



The Impact of Hospitality Homicides on the Stock Prices of Targeted Firms

Nathan Mauck¹, Michael J. McNamara², and Stephen W. Pruitt^{3, *}

1. *Henry W. Bloch School of Management, University of Missouri--Kansas City*
2. *Department of Finance and Management Science, Carson College of Business, Washington State University*
3. *Henry W. Bloch School of Management, University of Missouri--Kansas City*

Accepted February 2020

ABSTRACT

This paper examines the stock price responses of publicly-traded hospitality companies (hotels, restaurants, casinos, cruise ships, and theaters) following 73 non-robbery-motivated homicides. Although significant negative changes in stock prices are observed for the entire sample, dividing the sample by hospitality sector demonstrates that these results are driven almost entirely by the strongly negative reactions observed for restaurants. Interestingly, and in contrast to prior research, “random” killings (i.e., where there was no prior relationship between the company and the killer) result in dramatically more negative stock price reactions than those perpetrated by individuals with either a current or prior employment relationship. Surprisingly, there is only weak evidence in support of the hypothesis that the noted stock price declines and the severity of the incidents (as defined by the number of people killed and/or wounded) are positively correlated.

©2020 IRABF All rights reserved.

Keywords: Hospitality; homicides; economic impact; event study

JEL classification: G14; I31; K32; K49
