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## Information Disclosure and Capital Markets: CEO Interviews Driving Firm Value

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# Information Disclosure and Capital Markets: CEO Interviews Driving Firm Value

## Completed Research Paper

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### ABSTRACT

Social media is now deemed the ideal relations management platform for investors and firms. Social media may promote more timely or extended information for investors based on its advantages, such as faster and real-time information disclosure and dissemination, and cheaper and more comprehensive access (Zhou et al., 2014). Firms and chief executive officers (CEOs) are increasingly using social media to disclose information and communicate with investors (Kelton & Pennington, 2020). The various kinds of information that firms and CEOs disclose through social media can materially affect the capital market. Few studies have examined the effect of the CEO interview video disclosures on firm market value. In this paper, we propose our research question: How do the disclosure and dissemination of CEO's interview videos on social media impact the firm's market value? Our study seeks to conduct an exploratory empirical analysis to test the following proposition: Disclosure of the CEO's interview videos on social media will be associated positively with increases in the firm's market value.

Our data include observations of S&P 500 firms over the period of 2015-2020. The S&P 500 is an index of the stock market. Investors use it as the benchmark of the overall market, to which all other investments are compared. To build a balanced panel data in our study, the firms must satisfy the following criteria: (1) the firms must be available in the list of S&P 500 each year over the period of 2015-2020, (2) the financial data must be available in Compustat and CRSP during the six-year period. The total number of firms in the list of S&P 500 from the year 2015 to 2020 is 625, but the number of firms appearing every year in the time frame is 389. After removing observations with missing financial data, our panel data set consists of 1770 firm-year observations (including 295 firms) over the period 2015-2020. To collect the CEO interview videos, we obtain the CEO's name, firm name, and fiscal year from Compustat Executive Compensation's Annual Compensation dataset. We finally collect a total of 1271 CEO interview videos during 2015-2020. We combine interview data and the firm's financial data. The balanced panel data consists of 1770 firm-year observations including 1369 non-video disclosing and 401 video disclosing.

In this study, we investigate the effect of the disclosure and dissemination of CEO's interview videos on social media on the market value. The primary method used in our research is based on the value-relevance design, a proven research model for investigating various factors related to firm value. We conduct a staggered difference-in-differences (SDID) model based on this value-relevance model. Furthermore, we conduct additional analyses. First, we choose the value-relevance model, the price model. Then, we check into results utilizing a two-stage effect model to ensure that our results are not biased by unobserved heterogeneity or simultaneous causality. The two-stage effect model could lead to better causal interpretations of the relationships between CEO interview disclosure and firm market value.

Using balanced panel data, our findings provide statistically significant evidence that the disclosure and dissemination of CEO's interview videos on the social media platform positively affect the firm's market value. To the best of the authors' knowledge, this is the first study to investigate the influence on the company market value of the disclosure of CEO interview videos. This research is a pivotal addition to the extant body of literature on information disclosure and firm market value. It reinforces the knowledge base and underscores the importance of social media analytics in contemporary business strategies. The findings of this study fill a research gap and give businesses a strategic appreciation of the value of social media as a platform for information disclosure, particularly concerning CEO interview videos.

### Keywords

Information disclosure, CEO interview videos, social media analytics, market value.

### References

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