

> Thursday, November 25th, 2021

14:30 - 16:00

ACCOUNTING



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

**“GRABBING INVESTOR ATTENTION WITH LIMITED RESOURCES:
SMALL CAP FIRM'S COMMUNICATION CHANNELS”
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ABSTRACT

We explore six communication channels of small cap firms listed on the Alternative Investment Market (AIM) London Stock Exchange and find that small cap firms rely primarily on social media, and in particular on Twitter, to communicate with market participants. We find that managers use social media strategically to grab investor attention at the earnings announcement. The strategic use of Twitter is effective in increasing investor attention at earnings announcements, particularly for firms with no analyst coverage and more retail investors. However, we also show that the use of Twitter to draw investor attention may harm some investors, in particular retail investors. From a regulatory perspective, our study draws attention on the consequences of the increased use of social media by smaller firms.

Keywords: Investor Attention; Communication Channels; Social Media; Earnings Announcement; AIM London