

ABSTRACT

We examine the impact of the Dow Jones Sustainability World and Emerging Market Index on the returns, liquidity, and risk of stocks of listed companies on The Stock Exchange of Thailand from 2012 to 2020. The downward sloping demand curve hypothesis, the price pressure hypothesis, the information cost hypothesis, the signaling hypothesis, the sustainability taste hypothesis, and the sustainability redundancy hypothesis are all tested using an event study technique. We discover that index addition stocks result in a significant increase in the Dow Jones Sustainability World Index's performance. On the other hand, we cannot detect anything statistically significant in the Dow Jones Sustainability Emerging Markets Index return. This demonstrates that sustainability is a concern for Thai investors when it comes to large capital stocks.

Keywords: Event study, Index addition, Corporate sustainability, Thailand, DJSI, Emerging Market