

# IMPACT OF SHAREHOLDERS CONFLICT ON MARKET CAPITALIZATION: EXAMPLE OF VIMPELCOM

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## Abstract

Shareholder conflict may significantly impact market capitalization of a firm because additional reputational costs. In this paper we analyze changes in value of the Russian telecommunication company Vimpelcom after mass media announcements about developments in lawsuits between its major shareholders in 2005–2013. We suggest methodology of prediction of market reaction. All announcements are classified according to several characteristics. Calculation of abnormal return allowed us to estimate cumulative losses of shareholders of Vimpelcom due to the conflict between Altimio and Telenor.

**JEL: G14, G34**

**Key words:** shareholders conflict, market reaction, abnormal return, reputational risk.

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