







Q

Home ► All Journals ► Economics, Finance & Business ► Applied Economics Letters ► List of Issues ► Volume 17, Issue 7 ► Profit warnings: will openness be reward ....

### Applied Economics Letters >

Volume 17, 2010 - <u>Issue 7</u>

583 4 0 Views CrossRef citations to date Altmetric Original Articles

# Profit warnings: will openness be rewarded?

Pages 633-637 | Published online: 30 Mar 2009

Sample our
Economics, Finance,
Business & Industry Journals
>> Sign in here to start your access
to the latest two volumes for 14 days

Full Article

Figures & data

References

**66** Citations

**Metrics** 

Reprints & Permissions

Read this article

Share

## Abstract

We investigate the information content of profit warnings released by firms on the abnormal returns for a sample of 149 firms listed on the Euronext Amsterdam in 2000–2002. We propose that firms can diminish the negative influence of profit warnings on shareholder's returns by releasing detailed information, thereby reducing the information asymmetry between shareholders and management. We find empirical evidence that a greater degree of disclosure has a significantly positive impact on the abnormal returns of firms with multiple successive profit warnings. We argue that negative abnormal returns will occur with firms which provide external reasons in their press releases indicating that the causes of the current situation are a market-wide phenomenon and beyond their scope. We report a negative – but not significant – impact of information regarding external reasons on the abnormal returns to shareholders of firms with profit warnings. Our research findings offer valuable insights into the practical implications of the information content of profit warnings.

## Related research 1

research 1

Recommended articles

Cited by

•

People also read

Information for

**Authors** 

R&D professionals

**Editors** 

Librarians

Societies

**Opportunities** 

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

**Open Select** 

**Dove Medical Press** 

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

#### Keep up to date

Register to receive personalised research and resources by email



Sign me up











Accessibility



Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions

Taylor and Francis Group

Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG