

Financial Market Reaction to Non-Financial Reports

Authors : Petra Dilling

Abstract : This study examines the market reaction to the publication of integrated reports for a sample of 316 global companies for the reporting year 2018. Applying event study methodology, we find significant cumulative average abnormal returns (CAARs) after the publication date. To ensure robust estimation results the three-factor model, according to Fama and French, is used as well as a market-adjusted model, a CAPM and a Fama-French model taking GARCH effects into account. We find a significant positive CAAR after the publication day of the integrated report. Our results suggest that investors react to information provided in the integrated report and that they react differently to the annual financial report. Furthermore, our cross-sectional analysis confirms that companies with a significant positive cumulative average abnormal show certain characteristic. It was found that European companies have a higher likelihood to experience a stronger significant positive market reaction to their integrated report publication.

Keywords : integrated report, event methodology, cumulative abnormal return, sustainability, CAPM

Conference Title : ICSB 2022 : International Conference on Sustainability in Business

Conference Location : Tokyo, Japan

Conference Dates : April 25-26, 2022