





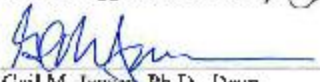
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VALUES TO VALUE:

THE MYSTERY OF VALUES TO VALUE: AN EXAMINATION OF SHARE PRICE  
PERFORMANCE TO AN ANNOUNCEMENT OF A CONTRIBUTION TO PLANNED  
PARENTHOOD

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By

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A DISSERTATION

Submitted to the faculty of the Graduate School of the Creighton University in Partial  
Fulfillment of the Requirements for the Degree of Doctor in Business Administration.

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## **Abstract**

Corporate core values are important in the design of philanthropic policies. Research directed at examining the impact of this relationship on firm value continues with debate. This paper examines the importance of establishing strong corporate values before designing philanthropic policy and how firm value is influenced by announcements of corporate involvement in sensitive economic, social, and/or political philanthropic causes. Specifically, this study explores if there is an abnormal share price performance caused by an announcement of a contribution to Planned Parenthood. The methodology employed to test the null and alternative hypotheses is an event study using a market model technique. The study is expected to find a significant and negative impact on firm value surrounding an announcement of a contribution to Planned Parenthood.

## Table of Contents

Abstract.....	iii
Table of Contents.....	iv
List of Figures and Tables.....	vi
Introduction.....	7
Literature Review.....	11
The complex web.....	11
Economics, corporate core values and firm value .....	12
Social, corporate core values and firm value .....	14
CSR – The different shades of gray.....	14
CSR – The models .....	15
CSR – Firm value.....	17
CSR – Corporate cases – Firm value .....	19
Political, corporate core values and firm value.....	21
Planned Parenthood .....	24
Economic, Social, Political – Planned Parenthood puts it all together.....	24
Planned parenthood – Corporate philanthropic announcement cases.....	25
Foundation of this study.....	28
Hypotheses .....	29
The null hypothesis .....	29

The alternative hypothesis .....	30
Methodology .....	30
Focus of this study .....	31
Data .....	32
Design .....	33
The Market Model .....	36
Tests for statistical significance .....	38
Results .....	39
Discussion, Conclusion, and Direction for Future Research .....	47
References .....	49

## List of Figures and Tables

Figure 1. Institutional Equity Ownership.....	12
Figure 2. Hypotheses.....	28
Figure 3. The Event Study Timeline.....	34
Table 1. Parameter Estimates and Estimation Period Descriptive Statistics by Industry.....	40
Table 2. Panel A Sample Data, Equally Weighted Index.....	41
Table 2. Panel B Sample Data, Value Weighted Index.....	42
Table 3. Panel A Control Data Equally Weighted Index.....	44
Table 3 Panel B Value Weighted Index.....	45
Table 4. Fama French 3 Factor Model.....	47

## Introduction

The mystery of corporate core values and firm value is entwined in an economic, social, and political philanthropic web. This complex web is directly influenced by institutional equity owners and stakeholders. In other words, when institutional investors are pressured by stakeholders to sell shares of firms financially involved in causes perceived as controversial to society and inconsistent with corporate core values, the web's delicate balance is disrupted.

This complex web has been discussed and debated for generations. In the 18<sup>th</sup> century, Adam Smith believed that an "invisible hand" was the motivating factor driving the self-interest of affluent corporate owners. Their pursuit of wealth, often without any awareness, contributed positively to many stakeholders in the communities in which they lived. (Rothschild, 1994).

Howard Bowen argued a different view. He defined corporate social responsibility this way: Corporate executives have a public responsibility to establish policies and make decisions to address societal purpose and values (Bowen, 1953, p.6). Bowen believed in a workable balance between socialism and capitalism.

In 1970, Milton Friedman discussed his views on values to value and argued that business executives have neither a reason to get involved nor the ability to be successful with corporate social responsibility. He believed that the obligation of corporate leaders is to work exclusively for shareholders focusing only on amassing as much wealth for shareholders as possible (Mulligan, 1986; Zimmerli et al., 2007).

Over the last half century, changing economic developments through the advancement of institutional corporate ownership has forever transformed corporate core values and its relationship with firm value. Institutional investment organizations in the 1960s started to

acquire an ever-increasing percentage of corporate shareholdings. Today, institutional equity ownership has reached above 80 percent in many developed countries (Dyck et al., 2019).

The evolution of institutional corporate ownership exposed a widening gap between equity owners and professional managers. The incentives of business leaders with little or no firm ownership shifted to job security, lucrative compensation, and short-term, low risk investment strategies. This encouraged engagement in undisciplined expansion and poor decision-making in exiting non-performing assets (Boot, 1992; Chaganti & Damanpour, 1991; Jensen & Smith, 2000).

Stakeholders, with their new power facilitated through institutional investors, started to pressure business executives to address corporate core values. A number of studies have found that this phenomenon improved core values and enhanced firm value (Edmans, 2011; Guiso et al., 2015).

Subsequently, political and social issues were tracked to study their influence on firm value. However, extant research of the effect of corporate social responsibility (CSR) on firm value has produced inconsistent results and has fostered a continuing robust debate. A meta-analysis approach investigated the impact of CSR on firm value and concluded there was a small but positive relationship (Margolis et al., 2007). CSR also proved to have a positive impact on firm value of hotel businesses when the companies clamped down on sex trafficking but did not impact firm value in the casino industry when these companies restricted sex trafficking (Lee & Park, 2009). Godfrey (2005) found CSR improved positive moral capital for stakeholders and firm value.

The pressure on U.S. firms to divest South African business interests due to the moral outrage expressed by stakeholders over the abuse of black South Africans by the minority white-

led South African government and its impact on shareholder value has been widely studied (Wright & Ferris, 1997).

More recently, Ford, Microsoft, and Starbucks publicly announced corporate values consistent with gay marriage rights (Arnold, 2012). Other businesses, including Chick-fil-A and Barilla, announced the opposite position on gay marriage (Smith, 2013). These public announcements of corporate core values were met with an inconsistent impact on firm performance and/or firm value (Smith, 2013). In addition, the firm value of Papa John's, Applebee's, and Denny's was temporarily hurt when the managements of these businesses articulated a position against the Affordable Care Act (Popken, 2012). The National Rifle Association (NRA) has also become an arena of accelerated debate. When organizations articulated support for or against the NRA, they were bombarded with comments numbering in the hundreds of thousands in one direction or the other (Troise, 2018).

In the early 1990s, both Dayton-Hudson and AT&T displayed inconsistent core values which were reflected in their flip-flops of philanthropic policies. The lack of strong core value direction angered stakeholders and resulted in lost business and moral capital (Bowie, 1991; Gillmor & Bremer, 1999; Godfrey, 2005; Wulfson, 2001).

Berkshire Hathaway initiated an approach to directly link corporate values so that they would be consistent with its philanthropic policy. Decisions regarding charitable contributions were taken away from professional managers and given to shareholders (Philanthropy News Digest, 2003). This worked for over two decades until word got out that some corporate funds went to support Planned Parenthood. Berkshire Hathaway flipped back to having professional managers decide the direction of contributions. (The Conservative Investor, 2013).

This paper examines the importance of developing strong corporate values as a foundation before designing and establishing philanthropic policy and how firm value can be influenced by an announcement of corporate involvement in politically or morally sensitive philanthropic causes. Specifically, this paper explores the research question of: Is an abnormal share price performance caused by an announcement of a contribution to Planned Parenthood?

The research question was motivated by a public announcement exposing 41 organizations for their contributions to Planned Parenthood. These organizations were “outed” in reaction to videos surfacing that caught executives of Planned Parenthood negotiating the sale of fetal body parts. The research extension is especially interesting since the event of an announcement of a contribution to Planned Parenthood on firm value has yet to be studied. This paper aims to bridge the literature gap in existing research by determining if a corporate announcement of a contribution to Planned Parenthood has an impact on firm value.

In order to capture the firm value of publicly listed companies, this research incorporates an event study methodology. If an announcement that a business has contributed to Plan Parenthood, especially during a controversial time, the share price should react negatively to the announcement. The remainder of this paper is divided into seven sections. Section 2 presents a literature review focused on how shareholder wealth is influenced by an announcement of corporate involvement in sensitive philanthropic causes; Section 3 builds the foundation of this study; Section 4 establishes the null and alternative hypotheses; Section 5 outlines the construction and application of an event study methodology; and Sections 6 and 7 highlight the expected results and discussion of implications and future research opportunities respectively.

## Literature Review

### *The complex web*

The relationship between values to value has been discussed and debated for centuries. Adam Smith in his *The Theory of Moral Sentiments* (1759/2010) shared his views on the importance of values to value. Paraphrasing Smith's work, Rothschild (1994) explained that wealthy business owners, in pursuit of their self-interests and amassing wealth, were driven by an "invisible hand." Their greed, often without realization or understanding of stakeholder interests, enhanced the public interests of many stakeholders by making economic, social, and/or political improvements to their society. Smith's ideas could be considered philanthropy through "the invisible hand" of self-interest.

Howard Bowen understood the complex web through a different lens. Bowen, considered the father of corporate social responsibility, argued in his landmark book *Social Responsibility of the Businessman* Bowen (1953) that corporate executives have a public responsibility to establish policies and make decisions to address societal purposes and values. Reviewing Bowen's book, Acquier et al. (2011) pointed out that Bowen advanced his dogma from a local community standpoint. Specifically, social responsibility establishes a force for enhancing the quality of the relationship between business and society. Bowen believed in a practical middle ground between the two extremes of socialism and capitalism. He predicted that failure to comply with social obligations would inevitably lead to the decline of capitalism (Carroll, 2008).

Milton Friedman, in his New York Times article *The Social Responsibility of Business Is to Increase Its Profits* New York Times (1970/2007), presented his views on values to value. Friedman argued that business managers are not employed to establish philanthropic or corporate social responsibility. He explained that in a corporate entity, the responsibility of executives is to

work unequivocally for the providers of capital, specifically shareholders. Zimmerli et al. (2007) discerned that Friedman believed the predominate focus of executives should be to generate as much wealth for shareholders as possible within the framework of legal and ethical boundaries. Mulligan (1986) observed that Friedman also believed executives that step outside of their core responsibilities put their employment at risk. Moreover, managers are unable to predict societal responses and are unlikely to anticipate social burdens. Executives, distracted by social issues, contribute to a misalignment of wealth which is unintentionally deflected away from shareholders, clients, or the workforce.

These philosophies highlighted the importance of corporate core values in designing philanthropic policy and the influence of this relationship on firm value.

### ***Economics, corporate core values and firm value***

Adam Smith, Howard Bowen, and Milton Friedman established their arguments about values to value at a time when corporate executives were largely the controlling shareholders and the interested stakeholders. However, starting in the 1960's, the corporate ownership structure began to evolve forcing executive and stakeholders to rapidly adapt to the expansion of institutional investor corporate ownership, forever changing the values to value relationship.

Institutional investment organizations, around 60 years ago, started to accumulate a larger percentage of corporate ownership. In 1960, institutional equity ownership totaled only four percent. By 1970, it had advanced to nine percent. By the second half of 1980, it had accelerated to nearly 25 percent, which represented half of the equity in the S&P 500 Index (Wallace, 1988). Today, institutional investor ownership has exceeded 80 percent in most developed countries (Dyck et al., 2019).

Figure 1:

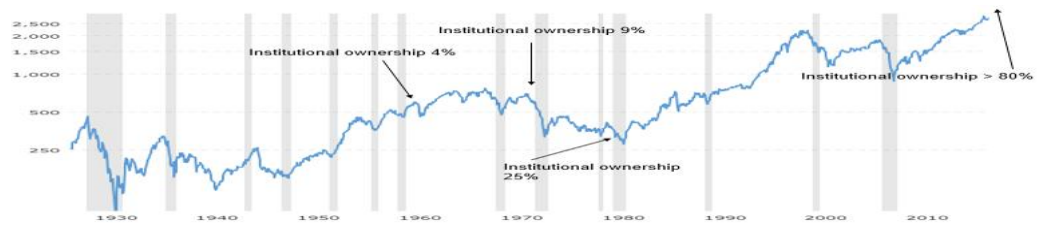
*Institutional Equity Ownership*

Figure 1. From (Dyck et al., 2019; Wallace, 1988)

The evolution of stakeholder interest and institutional corporate ownership exposed a gap between the relationship of corporate executives and equity owners. This widening chasm was responsible for escalating the conflicting interests of corporate risk management between professional managers and equity owners (Chaganti & Damanpour, 1991). The incentives for business leaders with little or no firm ownership changed. Their focus shifted to job security, lucrative compensation, and ego-satisfying status (Jensen, 1986). Professional managers exaggerated spending on corporate and personal perks, employed a short-term, low risk investment strategy, and engaged in undisciplined expansion (Jensen & Smith, 2000). The result; Corporate inefficiencies generated by professional management behavior proved harmful to shareholder interests and eventually weakened firm value. Boot (1992) found that as the interests of executives and shareholders widened, managers often resisted firm value-enhancing divestitures to avoid the inevitable admission of their investment failures and inability to identify sound, value-creating investments.

Exploring this new world, stakeholders began to find power over institutional investors and started pressuring management to gradually change corporate core values (Guiso et al., 2015). The results were positive. The authors utilized the survey dataset of Great Place to Work® Institute (GPTWI), which included employee surveys covering over 1,000 U.S. businesses. They found an elevated perception of positive core values by stakeholders enhanced

firm performance. Edmans (2011) concurred and discovered a positive relationship between stakeholder perception of high-quality goods and/or services, corporate identity, and firm value.

Economic-based studies have consistently highlighted the delicacy of the intertwining fibers in this complex web when examining the importance of corporate values in designing and establishing philanthropic policies and determining their influence on shareholder wealth (Edmans, 2011; Guiso et al., 2015).

### ***Social, corporate core values and firm value***

#### ***CSR – The different shades of gray***

The increase in and sophistication of corporate social responsibility (CSR) advanced along the same timeline as the penetration of institutional investor corporate ownership. Carroll (2008) tracked the evolution of changes in corporate core values and the adaptation to CSR during the growth of institutional investment ownership over the last six decades. The long and winding road of the development of CSR over this time frame has produced a plethora of definitions with an abundance of controversies. Carroll (2008) credited Howard Bowen as the father of CSR and wrote that Bowen originated the definition of CSR suggesting that executives are responsible for designing core values by implementing policies and making decisions that reflect societal values. Muirhead (1999) said it this way: Philanthropy is the essence of CSR. Basu and Palazzo (2008) defined CSR as the process where management reflects and communicates with stakeholders in order to determine organizational responsibilities and behaviors necessary to achieve the common good of society. Cadbury (2000) argued CSR is focused on maintaining the delicate balance between economic and social needs with the mission of bringing together corporate, social, and stakeholder interests. He found that CSR provided an important framework to enhance the use of resources and establish management accountability

of corporate resources. Hartman et al. (2008) pointed out the minimalist definition of CSR – companies have an obligation to adhere to the law and offer goods and services demanded by society. Bierce and Joshi (2011) argued a corporation is a resourceful organization designed to generate a profit and without social responsibility. Bereskin et al. (2016) believed CSR is a form of research and development or marketing cost and suggested that when philanthropy is aligned with the core values of a firm, it has a positive influence on innovation and therefore firm value. Fry et al. (1982) extended this line of thinking and suggested that corporate philanthropic contributions are driven by the profit motive and are essentially a form of advertising expense. Devinney (2009) argued that a socially responsible firm is nothing but a play on words and corporations, as a matter of course, operate in an extensive and constantly conflicted arena of interests.

### ***CSR – The models***

The myriad of definitions of CSR, streaming in all directions of gray, have motivated scholars to build CSR models designed to develop categories to better establish meaningful visions and improve their use by corporate executives focused on enhancing core values and shareholder wealth.

Basu and Palazzo (2008), using a subject foundation, extended previous frameworks of CSR. The authors suggest a model focused on how executives reflect, communicate, and conduct themselves in relationships with the broad array of stakeholders. Specifically, they put together a group of cognitive, linguistic, and conative configurations toward the development of a blueprint to guide managers through strategic CSR thinking. Additionally, their process is designed to link the three formations into a model to provide corporations with a better tool to assess the impact of their CSR decisions and character.

Hartman et al. (2008) attempted to calm the chaos and confusion by narrowing the spectrum of gray. The authors built their models to address definitions, meanings, and purposes of CSR with the belief that CSR evolved from the philosophy of utilitarian disciplines. They argued that the objective of the unitarian philosophy of free and competitive markets is the most efficient and narrow model to satisfy consumer demand, one interpretation of meeting the needs of society. The pursuit of profit over time reaches the best possible fulfilment of consumer demand, and therefore is in the best interest of society. This goal operates by obeying the necessary laws encouraging policies of deregulation, property rights, free exchange of goods and services, and the advancement of competition. The authors initiated their models by incorporating the libertarian tradition to establish other economic models. Their approach is extended to include the philanthropic framework, the social web model, and the intigative model to best capture the various facets of CSR. Primarily, the authors were motivated to create a framework of models to offer corporate executives a platform to enhance the linkage between core corporate values, philanthropic policies, and firm value during times of controversy.

The philanthropic model of CSR, assessed in this paper, is gripped in its own debate, depending on the motivation of corporate contribution. The MORI Social Research Institute (2003) suggested that, embedded in the philanthropic model, charity engagement is practiced in an effort to enhance corporate reputation and reap financial rewards through positive public relations, marketing expenditure, tax reductions, and corporate sponsorship – essentially corporate investment. This contrasts with corporate contribution policies designed with the spirit of simply doing good by doing the right thing. In MacKey et al. (2007), the authors debate whether the philanthropy model is the proper ethical extension of the economic model or if the

only necessary ethical path is well-run businesses striving to create value for stakeholders, shareholders, and society in general.

To bring together the many views of CSR, Hartman et al. (2008) created the social web model. Embedded in this model are the various business perspectives that are entwined in a network of social associations. Vogl (2003) argued business is one constituent of a community and therefore must adhere to the standard of ethics expectation of the societal network in which it exists. Bowie and Dunfee (2002) supported this view, and through a Kantian approach, argued corporations must go beyond the narrow view of the utilitarian model. This requires addressing the needs of all stakeholders over and above the minimum required by law.

Hartman et al. (2008) structured the integrative model to address the tension and debate between maximizing profits and integrating social responsibility. The authors argued that a growing number of corporations develop social targets in the strategic mission of the organization. Carroll (2008) concluded that several businesses at the start of the 21<sup>st</sup> century had advanced CSR policies to nearly full assimilation into strategic corporate planning. These researchers suggest that it is essential for executives to examine the importance of establishing strong corporate core values and understand how firm value is influenced by announcements of corporate involvement in sensitive economic, social, and/or political philanthropic causes before designing philanthropic policy.

### ***CSR – Firm value***

Over the last 60 years, empirical evidence in extant research on the impact of CSR on firm value has produced inconsistent results and contributed to the continuing debate. Margolis et al. (2007) took a meta-analysis approach and investigated nine components of CSR across 167 studies. The results were positive, but small. Overall, the authors suggested that the impact of

CSR on firm value does not produce enough of a return to warrant replacing it with other competing corporate capital investment opportunities.

Dyck et al. (2019) found that a high percentage of institutional investor equity ownership formed a positive link with firm value and suggested the relationship is causal. Dyck et al. (2019) studied 41 countries over the decade through 2013 and built a sample population of 3,277 companies utilizing the ASSET4 dataset provided by Thomson Reuters to create various CSR categories. Factset was used to gather data related to institutional ownership.

Ioannou and Serafeim (2010) found that, over time, CSR action plans improve firm value. The authors tested U.S. companies for 16 years and concluded that CSR had a favorable impact on firm value based on positive reports detailing CSR action plans by sell-side analysts.

Lee and Park (2009) focused their empirical study on sex trafficking to investigate the CSR effect on firm value, specifically in the hotel and casino industry. Lee and Park, using the Durbin-Wu-Hausman test, found CSR had a concurrent and positive impact on firm value in the hotel industry. However, the results for the casino business showed no impact on financial value. Their research suggested that the hotel industry should strategically include CSR to increase firm value.

Godfrey (2005) took a different approach and argued that CSR produced “positive moral capital” for society and stakeholders as well as generated shareholder wealth. Godfrey argued that strong corporate core values are essential in establishing corporate philanthropic policies. Managers must balance various interests which are not consistent across all stakeholders. Often stakeholder interests and values conflict with each other. Without strong corporate values, philanthropic policies tend to become inconsistent, dissatisfying stakeholders, producing negative moral capital, and damaging firm value.

*CSR – Corporate cases – Firm value*

Starbucks announced in January 2012 corporate support for gay marriage. This announcement motivated activists, including the National Organization for Marriage, to organize a “Dump Starbucks” boycott with over 56,000 protesters signing a petition. Starbucks management reacted by informing investors that they were free to sell their shares if they believed it was in their best interest. The effect on firm value had no long-term impact (Smith, 2013).

In July of the same year, Chick-fil-A released a strongly-worded media announcement expressing support for the “traditional family” and against gay marriage. An activist group of over 125,000 organized a “Chick-fil-A Appreciation Day” resulting in record one-day sales (Smith, 2013). In opposition, groups supporting gay marriage organized a protest at several Chick-fil-A stores and a number of left-leaning political leaders expressed the desire to keep the company out of their cities. Ultimately, the give and take of stakeholder influence had no long-term effect on their business (Dodd & Supa, 2014).

On February 14, Valentine’s Day of 2018, a teenager named Nikolas Cruz used a semi-automatic rifle to murder 17 and wound 14 people. This shooting located at the Marjory Stoneman Douglas High School in Parkland, Florida became the tipping point that catapulted the U.S. into a fiery national debate on gun control. Ironically, the spark that raised the temperature of this heated debate was lit by Marjory Stoneman Douglas High School students themselves who survived the day and demanded reform (Garfield, 2018).

At the epicenter of the debate was the National Rifle Association (The NRA Foundation, 2016). The NRA is a strong political force nationally that champions the Second Amendment and is a non-profit organization involved in firearm education (The NRA Foundation, 2016). In

2016, the revenue of the organization was \$53 million. It was funded by contributions, fundraisings, and goods and services provided to NRA members (The NRA Foundation, 2016).

Immediately after the Florida school shooting, many organizations disassociated themselves with the NRA while others maintained their relationship, thereby eliminating neutral ground in the debate (Fortin, 2018). Factions in support of the NRA butted heads with factions against the NRA through social media. Business leaders were swiftly put in a “hot seat” and forced to make quick decisions in reaction to what they perceived as the best interest of their stakeholders and what could directly influence firm value (Garfield, 2018).

The management of First National Bank of Omaha, one of the largest and oldest privately held banks in the U.S., was one of the first to decide to discontinue its relationship with the NRA. Immediately after the bank announced termination of their credit card relationship with the NRA, the First National Bank of Omaha was hurled into the middle of the sizzling gun control debate. Many of the bank’s customers expressed negative comments in the media. Some expressed approval. Others threatened to take their business away from the bank (Creswell & Hsu, 2018).

Retail businesses also became immediately involved. Cabela’s, Dick's Sporting Goods, Walmart, and Bass Pro Shops received boycott threats through social media for selling guns and/or sponsoring NRA fundraisers. The CEO of Dick's Sporting Goods communicated that the retailer would no longer sell assault-style rifles and stop the sale of all guns to customers younger than 21. The company was overwhelmed with hundreds of thousands of consumer communications for and against the announcement (Troise, 2018).

Researchers, investigating many corporate cases, have produced an array of results from testing the relationship of CSR on firm value. Kovacs et al. (2017) employing a variety of social

media platforms to build a distinct data base found firms that are considered to have a high level of CSR benefit from using different types of social platforms to gain public attention in the market place. The firm value of these businesses is enhanced through an increase in firm performance and a lower cost of capital. Rowley and Berman (2000) agreed that the study of a CSR relationship with firm value is undoubtedly a complex web. Carroll (2008) concurred that increased institutional ownership has provided a platform for stakeholders to pressure business leaders to establish strong and clear corporate identities. Porter & Kramer (2006) concluded that when corporate core values are used as a framework to guide philanthropic choices, capital is not misaligned but instead an investment that drives firm competitive advantage. Godfrey (2005) highlighted the negative relationship between corporate philanthropy and firm value when corporate core values are ignored and, contrasted the positive impact to firm value when corporate philanthropic decisions are made in harmony with corporate core values. The perception of stakeholders as to why corporate philanthropy is practiced is more important than the act of giving based on firm value (Dean, 2003; McGuire et al., 2003). This has led to an effort by businesses to direct a path through core values toward the design and implementation of philanthropic policies in an attempt to enhance firm value.

The many intersecting social strands of this complex web illustrate the importance of strong corporate values in designing philanthropic policies and its potential impact on firm value.

### ***Political, corporate core values and firm value***

In 1948, a framework of legislation in South Africa called “apartheid” was strengthened when the “National Party” took power (Puaschunder, 2012). Apartheid was a policy framework that reinforced existing legislation supporting racial discrimination which led to segregation, repression, censorship, and majority disenfranchisement (Crawford & Klotz, 1999). The first

resistance against apartheid started in 1965 with protests at Wall Street banks involved in lending to the South African Government (Puaschunder, 2012). The Sullivan Principles championed the cause for politically motivated financial divestiture in 1978 to combat apartheid. It was hoped that this action would pressure the government in South Africa to change discriminatory legislation (Alexis, 2010). The global investment community, responding to both the Sullivan Principles and stakeholder interests, was put in the position of divesting their equity exposure to companies doing business in South Africa. This required addressing important issues with managing institutional funds, specifically the effect of divestiture on the expected return of an investment portfolio. The Sullivan Principles were successful and led to billions of U.S. dollar capital withdrawn from South African investments over two decades by hundreds of U.S. corporations. In addition, widespread divestment of the largest institutional investment funds took place from university endowments, foundations, state and city public pensions, and portfolios of religious organizations across the U.S. This put enormous pressure on the South African government, its stock market, its currency, and its apartheid laws (Grossman & Sharp, 1986).

The empirical observations in existing research on shareholder wealth, based on the announcement of a divestiture from South African investments, have produced conflicting results. Extant research, applying the methodology design of a standard event study, measured the degree of abnormal share price returns from such an announcement. Teoh et al. (1999) employed an event study methodology to test how a divestment announcement influenced shareholder wealth. The design structure incorporated -205 to -5 estimation period. The event window time frame was 31 trading days, using an alternative window of 15 trading days prior to the event date, an alternative window of 3 trading days prior to the event date, and an alternative window

of 15 trading days after the event date. The design used an equally weighted market index proxy and controlled for size and industry. Daily and monthly return data were sourced from the Center for Research in Security Prices (CRSP). The authors found no significant abnormal return influence on a sample of 46 U.S. firms from a divestment announcement. They concluded the disinvestment announcement was not a meaningful valuation determiner and that any supply/demand balance of shares between social activist groups and indifferent institutional investors was balanced. Empirical work supported this conclusion and found no significant abnormal returns using an event study surrounded by a disinvestment announcement (McWilliams et al., 1999; Rudd, 1979).

Ngassam (1992) utilized event study methodology to examine the influence of share price adjustment from a divestiture announcement concerning South Africa during apartheid from 1979 to 1988 based on a sample of 63 U.S. businesses. The event period consisted of 21 trading days, 10 trading days before to the event date, the day of the announcement, and 10 days beyond the event date. Ngassam suggested shareholders of businesses that sold out of South African investments produced negative abnormal stock returns. The negative abnormal returns were larger during the years after 1985, when the stakeholder pressure to divest was at its highest. The author concluded that withdrawal of investments from South Africa during the peak exodus period could be the reason for negative shareholder value. In addition, companies with profitable businesses in South Africa suffered from lower unrealized net present value of cash flow, putting negative pressure on share prices. Ngassam raised the debate that managers focused only on shareholder wealth would be reluctant to divest South African assets while politically savvy managers understood the corporate benefits achieved from the decision to divest of South African business interests. Empirical research incorporating similar event study methodology

supported the conclusion that a negative impact from the announcement of divestment of South African assets generated negative abnormal share price movement (Meznar et al., 1994; Wright & Ferris, 1997).

There exists ample literature adding to the debate of the impact of divestiture announcements on shareholder wealth. Existing research found no significant abnormal returns in their research employing an event study surrounding the disinvestment announcement from South African equity interests (McWilliams et al., 1999; Rudd, 1979; Teoh et al., 1999). However, empirical research incorporating similar event study methodology discovered negative abnormal share price movement from divestment announcements of South African assets (Meznar et al., 1994; Ngassam, 1992; Wright & Ferris, 1997).

The political tentacles of the complex web also illustrate the importance of strong corporate values when designing philanthropic policies and its impact on firm value.

### **Planned Parenthood**

#### ***Economic, Social, Political – Planned Parenthood puts it all together***

Planned Parenthood is the poster child of this complex web. Planned Parenthood was founded by Margaret Sanger. In 1916, she established (with two other women) the initial birth control health center in the United States located in Brooklyn, New York. The organization was originally called the American Birth Control League. The name of the organization was switched in 1942 to Planned Parenthood Federation of America and is commonly known as Planned Parenthood (Primrose, 2012). Today, Planned Parenthood is the largest individual organization in the U.S. providing abortions and other reproductive health services for women. As of 2016, Planned Parenthood operated over 650 health care facilities and served nearly 3 million clients. The organization reported 2016 - 2017 revenue of US\$1.5 billion, including US\$544 million in

Government Health Services Reimbursements & Grants and US\$268 million from private contributions (Planned Parenthood, 2018).

Planned Parenthood has experienced support, controversy, protests, and violent attacks throughout its century of existence. The three women that established the first clinic in Brooklyn were arrested for offering information on pregnancy prevention. Even today, controversy and debate continue to surround Planned Parenthood and have erupted into an unrelenting battle between pro-choice and pro-life groups. Pro-choice organizations support the right of women to choose fetus termination regarding family planning and abortion. In opposition, pro-life groups believe abortion is morally wrong and ought to be prohibited by law. Brody (1973) framed the debate by stating that pro-life groups believe that a fetus is a human being and taking that life is immoral and unethical. It is similar to taking the life of any other human being. Pro-choice groups claim that a fetus is not a human life and its demise through abortion is therefore allowable, unlike taking a human life. Planned Parenthood's President, Leana Wen, stated the organization's primary mission is "providing, protecting, and expanding access to abortion and reproductive health care. We will never back down from that fight. It's a fundamental human right, and women's lives are at stake" (Perkins, 2019).

### ***Planned parenthood – Corporate philanthropic announcement cases***

The management of the Dayton-Hudson Corporation found itself in deep trouble in 1990. In order to avoid the sensitive and intense abortion debate, Dayton-Hudson announced through its charitable foundation that it would terminate contributions to Planned Parenthood after over 20 years of support (Bowie, 1991). No announcement could have ignited a more intense debate. The pro-choice community quickly organized a boycott of Dayton-Hudson. It picketed its Target store locations and closed Dayton-Hudson credit cards. After only a couple of days, Dayton-

Hudson reversed their decision and decided to continue its long tradition of donations with an \$18,000 grant to Planned Parenthood (Wulfson, 2001). A backlash ensued by pro-life groups, establishing their own boycotts of the Dayton-Hudson businesses that continued into the active seasonal shopping period at year's end. The Dayton-Hudson public relations disaster took a grave emotional and financial toll on the company and its leadership. This painful outcome was created by the absence of strong corporate core values which should have been developed before establishing a consistent direction of philanthropic policies.

A similar public relations pitfall befell AT&T in 1991. The company had received substantial pressure from pro-life forces and decided to terminate funding to Planned Parenthood. Determined pro-choice groups responded with pressure in kind, leading to a shareholder resolution on each side of this debate (Bowie & Dunfee, 2002). The pro-life groups gained 5.1% of the votes and the pro-choice groups picked up 8.5% (Gillmor & Bremer, 1999). Shareholder reaction suggested that the AT&T decision angered all stakeholders, demonstrating that company core values had not been considered when designing a clear purpose of corporate philanthropy policies (Bowie & Dunfee, 2002). AT&T's inconsistent core values were reflected in its shifting philanthropic policies. This action generated negative moral capital by upsetting all stakeholders (Godfrey, 2005).

Warren Buffett, Chairman and CEO of Berkshire Hathaway Inc., had a keen sense of the gap between professional managers and equity owners. Typically, a corporation manages its philanthropic policies through the decisions of professional managers. The directors decide on the preferred causes of where to direct the dollar amount of donations. The equity owners are generally left out of the philanthropic decision-making. This process works against shareholder

interests as their funds are contributed to causes based on the interests of the executives (Philanthropy News Digest, 2003).

In 1981, Warren Buffett challenged the practice of professional executives dictating the direction of charitable donations without involving shareholders. He developed a philanthropic policy for Berkshire Hathaway where the equity owners determined what charities would receive donations. The policy was for each share of Berkshire Hathaway owned, each shareholder could contribute up to \$18 to three charities. Shareholders could also choose to opt out, in effect, decide to leave the wealth within the company. This was a well-designed philanthropic policy addressing the spirit of capitalism. Shareholders contributed approximately \$200 million to around 3,500 non-profit organizations (Philanthropy News Digest, 2003).

In October 2002, Berkshire Hathaway acquired The Pampered Chef, a business that sells kitchen equipment, and trouble ensued. One of the independent sales representatives became distressed over her association with a business that allowed shareholders to donate corporate funds to Planned Parenthood and started a petition to end the shareholder-based philanthropic policy. The sales representative on the pro-life side of the debate sparked a boycott and encouraged independent sales representatives to resign from Pampered Chef.

In July 2003, Berkshire Hathaway announced the end of its shareholder-based philanthropic policy. The firm stated that the equity owner charitable contribution policy disrupted corporate activity at Pampered Chef due to company funds being donated to Planned Parenthood. The Berkshire Hathaway philanthropic policy has evolved to where its individual businesses, through the decision-making of local professional executives, now decide the direction of their charitable donations (The Conservative Investor, 2013).

### *Foundation of this study*

On Tuesday July 14, 2015, The Center for Medical Progress (CMP), a pro-life entity, developed a fictitious biomedical firm with the purpose of acting as a purchaser of fetal tissue. The founder of CMP, David Daleiden, used the artificial company as cover to record Planned Parenthood management conversations during business-related meetings. This action led to the release of two undercover videos exposing the practice of fetal organ harvesting and the selling of fetal parts by Planned Parenthood organizations (Somashekhar & Paquette, 2015).

The first video revealed a Planned Parenthood senior executive meeting with individuals acting as executives from a fictitious human biologics business (Quinn, 2015). The members of this lunch meeting negotiated the transaction of aborted baby body parts. The second video, released within the same week, detailed a discussion of prices related to fetal body parts with executives of the Medical Directors Council within Planned Parenthood (Quinn, 2015).

2ndVote, a conservative organization that tracks corporate social and financial activism, released a list of 41 companies on July 21, 2015 that had contributed to Planned Parenthood (Quinn, 2015). In addition, politicians that supported the pro-life agenda, suggested Planned Parenthood should be under criminal investigation for allegedly profiting from the sale of donated fetal tissue (Somashekhar & Paquette, 2015).

This paper examines the importance of establishing strong corporate values before designing philanthropic policy and how firm value is influenced by announcements of corporate involvement in economic, social, and political sensitive philanthropic causes. Specifically, this study explores if there is abnormal share price performance caused by an announcement of a contribution to Planned Parenthood.

## Hypotheses

Figure 2:

### *The Hypotheses*

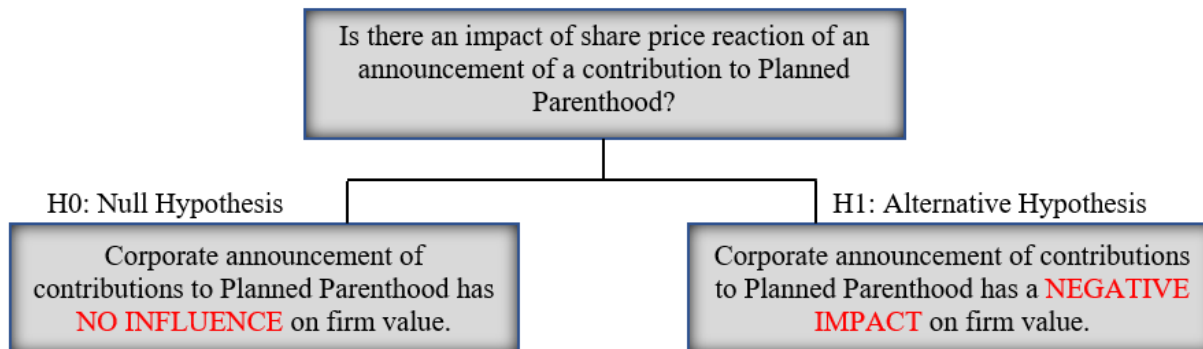


Figure 2. The hypotheses of this study. March 23, 2019.

### *The null hypothesis*

Investors determine the share price movement of a publicly traded company in response to corporate announcements as market forces take into consideration the increased uncertainty in the quality level and financial conditions of a business. Before a corporate announcement is made public, investors establish a market price based on the perceived quality of the business. When a public announcement is made, the market quickly digests the disclosure of information through various media sources (Hendricks & Singhal, 1997). As investors reassess the value of a business based on new information, they continue to adjust share prices based on their understanding of firm value. Divested holdings of a corporate supporter of Planned Parenthood by pro-life groups could quickly find their way to neutral investors and pro-choice groups. These investors may even welcome the opportunity to increase their holdings, particularly if the stock entails a discount to their forecast of intrinsic value. This study researches the effects of market forces on equity pricing based on a corporate announcement of contributions to Planned Parenthood and leads to the formation of the null hypothesis.

**H0:** *Corporate announcement of contributions to Planned Parenthood has no influence on firm value.*

***The alternative hypothesis***

Empirical research by Meznar et al. (1994); Ngassam (1992); Wright and Ferris (1997) as presented in the literature review above offers support for an alternative interpretation. These authors find divestment announcements generate negative abnormal share price movement.

The fire storm event of the videos exposing the business of organ harvesting and the selling of fetal parts by Planned Parenthood followed by the 2ndVote release of the list of 41 companies that contribute to Planned Parenthood supports the alternative hypothesis and leads to the formation of H1.

**H1:** *Corporate announcement of contributions to Planned Parenthood has a negative impact on firm value.*

**Methodology**

Event study methodology has been employed for over 60 years to test share price sensitivity to unique public announcement events. This methodology was established by Fama, Fisher, Jensen, and Roll (1969) in their publication *The Adjustment of Stock Prices to New Information*. Fama et al. (1969) ignited a revolution with the creation of the event study methodology. The methodology technique is now widely used in finance, economic, and accounting disciplines (Binder, 1998).

The rationale of an event study methodology is to identify whether the announcement of a specific event produces a statistical significance and directional (positive or negative) influence on firm value (T. P. McWilliams & McWilliams, 2011). This methodology technique evaluates whether a unique public announcement produces abnormal share price return. The event study

methodology is designed to test the null hypothesis – if the share movement reaction to publicly announced information is efficiently priced. This leads to the construction of the alternative hypothesis of investigating the influence of an event on firm value (Binder, 1998; Fama, 1991).

Muller & Kräussl (2011) extended scholarly research and suggested a positive impact of philanthropy on firm value is predicated on the quality and linkage of core values to philanthropy policy by applying a “sensegiving” focus. The authors used an event study methodology to research the impact of philanthropy during a crisis period. Specifically, how firm value is changed when a press release exposes socially sensitive philanthropy. Muller & Kräussl (2011) study the abnormal returns of firms listed in the U.S. The authors investigated the Fortune 500 group of companies that contributed to the 2005 disaster relief associated with Hurricane Katrina. This was especially controversial given the uncertainty of the economic affect of the hurricane.

This paper employs an event study methodology technique to extend extant research by investigating the shareholder wealth effect based on an announcement of contribution support for Planned Parenthood. The research extension is especially interesting since it has yet to be studied. This paper aims to bridge the gap in literature by answering the research question.

### ***Focus of this study***

On Tuesday July 14, 2015, The Center for Medical Progress (CMP), a pro-life entity, developed a fictitious biomedical firm with the purpose of acting as a purchaser of fetal tissue. The founder of CMP, David Daleiden, used the artificial company as cover to record Planned Parenthood management conversations during business-related meetings. This action led to the release of an undercover video exposing fetal organ harvesting and selling of fetal parts by

Planned Parenthood organizations (Somashekhar & Paquette, 2015). CMP released a second similar video later during the same week.

On July 21, 2015, 2ndVote, a conservative organization that tracks corporate social and financial activism, released a list of 41 organizations that had contributed to Planned Parenthood. This was done in an effort to damage stakeholder perception of the core values of these companies and motivate shareholder divestiture, thus reducing firm value (Quinn, 2015). 2ndVote released a revised list of 38 companies after Coca-Cola, Ford, and Xerox requested that their corporate names be removed from the list of corporate donors published by Planned Parenthood. These companies had terminated their contribution to Planned Parenthood prior to the public announcement.

### ***Data***

This study investigated the 41 organizations exposed in the 2ndVote announcement. LexisNexis and Bloomberg were used to assess data to control for possible confounding events of major news announcements for the purpose of identifying unusual trading patterns during the 25 trading days on the pre-side of the event window that could distort the data. This included important asset exchanges such as mergers and acquisitions, SEC filings, meaningful personnel adjustments, earnings releases, share repurchase, and announcement of change in dividend policy of organizations in the sample population.

Next, a review of the 41 organizations was necessary to identify the publicly listed firms in the sample. Three companies were eliminated (Coca-Cola, Ford, Xerox) due to misclassification of these businesses by Planned Parenthood's list of corporate donors. Four organizations (American Cancer Society, March of Dimes, Susan G. Komen, and United Way) were removed from the sample because they were non-profit social services and health care

related organizations. One organization (The Federal National Mortgage Association, a United States government agency) was excluded from the sample as a result of the takeover of the organization by the U.S. government due to lack of capital and a potential bankruptcy. Six companies (Ben & Jerry's, Converse, Dockers, Levi Strauss, Liberty Mutual, and Tostitos) were discarded because they were not publicly traded businesses. One company (The Bank of America) was dropped from the sample due to its corporate announcement of the closure of hundreds of network branch offices and the firing of thousands of employees in an effort to cut costs to compensate for the massive legal bills resulting from the aggressive mortgage business prior to the financial crisis.

After eliminating the non-profit organizations, a government agency, non-publicly listed businesses, and a corporate cost-cutting announcement during the event window, the sample size became 26 publicly listed firms, 63 percent of the original full sample population.

This study employs a single event date of July 21, 2015 – the date of the 2ndVote announcement of businesses that contributed to Planned Parenthood at the time the controversial videos were released. Financial data was extracted from Bloomberg and CRSP. Eventus software was used to support the methodology of this study. It operates with CRSP and SAS, includes custom features and is designed to coordinate with event study methodologies. It is also accessible through the Wharton Research Data Services (WRDS) system.

### ***Design***

This study employs the market model event study methodology detailed in Brown and Warner (1980, 1985). The Capital Asset Pricing Model (CAPM) was often the event study of choice prior to the 1980s. Since then, the validity of the CAPM methodology technique has been questioned due to the added restrictions on its market component. The validity problem is

avoided with no discovered cost by employing the market model. Therefore, the CAPM is rarely used today as an event study methodology (Fama & French, 1996; MacKinlay, 1997).

In addition, a number of studies have tested the performance of multifactor models, including the Arbitrage Pricing Theory (APT) technique, and found the most important factor to be the market factor. Additional factors do not contribute to any additional explanatory power. Therefore, no added advantage was found by using the APT as an event study methodology versus the market model (Brown & Weinstein, 1985; MacKinlay, 1997).

Brown and Wagner (1985) tested the power (probability of finding a given amount of abnormal performance) of the OLS-based market model methodology approach and found the methodology technique performs well when applied to diverse conditions.

Figure 3 highlights the event study timeline used in this study including the event date, event window, and estimation window.

Figure 3:

*The event study timeline*

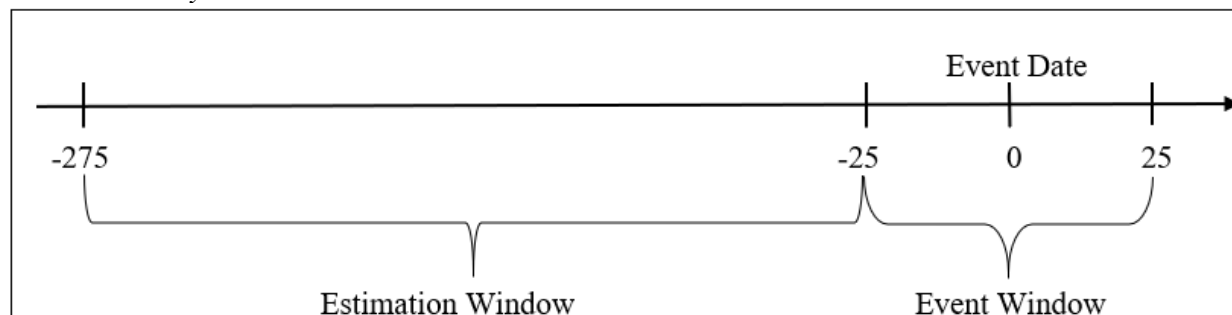


Figure 3. The event study timeline. March 23, 2019

An estimation period is the time period designed for the assessment of expected returns. This timeframe is established prior to the start of the event window. There are several theories pertaining to the length of the estimation period and the event window. Essentially, it is important, for best practice, to select an estimation period long enough to ensure the abnormal return is zero. This paper uses the framework employed in extant research (MacKinlay, 1997;

Park & Lee, 2014). The estimation period for this study ranges from day -275 to day -26 (25 to 275 days before the start of the event window or 250 trading days).

It is critical that the event window and the estimation period do not overlap. The gap period (-26 trading days end of estimation period to -25 trading days beginning of the event window) is included to ensure the estimates of return in the model are not contaminated by returns in the event window. The estimation period covers 250 trading days, ending 25 trading days before the event date in order to establish the model framework.

The event window timeframe is the focus of the event announcement. This is the period of time when share prices of the sample population are studied. As detailed in figure 3, time zero determines the announcement date. The event window is framed by the -25 trading days from the announcement date and 25 trading days after the event date. A full analysis of an event study includes the assessment of alternative window options. This is important to gain an understanding of the potential impact of insider information or leaked information on the share price prior to the event date. In addition, alternative windows enhance the investigation of share price impact after the announcement event. In other words, to avoid possible interfering news, the event period is established as 51 consecutive trading dates (including 25 trading days before the event date, the event date, and 25 days beyond the event date). Therefore, this research design addresses the event period defined as 51 consecutive trading days. For each individual sample, the actual return is generated for each day  $t$  within the event test window.

This study will examine the alternative windows of (-25,-1), (-20,1), (-15,-1), (-10,-1), (-5,-1), (-1,0), (0,0), (1,1), (1,5), (1,10), (1,15), (1,20), (1,25), (-5,+5), (-10,+10) to best assess both sides of the event date. This study does not employ a longer-term event period because of the reduction of the power of test statistics which generally occurs over longer periods of time. In

other words, the longer the timeframe, the more difficult it becomes to control for conflicting news announcements which would contaminate data.

### ***The Market Model***

The market model starts with a regression equation necessary to estimate the expected return and establish the relationship between the share price of a firm and the overall price movement of a market index during the estimation period. It is important to create a “pure” alpha and beta over the estimation period. This study incorporates an equal weighted market index generated by the Center for Research in Security Prices (CRSP).

Extant literature involving an event study mostly use the equal weighted index to determine abnormal returns. This is because an equal weighted index detects abnormal returns with more accuracy due to its enhanced ability to measure variance of returns from the sample firm returns. The use of a value weighted index as the benchmark to test sample firm returns tends to result in a higher rate of randomness because of higher correlation, similar betas, and positive skewness. Therefore, a value weighted index tends to reject the null hypothesis frequently causing a type 2 error. This is the situation where the null hypothesis is less likely to be rejected. It incorrectly determines that no abnormal returns exist, when in fact, they are present. (Brown & Wagner, 1980; Ernst et al., 2016; Plyakha et al., 2014). In addition, it is important to assess the size (by total assets) of the listed firms in the sample. In the case where firms in a sample are larger it is possible that a valued weighted index may be appropriate. When the size of the firms in the sample are distributed across a large spectrum, an equal weighted index is a better fit for assessing statistical significance. In this study, the size of the firms in the sample are widely distributed suggesting that an equal weighted index is appropriate in assessing statistical significance of the mean cumulative abnormal (Brown & Wagner, 1980; Ernst et al.,

2016; Plyakha et al., 2014). Of the 26 listed firms in the sample, 15 have total assets of less than \$100 billion, eight firms have total assets between \$100 billion and \$500 billion, and three firms have total assets of over \$100 billion.

The classic market model regression equation for the estimation period is:

$$R_{jt} = \alpha_j + \beta_j R_{mt} + \varepsilon_{jt}, \quad (1)$$

where  $R$  represents the daily return of share  $j$  for time  $t$ ,  $\alpha_j$  is the intercept,  $\beta_j$  measures the covariance of the returns on the  $j$ th share versus the market index,  $R_{mt}$  shows the market index return for time  $t$ , and  $\varepsilon_{jt}$  serves as the residual on share  $j$  for time  $t$ .

It is important to assess the return with the predicted value for a share by employing the firm's  $\alpha$  and  $\beta$  calculated over the estimation window and controlled for regular market volatility, given the dates of focus in the event period. This is done as follows:

$$U_{jt} = R_{jt} - (\alpha + \beta_j R_{mt}), \quad t = (E-25) \text{ to } (E + 25), \quad (2)$$

where  $U_{jt}$  represents the residual error term in the regression equation (the abnormal return) and  $E$  is the event date of importance in each sample. The design continues by establishing the average abnormal return over the event period. The average abnormal return is calculated using:

$$AR_t = \sum_{j=1}^N \frac{U_{jt}}{N} \quad t = (E - 25) \text{ to } (E + 25), \quad (3)$$

where  $AR_t$  equals the average abnormal return on the date of  $t$  and  $N$  details the sample size.

The research design uses the calculation of cumulative abnormal returns (CAR). CAR is calculated within the event period by adding the average abnormal returns over time. This is important for assessing patterns that could uncover important trends otherwise unnoticed. It is determined as follows:

$$CAR_j = \sum_{t=1}^T AR_{jt}, \quad (4)$$

where T is the number of dates embedded in the event period captured by CAR.

### *Tests for statistical significance*

Several statistical tests exist for the purpose of determining the statistical significance of abnormal returns. All of the statistical tests address the null hypothesis return of zero. The unique characteristic of each test is apparent in the details of their assumption of abnormal returns. Parametric statistical tests are built with the assumption that the residuals form in a normal distribution pattern. These tests do not perform as well when the distributions of abnormal returns are not normally distributed. Nonparametric statistical tests are generally employed in an event study, along with parametric tests, to better assess the impact of outliers on the results (Rani et al., 2015). The key is that nonparametric statistical tests are not built with the assumption that return distributions must be normal. This study incorporates the standardized cross-sectional test an extension of the Patell test, the cross-sectional error test which are parametric statistical tests, and the generalized sign test which is a nonparametric statistical test.

The Patell statistical test standardizes the abnormal returns over the event period. This is done by using the standard deviation of abnormal returns across the estimation period. The standardization technique lowers the impact of shares with a large standard deviation in the data. The Patell test surmises cross-sectional independence in abnormal returns (Patell, 1976). In addition, this test infers no event-related changes in the variance for event window abnormal returns.

This presents the standardized abnormal return for all shares:

$$SAR_{jt} = AR_{jt} / SD_{jt}, \quad (5)$$

Mikkelson and Partch (1988) extended the Patell statistical test by including serial correlation of cumulative abnormal returns for the event window. The serial dependence occurs

due to all the abnormal returns that occur as functions of the same market model  $\alpha$ , the intercept, and  $\beta$ , the slope, used for the purpose of calculating the estimates.

$$Z_{CAAR} = N^{-\frac{1}{2}} \sum_{j=1}^N \frac{CAR_{T_1, T_2}}{\delta_{CAR_{T_1, T_2}}} \quad (6)$$

The standard cross-sectional test uses data from both the estimation and the event windows. The abnormal returns in the event period are standardized; by employing the estimation period standard deviation. Next, the cross-sectional statistical test is then used for the purpose of standardizing abnormal returns. The standard cross-sectional test is similar to the Patell test. One difference is the final adjustment in the analytical variance of the entire standardized abnormal return.

$$Z_t = \frac{TSAR_t}{N^{\frac{1}{2}}(\delta_{SAR_t})} \quad (7)$$

The generalized sign test is designed to allow the null hypothesis to have a positive abnormal residual different than 0.5 (Cowan, 1992). The generalized sign test is not obliged to provide symmetry of the cross-sectional abnormal return distribution. This approach tends to be better and more powerful as the timeline of the event window increases. The generalized sign test investigates whether the number of shares with positive CAR in the event window exceeds the number anticipated when no abnormal performance exists.

$$\hat{p} = \sum_{j=1}^n 1/245 \sum_{t=1}^{245} Sjt, \quad (8)$$

## Results

It is often accepted that the event date is easy to identify. However, it is not always simple to select the exact event date. What typically happens is that a public announcement from the

media, especially social media, can happen at any time of the day making it difficult to determine if the announcement being studied was released during market hours. The normal approach to determine the event date is to test two different dates, time zero and time plus one day (Ball & Torous 1988; Busse & Green, 2002; Chordia et al., 2001). This event study tested both time zero and time zero plus one in order to investigate if any statistical differences existed and found none.

Table 1 highlights the estimation period descriptive statistics by industry. The 26 firms fell within 18 industry categories. The mean total return was the same or nearly identical for both tests using equal weighted index and a value weighted index. The alpha (intercept) was nearly always higher when using the equal weighted index versus the value weighted index. In addition, the beta was generally lower in the equal weighted index test versus the value weighted test indicating the sample data was better matched to the equal index versus the value index.

Table 1

*Estimation period descriptive statistics by industry*

	ESTIMATION PERIOD STATISTICS - EQUAL				ESTIMATION PERIOD STATISTICS - VALUE			
	MTR	ALPHA	BETA	SD	MTR	ALPHA	BETA	SD
Advertising Agencies	0.00038	-0.00140	1.73	0.03615	0.00038	-0.00098	1.61	0.03651
Travel Agencies	0.00172	0.00023	1.44	0.02642	0.00172	0.00049	1.44	0.02649
Software Publishers	0.00194	0.00490	1.41	0.01387	0.00194	0.00074	1.42	0.01398
Investment Banking	0.00108	-0.00032	1.36	0.01112	0.00108	-0.00016	1.47	0.01063
Semiconductor and Related Device Manufacturing	0.00174	0.00056	1.14	0.01376	0.00174	0.00072	1.20	0.01363
Banking	0.00104	-0.00010	1.11	0.00879	0.00104	-0.00001	1.24	0.00811
Cosmetics, Beauty Supplies, and Perfume Stores	-0.00145	-0.00251	1.03	0.01959	-0.00145	-0.00247	1.21	0.01917
Apparel	0.00085	-0.00021	1.03	0.01285	0.00085	-0.00012	1.14	0.01247
Coffee and Tea Manufacturing	0.00075	-0.00029	1.00	0.01078	0.00075	-0.00020	1.12	0.01032
Footwear Merchant Wholesalers	0.00090	-0.00003	0.91	0.00950	0.00090	0.00003	1.03	0.00900
Payroll Services	0.00131	0.00043	0.86	0.00800	0.00131	0.00057	0.88	0.00798
Clothing Accessories Stores	0.00092	0.00005	0.84	0.01336	0.00092	0.00008	0.99	0.01292
Fats and Oils Refining and Blending	0.00091	0.00018	0.71	0.01397	0.00091	0.00022	0.82	0.01370
Direct Property and Casualty Insurance Carriers	0.00042	-0.00027	0.67	0.00806	0.00042	-0.00025	0.79	0.00757
Petroleum Refineries	0.00066	0.00008	0.56	0.00758	0.00066	0.00006	0.71	0.00700
Telecommunications	0.00018	-0.00035	0.51	0.00868	0.00018	-0.00038	0.68	0.00823
Soft Drink Manufacturing	0.00039	-0.00009	0.46	0.07680	0.00039	-0.00015	0.64	0.00709
Pharmaceutical Preparation Manufacturing	0.00044	0.00000	0.42	0.00793	0.00044	-0.00003	0.55	0.00757
Average	0.00069	-0.00003	0.90000	0.01490	0.00069	-0.00013	1.00923	0.01186

Note: Adapted from Eventus software Cowan Research, L.C.

Table 2 Panel A shows the mean cumulative abnormal returns and significance tests for alternative windows using an equal weighted index within a market model event study methodology. It is interesting to note the positive and significant results before and after the event date. The data highlights the mean cumulative abnormal return in the alternative windows of (-10,-1), (-5,-1), (-1,0), (0,+1), (+1,+5) and (+1,+10). All alternative windows have more sample firms with positive versus negative mean cumulative abnormal returns. The tests indicate strong significance of mean CAR at the 0.01 and 0.001 levels. With these results the null hypothesis is rejected. The alternative hypothesis is accepted but in the positive direction instead of the negative direction articulated in H1.

Table 2

*Panel A sample data, equally weighted indices*

Sample Data: Market Model, Equally Weighted Index					Sample Data: Market Model, Value Weighted Index				
Days	N	Mean Cumulative Abnormal Return	Positive : Negative	Standard Cross sectional Z	Days	N	Mean Cumulative Abnormal Return	Positive : Negative	Standard Cross sectional Z
(-10,-1)	26	2.03%	19:7>>	2.881**	(-10,-1)	26	0.19%	17:9>>	0.686
(-5,-1)	26	1.88%	20:6>>	3.855***	(-5,-1)	26	0.16%	14:12	0.585
(-1,0)	26	-0.16%	15:11	-0.227	(-1,0)	26	0.05%	16:10)	0.705
(0,+1)	26	0.67%	19:7>>	2.419**	(0,+1)	26	0.60%	19:7>>	2.221*
(+1,+5)	26	0.85%	19:7>>	2.594**	(+1,+5)	26	-0.09%	14:12	0.037
(+1,+10)	26	3.35%	21:5>>>	3.952***	(+1,+10)	26	2.03%	18:8>	2.115*

'Sample Data'

Market Model Abnormal Returns, Equally Weighted Index

Days	N	Mean Cumulative Abnormal Return	Precision Weighted CAAR	Positive: Negative	StdCsect Z	CsectErr t	Generalized Sign Z
(-25,-1)	26	4.59%	5.12%	20:6>>	4.518***	3.995***	2.874**
(-20,-1)	26	3.78%	4.07%	21:5>>>	4.143***	3.612***	3.267***
(-15,-1)	26	3.50%	3.84%	20:6>>	4.145***	3.653***	2.874**
(-10,-1)	26	2.03%	2.15%	19:7>>	2.881**	2.358**	2.482**
(-5,-1)	26	1.88%	1.80%	20:6>>	3.855***	3.452***	2.874**
(-1,0)	26	-0.16%	-0.05%	15:11	-0.227	-0.573	0.912
(0,0)	26	0.04%	0.20%	16:10)	1.053	0.150	1.305\$
(+1,+1)	26	0.64%	0.34%	18:8>	1.854*	1.833*	2.089*
(0,+1)	26	0.67%	0.53%	19:7>>	2.419**	2.477**	2.482**
(-1,+1)	26	0.47%	0.28%	16:10)	1.016	1.484\$	1.305\$
(0,+5)	26	0.89%	1.06%	20:6>>	3.103***	2.726**	2.874**
(+1,+5)	26	0.85%	0.86%	19:7>>	2.594**	2.460**	2.482**
(+1,+10)	26	3.35%	2.70%	21:5>>>	3.952***	3.799***	3.267***
(+1,+15)	26	2.10%	1.86%	17:9>	2.699**	2.253*	1.697*
(+1,+20)	26	2.56%	2.44%	19:7>>	2.966**	2.523**	2.482**
(+1,+25)	26	0.92%	0.08%	17:9>	0.061	0.686	1.697*
(-5,+5)	26	2.76%	2.85%	22:4>>>	5.051***	4.672***	3.659***
(-10,+10)	26	5.41%	5.05%	23:3>>>	4.246***	4.129***	4.051***
(-15,+15)	26	5.64%	5.90%	20:6>>	4.685***	4.320***	2.874**
(-20,+20)	26	6.38%	6.71%	20:6>>	4.310***	3.811***	2.874**

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a generic one-tail test. The symbols (< or > etc. correspond to \$,\* and show the direction and significance of a generic one-tail generalized sign test.

Note: Adapted from Eventus software Cowan Research, L.C.

Table 2 Panel B shows the mean cumulative abnormal returns and the statistical significance tests for alternative windows using a value weighted index within a market model event study methodology. The value weighted benchmark highlights very little statistical significance especially when compared to the equally weighted index test. The (+0,+1) window displayed the highest positive/negative sample firm abnormal return and has the strongest positive significance at the 0.01 level. In addition, the wide dispersion of size of the sample companies (as determined by total assets) and the relatively small sample size argues that the equal weight index is optimally employed in this study (Brown & Wagner, 1980).

Table 2

Panel B sample data, value weighted index

`Sample Data`							
Market Model Abnormal Returns, Value Weighted Index							
Days	N	Mean Cumulative Abnormal Return	Precision Weighted CAAR	Positive: Negative	StdCsect Z	CsectErr t	Generalized Sign Z
(-25,-1)	26	0.48%	1.45%	17:9>	1.337\$	0.396	1.677*
(-20,-1)	26	0.44%	1.11%	17:9>	1.191	0.412	1.677*
(-15,-1)	26	0.05%	0.70%	15:11	0.809	0.048	0.892
(-10,-1)	26	0.19%	0.49%	17:9>	0.686	0.227	1.677*
(-5,-1)	26	0.16%	0.26%	14:12	0.585	0.309	0.500
(-1,0)	26	0.05%	0.17%	16:10)	0.705	0.161	1.285\$
(0,0)	26	0.00%	0.18%	16:10)	0.983	0.002	1.285\$
(+1,+1)	26	0.60%	0.30%	17:9>	1.683*	1.763*	1.677*
(0,+1)	26	0.60%	0.48%	19:7>>	2.221*	2.308*	2.462**
(-1,+1)	26	0.64%	0.46%	17:9>	1.687*	2.049*	1.677*
(0,+5)	26	-0.09%	0.19%	12:14	0.560	-0.249	-0.285
(+1,+5)	26	-0.09%	0.01%	14:12	0.037	-0.245	0.500
(+1,+10)	26	2.03%	1.49%	18:8>	2.115*	2.374**	2.069*
(+1,+15)	26	0.99%	0.88%	15:11	1.270	1.051	0.892
(+1,+20)	26	0.89%	0.98%	14:12	1.199	0.878	0.500
(+1,+25)	26	0.84%	0.24%	18:8>	0.192	0.651	2.069*
(-5,+5)	26	0.08%	0.45%	14:12	0.837	0.126	0.500
(-10,+10)	26	2.23%	2.16%	18:8>	1.846*	1.750*	2.069*
(-15,+15)	26	1.04%	1.77%	15:11	1.458\$	0.763	0.892
(-20,+20)	26	1.33%	2.27%	16:10)	1.524\$	0.780	1.285\$

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a generic one-tail test. The symbols (< or >) etc. correspond to \$,\* and show the direction and significance of a generic one-tail generalized sign test.

Note: Adapted from Eventus software Cowan Research, L.C.

The next step in the data process is to establish a control group for a comparison to the significance of each alternative widow within the sample group to gain a better understanding of the significance of the information content. The control group was built with firms that did not contribute to Planned Parenthood and controlled by industry and beta (Brown & Wagner, 1980).

The process started with the software Mergent Online by FTSE Russell. The Basic Search function of Mergent Online was used to identify firms to control for industry. This was done by finding the North American Industry Classification System (NAICS) code that corresponded with the code of each constituent in the sample group. Once the NAICS code was located for a company in the sample group it was imputed into the advanced search of Mergent Online. The output of this effort produced all the companies within the same industry of the sample company. The data was downloaded in an Excel spreadsheet. Once this was established, Bloomberg was employed to find the beta for each firm listed in the downloaded data to find the firm with the closest beta (+/-) to the sample firm with the same industry classification. The raw beta was incorporated to calculate the beta for the period of two years prior to the event date of this study. Two years prior to the event date is consistent to the industry standard as determined in the procedure operated by Bloomberg. The raw beta was selected instead of the adjusted beta to avoid the distortion of mean reversion inherent in the calculation. A t-test was performed to compare each firm beta in the sample group with the corresponding firm beta in the control group and resulted in a 98.8% match.

Table 3 Panel A, consistent with Table 2 Panel A, highlights the mean cumulative abnormal returns and significance tests for alternative windows using an equal weighted index within a market model event study methodology. The mean CAR data in the control group show inconsistent results versus the sample data before the event date. The control versus sample mean CAR data in the alternative window (-5,-1) is 0.74% vs. 1.88%, and the alternative window (-10,1) is -0.35% vs. 2.03%. In addition, these alternative windows of the control sample group display no significant abnormal returns as measured by the parametric *Z* and *T*-tests. The pattern of results is the same for these alternative windows after the event date. The data suggests the

announcement of contribution to planned parenthood had a significance impact to abnormal returns, albeit in a positive direction. In addition, the differences between a firm in the sample group's mean CAR was subtracted from its corresponding control firm for all 26 corresponding firms. The mean of the differences was tested using a t-test to see if a significant difference existed between the sample group and the control group. The alternative windows of (-10,-1) and (+1,+10) resulted in significance at the 0.10 level.

Table 3

*Panel A control data equally weighted indices*

Sample Data: Market Model , Equally Weighted Index					Control Data Market Model, Equal Weighted Index				
Days	N	Mean Cumulative Abnormal Return	Positive : Negative	Standard Cross sectional Z	Days	N	Mean Cumulative Abnormal Return	Positive : Negative	Standard Cross sectional Z
(-10,-1)	26	2.03%	19:7>>	2.881**	(-10,-1)	26	-0.35%	18:8>	0.152
(-5,-1)	26	1.88%	20:6>>	3.855***	(-5,-1)	26	0.74%	20:6>>	1.09
(-1,0)	26	-0.16%	15:11	-0.227	(-1,0)	26	0.46%	18:8>	0.705
(0,+1)	26	0.67%	19:7>>	2.419**	(0,+1)	26	0.73%	17:9>	1.147
(+1,+5)	26	0.85%	19:7>>	2.594**	(+1,+5)	26	1.31%	13:13	1.113
(+1,+10)	26	3.35%	21:5>>>	3.952***	(+1,+10)	26	1.73%	17:9>	1.565\$

Control Group

Market Model Abnormal Returns, Equally Weighted Index							
Days	N	Mean Cumulative Abnormal Return	Precision Weighted CAR	Positive: Negative	StdCsect Z	CSectErr t	Generalized Sign Z
(-25,-1)	26	5.27%	5.55%	21:5>>>	3.411***	2.674**	3.386***
(-20,-1)	26	2.92%	3.23%	20:6>>	2.007*	1.475\$	2.994**
(-15,-1)	26	3.15%	3.32%	19:7>>	2.868**	2.282*	2.601**
(-10,-1)	26	-0.35%	0.20%	18:8>	0.152	-0.219	2.208*
(-5,-1)	26	0.74%	0.99%	20:6>>	1.090	0.644	2.994**
(-1,0)	26	0.46%	0.33%	18:8>	0.705	0.743	2.208*
(0,0)	26	1.03%	0.82%	21:5>>>	2.551**	2.433**	3.386***
(+1,+1)	26	-0.30%	-0.40%	9:17(	-1.355\$	-1.037	-1.326\$
(0,+1)	26	0.73%	0.42%	17:9>	1.147	1.529\$	1.816*
(-1,+1)	26	0.16%	-0.06%	13:13	-0.125	0.242	0.245
(0,+5)	26	2.34%	1.93%	19:7>>	2.128*	1.861*	2.601**
(+1,+5)	26	1.31%	1.11%	13:13	1.113	0.969	0.245
(+1,+10)	26	1.73%	1.70%	17:9>	1.565\$	1.202	1.816*
(+1,+15)	26	0.88%	1.10%	15:11	1.040	0.616	1.030
(+1,+20)	26	2.20%	2.26%	18:8>	2.095*	1.427\$	2.208*
(+1,+25)	26	0.52%	0.26%	13:13	0.209	0.282	0.245
(-5,+5)	26	3.08%	2.91%	20:6>>	4.717***	3.745***	2.994**
(-10,+10)	26	2.41%	2.71%	18:8>	2.149*	1.424\$	2.208*
(-15,+15)	26	5.06%	5.23%	22:4>>>	3.703***	2.619**	3.779***
(-20,+20)	26	6.15%	6.31%	21:5>>>	3.102***	2.221*	3.386***

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a generic one-tail test. The symbols (< or >) etc. correspond to \$,\* and show the direction and significance of a generic one-tail generalized sign test.

## 'Sample Data'

Market Model Abnormal Returns, Equally Weighted Index

Days	N	Mean Cumulative Abnormal Return	Precision Weighted CAAR	Positive: Negative	StdCsect Z	CsectErr t	Generalized Sign Z
(-25,-1)	26	4.59%	5.12%	20:6>>	4.518***	3.995***	2.874**
(-20,-1)	26	3.78%	4.07%	21:5>>>	4.143***	3.612***	3.267***
(-15,-1)	26	3.50%	3.84%	20:6>>	4.145***	3.653***	2.874**
(-10,-1)	26	2.03%	2.15%	19:7>>	2.881**	2.358**	2.482**
(-5,-1)	26	1.88%	1.80%	20:6>>	3.855***	3.452***	2.874**
(-1,0)	26	-0.16%	-0.05%	15:11	-0.227	-0.573	0.912
(0,0)	26	0.04%	0.20%	16:10)	1.053	0.150	1.305\$
(+1,+1)	26	0.64%	0.34%	18:8)	1.854*	1.833*	2.089*
(0,+1)	26	0.67%	0.53%	19:7>>	2.419**	2.477**	2.482**
(-1,+1)	26	0.47%	0.28%	16:10)	1.016	1.484\$	1.305\$
(0,+5)	26	0.89%	1.06%	20:6>>	3.103***	2.726**	2.874**
(+1,+5)	26	0.85%	0.86%	19:7>>	2.594**	2.460**	2.482**
(+1,+10)	26	3.35%	2.70%	21:5>>>	3.952***	3.799***	3.267***
(+1,+15)	26	2.10%	1.86%	17:9>	2.699**	2.253*	1.697*
(+1,+20)	26	2.56%	2.44%	19:7>>	2.966**	2.523**	2.482**
(+1,+25)	26	0.92%	0.08%	17:9>	0.061	0.686	1.697*
(-5,+5)	26	2.76%	2.85%	22:4>>>	5.051***	4.672***	3.659***
(-10,+10)	26	5.41%	5.05%	23:3>>>	4.246***	4.129***	4.051***
(-15,+15)	26	5.64%	5.90%	20:6>>	4.685***	4.320***	2.874**
(-20,+20)	26	6.38%	6.71%	20:6>>	4.310***	3.811***	2.874**

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a generic one-tail test. The symbols (< or >) etc. correspond to \$,\* and show the direction and significance of a generic one-tail generalized sign test.

Note: Adapted from Eventus software Cowan Research, L.C.

The value weighted indices of both the control group and the sample group in this study do not show any consistent direction before or after the event date.

Table 3

## Panel B value weighted indices

'Control Group'

Market Model Abnormal Returns, Value Weighted Index

Days	N	Mean Cumulative Abnormal Return	Precision Weighted CAAR	Positive: Negative	StdCsect Z	CsectErr t	Generalized Sign Z
(-25,-1)	26	0.71%	1.35%	16:10)	0.885	0.372	1.409\$
(-20,-1)	26	-0.90%	-0.21%	15:11	-0.141	-0.485	1.016
(-15,-1)	26	-0.54%	-0.11%	15:11	-0.105	-0.422	1.016
(-10,-1)	26	-2.32%	-1.59%	11:15	-1.364\$	-1.504\$	-0.554
(-5,-1)	26	-1.16%	-0.73%	11:15	-0.908	-1.075	-0.554
(-1,0)	26	0.63%	0.51%	19:7>>	1.124	1.014	2.587**
(0,0)	26	0.97%	0.75%	20:6>>	2.466**	2.316*	2.979**
(+1,+1)	26	-0.39%	-0.47%	8:18<	-1.623\$	-1.364\$	-1.732*
(0,+1)	26	0.59%	0.28%	16:10)	0.792	1.269	1.409\$
(-1,+1)	26	0.25%	0.04%	13:13	0.085	0.376	0.231
(0,+5)	26	1.21%	0.85%	15:11	0.925	0.938	1.016
(+1,+5)	26	0.24%	0.11%	10:16	0.105	0.172	-0.947
(+1,+10)	26	0.21%	0.25%	14:12	0.222	0.141	0.624
(+1,+15)	26	-0.50%	-0.14%	13:13	-0.131	-0.353	0.231
(+1,+20)	26	0.16%	0.41%	14:12	0.381	0.103	0.624
(+1,+25)	26	-0.26%	-0.21%	15:11	-0.172	-0.146	1.016
(-5,+5)	26	0.06%	0.12%	11:15	0.188	0.067	-0.554
(-10,+10)	26	-1.14%	-0.60%	12:14	-0.514	-0.701	-0.162
(-15,+15)	26	-0.07%	0.50%	13:13	0.375	-0.039	0.231
(-20,+20)	26	0.23%	0.95%	17:9>	0.509	0.089	1.801*

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a generic one-tail test. The symbols (< or >) etc. correspond to \$,\* and show the direction and significance of a generic one-tail generalized sign test.

## 'Sample Data'

## Market Model Abnormal Returns, Value Weighted Index

Days	N	Mean Cumulative Abnormal Return	Precision Weighted CAAR	Positive: Negative	StdCsect Z	CsectErr t	Generalized Sign Z
(-25,-1)	26	0.48%	1.45%	17:9>	1.337\$	0.396	1.677*
(-20,-1)	26	0.44%	1.11%	17:9>	1.191	0.412	1.677*
(-15,-1)	26	0.05%	0.70%	15:11	0.809	0.048	0.892
(-10,-1)	26	0.19%	0.49%	17:9>	0.686	0.227	1.677*
(-5,-1)	26	0.16%	0.26%	14:12	0.585	0.309	0.500
(-1,0)	26	0.05%	0.17%	16:10)	0.705	0.161	1.285\$
(0,0)	26	0.00%	0.18%	16:10)	0.983	0.002	1.285\$
(+1,+1)	26	0.60%	0.30%	17:9>	1.683*	1.763*	1.677*
(0,+1)	26	0.60%	0.48%	19:7>>	2.221*	2.308*	2.462**
(-1,+1)	26	0.64%	0.46%	17:9>	1.687*	2.049*	1.677*
(0,+5)	26	-0.09%	0.19%	12:14	0.560	-0.249	-0.285
(+1,+5)	26	-0.09%	0.01%	14:12	0.037	-0.245	0.500
(+1,+10)	26	2.03%	1.49%	18:8>	2.115*	2.374**	2.069*
(+1,+15)	26	0.93%	0.88%	15:11	1.270	1.051	0.892
(+1,+20)	26	0.89%	0.98%	14:12	1.199	0.878	0.500
(+1,+25)	26	0.84%	0.24%	18:8>	0.192	0.651	2.069*
(-5,+5)	26	0.08%	0.45%	14:12	0.837	0.126	0.500
(-10,+10)	26	2.23%	2.16%	18:8>	1.846*	1.750*	2.069*
(-15,+15)	26	1.04%	1.77%	15:11	1.458\$	0.763	0.892
(-20,+20)	26	1.33%	2.27%	16:10)	1.524\$	0.780	1.285\$

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a generic one-tail test. The symbols (< or >) etc. correspond to \$,\* and show the direction and significance of a generic one-tail generalized sign test.

Note: Adapted from Eventus software Cowan Research, L.C.

The capital asset pricing model (CAPM) was used extensively as the asset pricing model of choice for the methodology approach in event studies. The CAPM has been incorporated in scholarly research to establish the costs of equity, an important variable to determine the cost of capital necessary to calculate the intrinsic value of a firm. Research conducted from the 1980s has suggested that the CAPM is not satisfactory in describing average stock returns (Brown & Wagner; Fama & French, 1992). Brown and Wagner suggested that the CAPM does not introduce additional information regarding the causes of realized returns and therefore it lacks power in testing mean adjusted returns. The market model remains the preferred methodology to be employed in an event study. In their research, Fama and French presented the two market risk influences of size and valuation. These factors along with the market risk increased the power of the CAPM in combination with the market risk. These factors prove to be more accurate in clarifying average stock returns. Their idea is that small firms and businesses trading at an attractive valuation as defined by the book value generate on average higher returns than other firms. The Fama French 3 factor model is:

$$r = R_f + \beta(R_m - R_f) + b_s \cdot SMB + b_v \cdot HML + \alpha \quad (9)$$

To add additional robustness to this paper, the Fama French 3 factor model was used to test the sample data. These results showed no additional power from the market model methodology used in this study.

Table 4

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*Fama French 3 Factor Model*

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Days	N	Mean Cumulative Abnormal Return	Positive: Negative	Patell Z
(-20,-1)	26	3.11%	20:06	2.470*
(-10,-1)	26	0.91%	15:11	1.164
(-5,-1)	26	0.83%	14:12	1.271
(0,0)	26	0.31%	19:07	1.609
(+1,+5)	26	0.11%	15:11	0.126
(+1,+10)	26	3.19%	22:04	3.015**
(+1,+20)	26	2.46%	19:7	2.006*

The symbols \$,\*,\*\*, and \*\*\* denote statistical significance at the 0.10, 0.05, 0.01 and 0.001 levels, respectively, using a one-tail test.

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Note: Adapted from Eventus software Cowan Research, L.C.

### Discussion, Conclusion, and Direction for Future Research

The paper began with the expectation of finding a significant and negative impact on firm value surrounding an announcement of a contribution to Planned Parenthood. This expectation was reasonable and intuitive. Planned Parenthood has been enveloped in a century of controversy framed in support, protests, violence, and legal matters. The rift between the pro-life and pro-choice positions arguably has never been as contentious as it is today (The Statistical Portal, 2018). In addition, the announcement by 2ndVote “outing” the organizations that contributed to Planned Parenthood a week after the release of the videos capturing the management of Planned Parenthood negotiating the sale of fetal body parts could have ignited a storm of controversy

surrounding this debate, similar to what Dayton Hudson, AT&T, and Berkshire Hathaway experienced.

However, the results indicate significance in a positive direction. One explanation of the results in the opposite direction of the original expectation in the alternative hypothesis is that over \$12 trillion is invested in funds with a corporate social responsibly investment strategy. One in every four dollars managed by professional investment organizations is invested within socially responsible, environmental social & governance, impact, and triple bottom line investment approaches (US SIF Foundation, 2018). These investment groups employ sophisticated research departments that are in regular contact with social organizations including Planned Parenthood, understand the philanthropic policies, and establish intrinsic value of the firms they are interested in. Many of these investment entities would be motivated to purchase shares of the publicly listed companies detailed in the 2ndVote announcement. An additional explanation is that the management of the 26 publicly listed companies in the sample understood the complex web. These firms designed corporate core values aligned with stakeholders and shareholders interests. Their philanthropic policy of contributing to planned parenthood was consistent with the beliefs of stakeholders and shareholders. The release of the announcement by 2ndVote would have motivated stakeholders to purchase goods and services of these firms enhancing future free cash flows and driving up the intrinsic value of these firms enticing investor to purchase the shares.

Possible extensions of this research for academics are to study the impact of controversial announcements on corporate philanthropic policies and the influence it can have on stakeholders, firm value, and on quality management standards and practices. An additional extension of study is the importance of core values in establishing philanthropic policies.

The size of a contribution to Planned Parenthood compared to the total contributions of a firm could be studied. This would entail reviewing a number of corporate and philanthropic documents to locate this information. An event study approach could be used for this study. In addition, the total contribution to Planned Parenthood to the size and/or quality of a firm could be studied. The size of a firm as defined by the total assets and the quality of the firm determined by its debt to equity. An event study of the share price impact of firms that decided to terminate their donation to the National Rifle Association is also a possible extension of this paper. It is the hope of this author to write peer-reviewed articles for publication with my dissertation committee.

Practitioners can benefit from understanding the importance of core values when designing philanthropic policies, drafting plans to protect competitive advantage, product, and process innovation during shock events. Managers, consultants, and stakeholders should understand possible adjustments to market value when an announcement of controversial news has been released.

Policy makers can benefit from understanding the political realities from legislation and funding concerning controversial topics.

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