Ownership ties, conflicts of interest and the tone of news

Thursday, 11 April 2019, 2 PM
Seminar Room, Department of Economics and Management, Via Inama 5, Trento.

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Abstract
In this paper we investigate the tone used by newspapers in reporting information on a company which is in a conflict of interest regarding ownership ties with the publishing firm. We use Italy as an empirical setting, a country characterized by a high ownership of newspapers controlled by nationally-dominant industrial groups. Based on a sample of about 123,000 articles we document that newspapers produce a significantly smaller number of negative and uncertain words for firms with a conflict of interest. We also document that the slant increases with the magnitude of the ownership stake and decreases with the newspaper’s reputation.

The paper is co-authored with Marco Bigelli (University of Bologna) and Carlo Raimondo (University of Lugano)