ABSTRACT

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A MULTIDIMENSIONAL APPROACH TO FINANCIAL DISTRESS: THE IMPACT OF STOCK RETURN VOLATILITY ACROSS MARKET STRUCTURES, ECONOMIC DYNAMICS, AND FIRM-LEVEL CHARACTERISTICS IN DEVELOPED AND EMERGING MARKETS

(xvi+107 pages; 2 figures; 9 tables)

The global financial landscape is influenced by the complex interplay between financial distress (FD) and stock return volatility (SRV), which are both critical indicators of economic and corporate stability. Leveraging a dataset of more than 89,640 observations, this study investigates these dynamics in G7 and E7 countries from 2014 to 2023. By incorporating variables such as asset turnover, profit margin, and leverage, the research investigates their moderating effects on the SRV-FD relationship. The results indicate that SRV has a more significant impact on FD in emerging markets (E7), which is due to the presence of higher information asymmetry and weakened financial systems. Conversely, developed markets (G7) exhibit resilience because of their comprehensive regulatory and governance frameworks. These disparities were further exacerbated by the COVID-19 pandemic, as the E7 nations experienced extended periods of instability in contrast to the relatively rapid recovery of the G7 economies. The study provides a comprehensive understanding of the factors that influence financial stability by employing two-step System Generalized Method of Moments (SGMM) and Difference-in-Difference (DiD) models. These findings emphasize the significance of financial flexibility, corporate governance, and institutional integrity in the development of economic resilience and the mitigation of systemic risks in a variety of market environments.

Keywords: Stock Return Volatility, Financial Distress, Market Efficiency, SGMM, Difference-in-Difference

References: 64 (1958-2024)

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(xvi+107 halaman; 2 gambar; 9 tabel)

Lanskap keuangan global dipengaruhi oleh interaksi kompleks antara financial distress (FD) *dan volatilitas return saham (SRV), yang keduanya merupakan indikator penting stabilitas ekonomi dan perusahaan. Dengan memanfaatkan lebih dari 89640 data observasi, penelitian ini menyelidiki dinamika tersebut di negara-negara G7 dan E7 dari tahun 2014 hingga 2023. Dengan memasukkan variabel-variabel seperti perputaran aset, margin keuntungan, dan* leverage, *penelitian ini menyelidiki dampak moderasinya terhadap hubungan SRV-FD. Hasil penelitian menunjukkan bahwa SRV memiliki dampak yang lebih signifikan terhadap FD di pasar negara berkembang (E7), hal ini disebabkan oleh adanya asimetri informasi yang lebih tinggi dan melemahnya sistem keuangan. Sebaliknya, negara-negara maju (G7) menunjukkan ketahanan sebagai hasil dari kerangka peraturan dan tata kelola yang komprehensif. Kesenjangan ini semakin diperburuk oleh pandemi COVID-19, karena negara-negara E7 mengalami periode ketidakstabilan yang berkepanjangan, berbeda dengan pemulihan ekonomi yang relatif cepat di negara-negara G7. Studi ini memberikan pemahaman komprehensif tentang faktor-faktor yang mempengaruhi stabilitas keuangan dengan menggunakan model dua langkah* System Generalized Method of Moments (SGMM) *dan* Difference-in-Difference (DiD). *Temuan penelitian ini menekankan pentingnya fleksibilitas keuangan, tata kelola perusahaan, dan integritas kelembagaan dalam pengembangan ketahanan ekonomi dan mitigasi risiko sistemik di berbagai lingkungan pasar.*

Kata Kunci: Stock Return Volatility, Financial Distress, Market Efficiency, SGMM, Difference-in-Difference

Referensi: 64 (1958-2024)