

THE DETERMINANTS AND ECONOMIC CONSEQUENCES OF OPEN BRIEFINGS

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CERTIFICATE OF ORIGINAL AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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ABSTRACT

Open Briefings are question-and-answer documents announced on the Australian Securities Exchange. Firms pay Orient Capital, an investor relations consultant, to hold one and are motivated to disclose via Open Briefings to heighten the attention and effectiveness of firm news. Thus, Open Briefings can be considered analogous to hiring an investor relations firm for a single disclosure. I find that Open Briefings are more likely to be used by firms that are loss making, in the resource sector, younger, issue equity, have a greater dispersion of share ownership, make more market announcements and have a higher proportion of director independence. My findings add to the voluntary disclosure literature in that both mature and growth firms use attention-increasing disclosure when they have reasons to do so. In addition, Open Briefings are important market events and since the positive share price reaction does not quickly reverse, evidence is provided that Open Briefings are not merely ‘spin’. As the less negative Open Briefings have a 31-day abnormal buy-and-hold return, there is some support for a medium-term visibility effect from this form of investor relations. Overall, this thesis shows that Open Briefings have economic benefits even when they further disseminate news from a prior announcement.

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