

The Firm-Specific Volatility of Stock Returns, Credibility of Management Forecasts, and Media Coverage: Evidence from Japanese Firms

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By using the data sourced from the Japanese market, this paper aims to explore the determinants of firm-specific volatility and provide new evidence to the existing literature in terms of corporate disclosure and the quantity of public information. In the analysis, we examine how the credibility of management forecasts and the extent of media coverage contribute to the firm-specific volatility of stock returns. The results indicate that both the accuracy of the management forecasts and the extent of the total media coverage are positively associated with firm-specific volatility. Further, with regard to the interaction between the two key factors, we discover that the improvement in the credibility of management forecasts drives the impact of media coverage in citing earnings performance toward incorporating firm-specific information rather than market- or industry-wide information.