

Green Acquisitions: Are They Just Low-Hanging Green Fruit?

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Abstract

Increasingly, corporations are expanding their green business portfolios by acquiring green technologies, brands, and firms to respond to sustainability trends. However, little is known regarding the financial impact of such a green strategy. This study uses the event study method to examine stock market reactions to green acquisition announcements. We find that the stock market reacts positively to announcements of green acquisitions. We also find that stock market performance is more favorable for acquirers with stronger marketing capability and limited innovation capability. However, the impact of the two aforementioned firm capabilities on the stock market return–green acquisition relationship is moderated by industry sensitivity. The results contribute to our understanding of how marketing and innovation capabilities influence investor behavior in the context of green acquisitions. These findings broaden our existing knowledge on the marketing–finance interface, green marketing strategy, and sustainability. This study also provides practical implications for managers.

Keywords: green acquisitions, sustainability, marketing capability, innovation capability, stock return

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