

# Brown Bag Presentation

September 4, 2014

# Brown Bag Lunch Series: \_\_\_\_\_

Dr. Tom Krueger, Sept. 3, Noon - 1 p.m., 227 BUSA

## **Corporate Reputation and Return:**

When “Good” and “Poor” Reputations  
Are Identified by a Third Party

## **Can Hiring a Sustainability Officer Save a Sinking Ship**

Or, Do They Help Successful Firms  
Soar to New Heights?

## **Fundamental Index Funds Versus Traditional Index Funds: New Evidence**



# Actual e-mail

- Corporate Reputation and Return: When “Good” and “Poor” Reputations are Identified by a Third Party
  - Jorge Gonzalez (Finance Major) and Thomas Krueger
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- Can Hiring a Sustainability Officer Save a Sinking Ship---Or Do They Help Successful Firms Soar to New Heights?
  - Alicia Cavazos and Thomas Krueger
- Fundamental Index Funds versus Traditional Index Funds: New Evidence
  - Edward Chang and Thomas Krueger

# Faculty / Student Collaborative Research

- A Value Added Experience
- Past Research:
- “Using Common Finance Proverbs to Teach Finance to Students From Vietnam”
  - Christina My-Tuyen Thi (MBA Student) and Krueger
  - Asian Forum on Business Education, 2012, 5(1), 56-80
- “Can Smoking & Drinking be Good for You?: The “Sin Stock” Investment Premium”
  - Modesto Morales, Jr., and Krueger
  - Mustang Journal of Business & Ethics, 2013, 4, 47-60

# Unpublished Research: TAMUK Honors Program

- “The Impact of Initial Accreditation from AACSB International on the Enrollment of Three South Texas Universities”
- Quinten Womach & Krueger
  - Needs Literature Review
- “National Differences in Financial Ratios of Firms in the Investment Banking Industry”
- Francios Brou & Krueger
- - At data collection phase

# Corporate Reputation and Return: When “Good” and “Poor” Reputations are Identified by a Third Party

- Jorge Gonzales
- - Data Collected
- - Data Analysis stage underway
- Concept:
- Examines the risk and return of companies identified using by the Harris Poll institution as having remarkably favorable and unfavorable reputations

# Background

- Harris Interactive
  - Political Polling agency
  - Reputation Quotient
  - Phase 1: Who?
    - Identify visible companies (Over 6,000 surveyed)
  - Phase 2: Reputable?
    - Rate company reputations (Over 20,482 surveyed)
  - Since 1999
  - “Contemporaneous Relationships Between Corporate Reputations and Returns” Krueger, Wrolstad, and VanDalsem, *Managerial Finance*, 2010, 36 (6), 482-490.
  - “Do Changes in Corporate Reputation Impact Subsequent Share Price Performance?,” Krueger, Wrolstad, and VanDalsem, *Journal of the Academy of Finance*, 2009, 7 (1&2), 176-185.

# Prior Data Shortcomings

- A. Dated
- B. Makes assumptions regarding what matters
- - improved reputations?
  - most improved reputations?
    - Top reputations?
      - Do we need a reputation quotient of 80? 90?



# New Research

- 2014
- Amazon release of Harris Interactive information
- Key Portion:
- Harris Interactive identified 60 companies with abnormally good reputations over time and 17 with abnormally poor reputations
- Note: For the first time in more than a decade, investors are more often positive than negative about Corporate America's reputation

# Key Research Questions

- Contemporaneous
- Are companies with good/poor reputations also earning abnormally good/poor returns?
- Do stock prices drive reputations?
- Predictive
- Can the listing of companies with good reputations be used to identify firms with subsequent
  - higher returns,
  - lower risk,
  - Higher risk-adjusted returns