

When the Press Falls Silent: The Impact of Local Newspaper Closures on Corporate Greenwashing

Fangming Xu Mengyao Yu Zilu Shan Shuo Wang

May 30, 2025

Abstract

This study examines the impact of local newspaper closures on corporate greenwashing behavior. We hypothesize that the disappearance of local newspapers reduces external scrutiny by weakening journalistic oversight, thereby increasing the likelihood that firms exaggerate their environmental performance. Exploiting variation in newspaper closures across U.S. counties, we find that affected firms are significantly more likely to engage in greenwashing. The effect is particularly pronounced among large and high-reputation firms, which appear more inclined to substitute symbolic for substantive disclosure in the absence of media scrutiny. Financially constrained firms exhibit a weaker response, possibly due to resource limitations or stronger regulatory pressure. The findings are robust to alternative greenwashing measures, treatment definitions, and local socioeconomic controls, underscoring the critical role of local media in promoting corporate environmental transparency.

Keywords: Greenwashing, Newspaper Closures, Media Coverage, Information Asymmetry

JEL Codes: G38, M14, Q56, L82