health and risk management capabilities. Thus, robust CSR practices are pivotal for being perceived as lower risk, thereby enhancing market valuation and broadening investor appeal (Connelly *et al.*, 2010; Wei and Chengshu, 2023; Yang and Basile, 2022). Expanding on this, Ding *et al.* (2024) highlight the role of CSR in mitigating myopic management by promoting a culture of long-term strategy and ethical consideration. This discussion enriches our theoretical framework, illustrating CSR's extensive impact on investor behavior and firm valuation among diverse responses to CSR disclosures.

Investor reactions to CSR vary, ranging from positive to neutral or negative, and are influenced by distinct investor profiles defined by their information access, financial literacy, and investment priorities (Flammer, 2015; Servaes and Tamayo, 2013). This complexity is further explored through recent studies showing institutional investors' advanced methods, such as site visits, for assessing CSR practices (Zhou and Gan, 2022).

The disparity in investor behavior, shaped by information accessibility and financial literacy, aligns with transaction cost theory, highlighting dynamic search costs (Bohnenblust *et al.*, 1949; Pomatto *et al.*, 2018). Egan (2019) observes varied search costs between investor types. Institutional investors integrate CSR for value and risk management, considering board characteristics and firm innovation (Shafeeq Nimr Al-Maliki *et al.*, 2023), while being aware of CSR's impact on financial performance (Salehi *et al.*, 2018; Salehi and Alkhyyoon, 2022). Conversely, individual investors, balancing ethical and financial goals, may focus on immediate CSR impacts, demonstrating diverse information processing methods. Higher financial literacy helps individual investors make informed decisions, reducing biases (Suresh G., 2024; Weixiang *et al.*, 2022) and highlighting financial literacy's role in informed CSR-related investment decisions.

In Japan, the reliance on traditional information channels such as newspapers, compared to specialized sources, creates a distinct landscape for investor information processing. This scenario, along with varying investor objectives, leads to diverse responses to CSR communications, influenced by their financial literacy and ethical considerations (Cox *et al.*, 2004; Starks, 2009).

Reflecting on these insights, we propose the following hypotheses:

H1. Individual, institutional, and foreign investors in Japan exhibit distinct reactions to CSR-related information, influenced by their varied preferences for information sources and underlying financial literacy.

Individual investors in Japan, influenced by both financial and ethical considerations, prioritize information from readily accessible sources, with traditional media outlets being a primary channel for CSR-related news (Sekita, 2011). The significant impact of media on shaping investor sentiment and stock performance, as examined in recent studies (Sharma, 2023), highlights the media's role in modulating individual investors' responsiveness to CSR news. This responsiveness is particularly pronounced for positive CSR-related news, where individual investors exhibit heightened sensitivity, reflecting their ethical investment preferences. This observation is supported by Murashima (2020), who discovered that individual investors in Japan are more reactive to positive CSR-related news. This indicates a discerning approach to news consumption that emphasizes the ethical dimensions of corporate behavior. Consequently, this nuanced media consumption behavior among individual investors supports the hypothesis that they react distinctly to both positive and negative CSR news announcements; however, they do not exhibit a significant response to index changes.

H2. Japanese individual investors demonstrate reactions to both positive and negative CSR news announcements, underscoring their ethical investment preferences while showing indifference to index changes.

Institutional investors, possessing advanced information-gathering capabilities, adopt a more analytical approach to investment decisions. Their methodology, geared toward maximizing financial returns and mitigating risks, inclines them to place significant emphasis on negative CSR events. This focus is attributed to the potential for negative events to indicate underlying management or operational issues that could affect long-term value creation and risk profile (Starks, 2009; Zhou and Gan, 2022). For instance, Moss *et al.* (2023) explain that institutional investors value negative CSR news more than positive CSR news, as it affects risk more. Based on this discussion, we hypothesize that Japanese institutional investors respond only to negative CSR news and index deletions, owing to their focus on risk and stability.

H3. Japanese institutional investors exhibit heightened sensitivity exclusively to negative CSR news announcements and index deletions, emphasizing their strategic focus on identifying risks and safeguarding financial returns.

Foreign investors, despite their active participation in the Japanese market, navigate through the constraints of limited access to local news outlets with a strategic focus on global sustainability trends. Their investment decisions are significantly influenced by the dynamics of global sustainability indexes, reflecting a broader shift toward embracing global ESG investment standards. This inclination is particularly pronounced in the context of cross-border investment decisions, where adherence to and performance against international sustainability benchmarks become pivotal. Li *et al.* (2021) and Chiappini *et al.* (2021) emphasize the importance of ESG criteria for foreign investors, demonstrating that sustainability indexes reflect ESG factors and are resilient and attractive during market downturns. These trends inform their investment strategies and align with a global movement towards sustainable development, emphasizing the role of ESG considerations in fostering a more sustainable and responsible global financial ecosystem.

H4. Foreign investors in the Japanese market are primarily responsive to changes in indexes rather than news announcements, underlining their commitment to sustainable investment practices and the significance of global ESG benchmarks in their investment decisions.

3. Data, sample selection, and methodology

3.1 Data and sample selection

This study examines the interaction between media sources and investor reactions to explore the nuances of investor responses to CSR. We meticulously selected CSR-related news from January 1, 2001, to December 31, 2016, to encapsulate a pivotal era in Japan's CSR landscape, marked by significant evolutions in CSR practices within the corporate sector. This era, beginning in 2001, aligns with a growing awareness of CSR's impact on corporate performance and a global shift toward sustainable business practices, spurred by enhanced regulatory frameworks and societal emphasis on sustainability. By selecting 2016 as the endpoint, the study leverages a comprehensive view of CSR's development over 15 years, enabling a nuanced analysis of the relationship between CSR disclosures and investor behavior among Japan's evolving CSR reporting and performance landscape. Furthermore, this timeframe ensures the availability and consistency of high-quality data sources, including the Nihon Keizai Shimbun (Nikkei) for CSR-related news via Nikkei Telecom and financial data from Thomson Reuters DataStream. The selection of these sources aligns with the study's aim to capture a holistic view of CSR's influence on the investment landscape by leveraging the Dow Jones Sustainability Index (DJSI) for sustainability index data because of its long-standing credibility and broad coverage.

3.2 News announcements

In sourcing CSR-related news from Nikkei through Nikkei Telecom for the period of January 1, 2001, to December 31, 2016, we meticulously employed keywords as outlined in Table A1[1], adhering closely to the Kinder, Lydenberg and Domini Research and Analytics (2010) (KLD). This careful selection process, which excluded corporate governance issues to concentrate on firms' activities impacting non-shareholding stakeholders, enabled us to effectively categorize articles as "positive" or "negative" news. Rigorous exclusion criteria ensured the removal of articles that could cloud the analysis, such as those with mixed messages, not related to publicly traded companies, or lacking clear timestamps. This methodological diligence supports the studys aim to explore CSR's nuanced effects on firm value, ensuring a focused and relevant dataset.

3.3 Sustainable index change

The DJSI is incorporated into the sustainability index data. Launched in 1999, the DJSI is a globally recognized sustainability index that selects the most sustainable firms from a pool of 10,000. The choice of DJSI was based on its comprehensive nature, reliability, and longer span compared to other indices such as the FTSE4Good Index. To enrich our analysis and ensure a robust sample size, the timeframe for examining the DJSI data was extended from 1999 to 2017. The following data were obtained from the DJSI website: (1) the announcement day of index inclusion and index exclusion, (2) effective day of index exclusion and index inclusion, and (3) names of the companies added or deleted from the index.

3.4 Financial data

Financial data, including stock prices (*p*), the logarithm of the number of assets (*Size*), return on assets (*ROA*), and the book-to-market ratio (*MB*), were sourced from Thomson Reuters DataStream.

3.5 Investor reaction

The study employed cumulative abnormal return (*CAR*) to gauge investor reactions. Stock prices from 2001 to 2016 for news announcements and from 1999 to 2017 for DJSI index change, juxtaposed with the Tokyo Stock Price Index (TOPIX), were sourced from Thomson Reuters DataStream. The market model used for determining the normal return was based on a 250-trading-day window ending 50 days before-event (Krüger, 2015; MacKinlay, 1997). The following formula was applied.

$$r_{i,t} = \alpha_i + \beta_i r_{m,t} + v_{i,t},$$

$$E[v_{i,t}] = 0, \textit{and } Var[v_{i,t}] = \sigma v_i^2$$

where $\mathrm{r}_{i,t}$ and $r_{m,t}$ denote the return rate of the *i*th firm's stock price and TOPIX at time t, respectively. Parameters α_i and β_i were estimated using OLS.

3.6 Shareholder type and firm selection

In our study, companies were categorized based on their predominant shareholder group to better understand the differential impacts of CSR news on investor reactions. This categorization was determined using the "shareholding ratio by shareholder type" data obtained from firms' annual securities reports spanning from 1999 to 2017, sourced from Nikkei NEEDS-Financial QUEST. Companies were classified into "individual investors main," "institutional investors main," and "foreign investors main." This classification allows for a nuanced analysis of how different investor types perceive and react to CSR information.

Moreover, we made a deliberate choice to exclude utility firms from our analysis. This decision stems from the unique regulatory and market dynamics that significantly influence the financial performance and risk profiles of these sectors.

3.7 Methodology

Our research employs a dual-method approach, combining an event study and cross-sectional analysis, to examine investor reactions to CSR achievements, chosen for its effectiveness in capturing the intricacies of investor behavior and mitigating potential single-method biases. The event study, grounded in Dolley (1933) and refined by MacKinlay (1997), isolates the immediate impact of CSR news on stock performance, attributing stock price variations directly to CSR information while minimizing market noise.

Complementing this, our cross-sectional analysis, inspired by Flammer (2013), investigates CSR communications' broader implications across investor types—individual, institutional, and foreign—using control variables to uncover patterns and relationships, thereby enhancing our findings' comprehensiveness. This methodological synergy ensures a holistic view of CSR communication's impact on investor reactions, reinforcing the validity of our conclusions within Japan's evolving corporate context.

3.8 Event study

Following Flammer (2013) and Krüger (2015), a short-term event study was used to capture immediate investor reactions. The CAR is calculated using the market model, a standard approach in event study methodology that accounts for market movements when assessing the impact of specific events on stock prices. This model is instrumental in isolating the effect of CSR news from general market trends. A pre-event window of 250 trading days, spanning 300–50 days before the event, was chosen to estimate the normal return. The study examined the statistical characteristics of various CARs on the event date, specifically the [–1, 0], [–1, 1], and [0, −1] windows. To prevent statistical strength reduction due to concurrent related events and to account for information leakage and prior events, three additional windows were included: [–5, 0], [0, 5], and [–5, 5].

The rate of return for the stock price and the market index TOPIX was determined using the formula:

$$\mathrm{r_{it}} = \frac{\mathrm{p_{it}} - \mathrm{p_{it-1}}}{\mathrm{p_{it-1}}}, \mathrm{m_t} = \frac{\mathrm{market_t} - \mathrm{market_{t-1}}}{\mathrm{market_{t-1}}},$$

where p_{it} is the share price of the ith company at time t, r_{it} is the rate of return for that company, $market_t$ is the TOPIX at time t, and m_t is the rate of return for the TOPIX. The abnormal returns (AR$_{it}$) of a firm, equal to the difference between the actual rate of return and the predicted normal rate of return, are computed to measure the impact of the event. In this study, we used the market model from Krüger (2015), MacKinlay (1997), and others to calculate the normal return.

$$r_{it} = \gamma_i + \theta_{it} m_t + v_{it}$$

$$E[v_{it}] = 0$$

$$Var[v_{it}] = \sigma^2_{vi},$$

where γ_i and θ_i are undefined coefficients. Normal returns are derived from the regression. The abnormal returns (AR$_{it}$) are calculated by subtracting estimated normal returns from actual returns:

$$\mathrm{AR_{it}} = \mathrm{r_{it}} - (\widehat{\gamma}_\mathrm{i} + \widehat{\theta}_\mathrm{i}\mathrm{m_t}).$$

The CAR_{it} is the sum of the abnormal returns for firm i at time t.

$$\mathrm{CAR_i} = \sum_{\mathrm{t=1}}^{\mathrm{n}} \mathrm{AR_{it}}.$$

To validate the significance of our results, we utilized the Boehmer, Musumeci, and Poulsen (BMP) test (Boehmer *et al.*, 1991). This test is particularly esteemed for its capability to detect abnormal stock returns with high precision, making it a robust tool for confirming the impact of CSR announcements on investor behavior. By employing the BMP test, we address potential concerns regarding the statistical strength of our findings, thereby reinforcing the methodological foundation of our study.

The event study analyzed two media sources: Nikkeis CSR-related news and the DJSI index change. The significance and direction of the results were compared, and the study further elucidated shareholder reactions based on classifications: "individual investors main," "institutional investors main," and "foreign investors main."

3.9 Cross-sectional analysis

Following Flammer (2013), Hawn *et al.* (2018) and Shiu and Yang (2017), a cross-sectional analysis was employed to discern the differential effects of media communication across investor categories. The analysis was based on the following models:

$$CAR_{i,t} = \beta_1 Positive_{i,t} \times InvesorType_{\boldsymbol{i}} + \beta_2 Year_{i,t} + \beta_3 Size_{i,t} + \beta_4 ROA_{i,t} + \beta_4 MB_{i,t} + \varepsilon_{it} \quad (1)$$

$$CAR_{i,t} = \beta_1 Negative_{i,t} \times InvesorType_{\boldsymbol{i}} + \beta_2 Year_{i,t} + \beta_3 Size_{i,t} + \beta_4 ROA_{i,t} + \beta_4 MB_{i,t} + \varepsilon_{it} \quad (2)$$

$Positive_{i,t}$ is a dummy variable representing a good event such as positive news or index inclusion, whereas $Negative_{i,t}$ represents a bad event such as negative news or index exclusion of firm i at time t. $InvesorType_i$ is a vector variable that categorizes individual (*Individual*), institutional (*Institutional*), and foreign (*Foreign*) investors, which are dummy variables. The impact of a positive (*Positive)* or negative event (*Negative*) by investor classification (*Individual, Institutional,* or *Foreign*) is reflected in the coefficient of the interaction term β_1. To control for a firm's features and represent year-specific incidents in the results, control variables such as year (*Year*), the logarithm of the number of assets (*Size*), return on asset (*ROA*), and book-to-market ratio (*MB*) were included. Table A2[1] exhibits the descriptive statistics and correlations, indicating no statistical concerns.

4. Results

4.1 Event study

4.1.1 News announcements. The event study, as detailed in Table A3[1], Column A, underscores the influence of news announcements on stock prices, reflecting shifts in investor behavior. Positive CSR news announcements have a pronounced impact on the behavior of overall and individual investors, more so than the market index (TOPIX). However, the responses from institutional and foreign investor groups to positive CSR news announcements are not statistically significant. In contrast, for negative news, there is a discernible negative reaction across all investor categories, with specific periods of significance.

4.1.2 Dow jones sustainability index. Shifting focus to the DJSI, the data are predominantly skewed towards Japanese institutional and foreign investors. This trend, with a limited representation of individual investors, aligns with the assertions of Hypothesis 2. The event study results for the DJSI changes, spanning from 1999 to 2017, are detailed in Table A3[1] as well as Columns B-1 and B-2. This analysis extends two years beyond the news announcement study to enhance the sample size.

On the announcement day of the DJSI changes, there was no discernible impact on index inclusion across all investor categories. However, index deletions elicited negative responses from institutional and foreign investors. On the effective day of these changes, the reactions were multifaceted. Overall, institutional investors predominantly exhibited negative reactions to index inclusion. In contrast, foreign investors displayed a positive response. Notably, for the foreign investor category, the coefficient of CAR was significant and positive in specific windows, while overall and institutional investors responded negatively in other windows. This suggests that index deletion around the effective day elicits varied investor responses.

While some of the results are counterintuitive, they are consistent with those of Durand *et al.* (2019), Hawn *et al.* (2018), and McWilliams and Siegel (2000, 2001). The explanation for the counterintuitive outcomes is discussed in the following section.

4.2 Cross-sectional analysis

Table A4[1] showcases the cross-sectional analysis, mirroring the event study's findings. Most models with significant outcomes had robust F-values, ensuring the validity of the results. For positive news announcements, interaction-terms for both individual and institutional investors were positive and significant, suggesting their heightened interest in favorable CSR news. However, foreign investors remained indifferent. In contrast, for negative news, institutional and foreign investors exhibited significant negative reactions, unlike individual investors.

Regarding the DJSI announcement day, positive index changes had minimal impact on Japanese market investors, except for a brief window for institutional investors. Yet, for index deletions, institutional and foreign investors displayed significant negative reactions. On the DJSI effective day, institutional investors reacted negatively to index inclusions, while foreign investors showed a positive inclination. Individual investors remained neutral.

4.3 Comparative analysis and hypotheses tests

The overall investor category's results were assessed across analyses. While investors generally responded positively to good CSR news, their reactions to the sustainability index updates were more restrained. These varied reactions underscore the influence of information sources on investor attitudes, supporting Hypothesis 1.

To evaluate Hypotheses 2 to 4, companies were categorized by their major investors, and their reactions to each information source were compared. The findings revealed distinct reactions across investor categories, with individual investors primarily responding to accessible positive news, aligning with Hypothesis 2. Institutional investors, being risk-averse and well-informed, showed sensitivity to negative news and index deletions, supporting Hypothesis 3. Their negative reactions to positive index inclusions on effective days suggest possible prior knowledge of such inclusions. Foreign investors, by contrast, displayed reactions consistent with Hypothesis 4, valuing CSR performances and possibly employing automated stock-buying systems on effective days.

In summary, while individual and institutional investors in Japan displayed expected reactions to news and index changes, foreign investors' behaviors, especially their reactions to news announcements, warrant further investigation.

4.4 Robustness check

Following the rigorous methodology of Flammer (2013) and Clacher and Hagendorff (2012), this study's robustness checks incorporated the same event windows as those utilized in the main analysis. To address concerns regarding the estimation of normal returns and their potential conflation with other market factors, the Fama and French (1993) three-factor model was employed as an alternative to the market model.

The results, which are consistent with our main findings and are presented in Table A5[1], lend further credence to our initial conclusions. Specifically, the three-factor model confirmed the significant impact of CSR news on stock prices, as previously indicated by the market model, with minor deviations that do not alter the overarching narrative of our analysis. The coherence of findings across both the market model and the three-factor model reaffirms the robustness of the initial conclusions drawn from the event study, demonstrating the soundness of the methodological choices made in this research.

5. Discussion and conclusions

This research delved into the nuanced investor reactions to CSR media communication within the Japanese market, indicating how responses vary among individual, institutional, and foreign investors. The findings reveal a complex interplay between information accessibility, financial literacy, and objectives, affirming CSR's role in shaping perceptions, consistent with signaling theory and information asymmetry (Muramiya and Otogawa, 2012; Spence, 1973; Tanimoto, 2019).

Japanese individual investors' preference for positive CSR news reflects the significance of CSR as a signal of corporate quality and ethics, particularly relevant as Japan's financial education progresses (Mihalcova *et al.*, 2020). Institutional investors' avoidance of negative information highlights CSR's importance in risk management, aligning with Cox *et al.* (2004) and Arao *et al.* (2020). Foreign investors' selective responses to CSR developments suggest a strategic, global perspective on CSR influenced by ESG criteria (Chiappini *et al.*, 2021; Li *et al.*, 2021) and support for ESG's financial impact (Grewal *et al.*, 2021).

The study underscores the information and financial literacy gap among Japanese investors, despite financial education efforts. Integration into the curriculum faces challenges (Oyabu and Okuda, 2016), with numerous schools lagging behind Western standards (Japan Securities Dealers Association, 2014). This is reflected in a 51% household asset composition in "cash and deposits." The findings reveal differing reactions between individual and institutional investors to CSR reports. Japanese individual investors respond to positive news, suggesting that ethical considerations influence their investment decisions, as supported by Luo and Subrahmanyam (2019). Conversely, institutional investors show greater sensitivity to negative news, indicating a need for wider dissemination of information on sustainable practices.

These findings underscore the importance of differentiated CSR communication strategies in Japan. For individual investors, leveraging mainstream media to enhance CSR transparency is the key to directly addressing information asymmetry challenges. Institutional investors require in-depth, transparent reporting on CSR activities, emphasizing the strategic relevance and sustainability commitment, which reassures their risk management concerns. Engaging foreign investors involves highlighting CSR achievements and addressing negatives with clarity, utilizing digital platforms for their extensive reach. These tailored approaches cater to the distinct preferences of diverse investor groups, reinforcing the firm's CSR commitment and supporting sustainable corporate growth in Japan's market.

This study lays the groundwork for further investigation into CSR's impact within and beyond the Japanese market. Future research could focus on refining the CSR news database through external collaborations to enhance its robustness. A sector-specific approach, particularly outside the financial industry, may provide clearer insights into CSR's effects. Additionally, exploring CSR in various global markets could reveal how differing environments influence CSR communication efficacy. Such comparative studies would enrich the understanding of CSR's role in international business, offering strategic insights for companies navigating global CSR challenges.

Note

1. Please see it on the Online Appendix.

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Appendix

Supplementary material for this article can be found online.

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