



CORPORATE ACTIONS ANNOUNCEMENT: DID THE ANNOUNCEMENT TIME AND THE TYPE OF CORPORATE ACTION RESPOND DIFFERENTLY?

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ABSTRACT

This study aims to expand research evidence related to investor responses to corporate action announcements. However, in contrast to previous studies, this study distinguishes corporate action announcements in terms of developments and realizations. In addition, this study also distinguishes the types of corporate actions, to find out which types of corporate actions are more responded to by investors. In this study, the types of corporate action consist of new product and system & technology innovation. We measured investor's reactions using CAR with (-5, 0, +5) and (-2, 0, +2) event windows. Based on 257 data corporate action announcements in the period 2017-2021 by automobile manufacturing firms in East Asia, we find that there is a significant difference of CAR between development and realization announcement. Investors in East Asia react more positively when companies are announcing the realization of new product and system & technology innovation rather than when it is still under planning or in the development process. This study contributes to the results of previous studies that the announcement of the realization of a new product is more considered by investors than the announcement of a plan to make a new product.

Keywords: *Corporate Action; New Product; Innovation; Development; Realization; Introduction; Investor's Response*