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Is Davos More Than a Boondoggle?

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ABSTRACT

IS DAVOS MORE THAN A BOONDOGGLE?

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Since 1971, the World Economic Forum (WEF) Annual Meeting in Davos has attracted the leadership of global corporations. Attendance may offer economic benefits through networking and political support or provide only private gains without measurable impact. Through creating a novel database of WEF attendees (2009-2018) matched with firm-level data, we analyze stock market performance, corporate ratings, and environmental, social, and corporate governance (ESG) scores. Regression results, including annual and daily event studies, suggest that WEF attendance does not systematically improve stock performance or credit ratings. However, WEF attendance positively impacts ESG scores, especially the social sub-score, indicating beneficial stakeholder effects.

Keywords: World Economic Forum, international organizations, business leaders, stock markets, corporate ratings, summits

JEL classification: F53, G24, G32, G39, O19

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> Heading to Davos, Switzerland, to meet with World and Business Leaders and bring Good Policy and additional Hundreds of Billions of Dollars back to the United States of America! We are now NUMBER ONE in the Universe, by FAR!!
>
> *US President Donald J. Trump*
> *Twitter, January 21, 2020*

1 Introduction

The World Economic Forum (WEF), a not-for-profit organization founded in 1971, describes itself as "the International Organization for Public-Private Cooperation," which "engages the foremost political, business and other leaders of society to shape global, regional and industry agendas."[1] Its flagship event is the Annual Meeting in Davos-Klosters, Switzerland, which regularly brings together about 3,000 participants in the Alps. The summit attracts the leadership of global corporations, governmental and non-governmental organizations, the media, as well as other public figures from arts, culture, and sports.

Attending Davos is very costly for companies. Cost estimates range between US$ 20,000 and US$ 70,000 per delegate.[2] These high costs may be considered *relatively* small if WEF attendance generates a significant value added for companies. For example, attending Davos might help firms to strengthen business networks and attract possible top managers from which companies could benefit in the short and long run. The Annual Meeting may also serve as a valuable opportunity to garner political support from country leaders and other government representatives, or to foster goodwill among civil society representatives. In the words of a correspondent at Davos, "the value of Davos to the folks who pay these fees has very little to do with the 'themes' of the conference ('sustainability,' and so forth). [...] Davos is now primarily a huge, high-level business conference, in which senior executives from the world's largest companies take advantage of their physical proximity to meet in person with partners and clients and would-be clients—meetings that can end up being vastly more valuable than the price of admission" (Blodget, 2011).

[1] According to the mission statement, "[t]he Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance." See `https://www.weforum.org/about/world-economic-forum` for the full mission statement (accessed September 21, 2019).

[2] Ross (2011) estimates total expenses of US$ 71,000, this includes the official fee for attendance of US$ 19,000 plus the cheapest annual membership of US$ 52,000. Armstrong and Kottasova (2014) estimates costs of US$40,000 in 2014.

However, there are reasons to doubt whether attending the summit actually provides benefits to companies in a measurable way. Instead, Davos attendance might be a rather wasteful activity from the perspective of the firms involved, more akin to a "vacation." For example, a Davos participant describes the summit as the "Super Bowl [o]f Schmoozing" (Blodget, 2015), while another remarks that "[t]he parties are just as wild as you'd imagine" (Rogers, 2020). Davos might generate private benefits to the attendees themselves if they, for example, enjoy mingling with celebrities, are fond of skiing with like-minded people, or use it as a job-market opportunity to promote their career prospects. Rather than generating direct profit for companies, sending employees to Davos could instead be a waste of resources and serve primarily as a distraction. Moreover, sending delegates may incur additional costs for firms, particularly if valuable managers are poached by competitors they meet there.

To examine whether attending Davos yields tangible benefits for companies, we construct a novel database of WEF attendees over the 2009–2018 period and match it with firm-level data on stock market performance and credit ratings. If Davos attendance is economically beneficial—and if the stock market operates efficiently—firms that send delegates to the WEF should exhibit superior stock market performance in years they attend Davos compared to years in which they do not. Likewise, one would expect that if companies benefit from being represented at the WEF—and if credit ratings appropriately assess the available qualitative and quantitative information—they should be assessed as being more creditworthy than their counterparts that are not represented at Davos. Finally, the WEF regards social engagement and corporate social responsibility (CSR) as key aspects of corporate activity (Schwab, 2008). The organization fosters social engagement of their member companies and thus claims to also provide a public good beyond a mere networking opportunity. Therefore, firms that send delegates to the annual meeting at Davos should have better measures of corporate social responsibility than those who do not.

We start by running regressions with firm-, country-year- and sector-year-fixed effects to isolate the effect of Davos attendance. This allows us to exploit variation in firm performance within firms over time, comparing years in which the company sends delegates to Davos and those in which it does not, while controlling for country- and sector-specific characteristics over time. We also run an event study at the annual level to account for heterogeneous treatment effects.

Since financial markets react quickly to information, we also investigate abnormal market movements around the meetings themselves, by calculating abnormal returns (AR) and cumulative abnormal returns (CAR) in an event study design. To address remaining endogeneity concerns, we use a synthetic control method to test whether companies present at Davos perform better than their synthetic counterparts. Our donor pool of counterfactual companies consists of MSCI-ACWI corporations that are

not represented at the Davos meetings.

Our results suggest that firms present at Davos do not perform better in terms of their stock market valuation and credit ratings. This pattern holds throughout all methods we test. In the event study, we even find that WEF attendees, on average, score lower cumulative abnormal returns during and in the immediate aftermath of the event. In terms of CSR measures, however, we find some positive evidence, particularly in the social pillar of the environmental, social, and corporate governance (ESG) scores. It includes assessments of companies' human rights records, product responsibility, workforce, and community. Our findings shed light on whether the most famous summit of global leaders creates value for businesses or merely constitutes a waste of (tax) money.

This paper is the first to study whether companies draw measurable economic benefits from attending Davos. As such, our paper is related to the literature on the economic benefits of international organizations (e.g., Maggi, 1999, Rose, 2004, 2005, Nitsch, 2007, Büthe and Milner, 2008, Gray, 2009, Egger and Larch, 2011, Gray and Hicks, 2014, Dreher et al., 2015, Davis, 2023). Within this literature, our paper is closely related to scholarly works that use stock market performance and credit ratings as outcome variables (e.g., Dreher and Voigt, 2011, Moser and Rose, 2014, Davies and Studnicka, 2018, Gehring and Lang, 2020). In contrast to most contributions in this literature, which have so far been heavily focused on cross-country panel data, our paper studies the economic benefits of an international organization at the firm level. Since WEF summits provide a plethora of opportunities to meet with political leaders, we equally contribute to the literature on corporate benefits of political connections (e.g., Luechinger and Moser, 2014, 2020, Acemoglu et al., 2016, Brown and Huang, 2020, Child et al., 2021). Finally, since we also analyze the effects of WEF attendance on sustainability, we also contribute to the economic literature on corporate social responsibility (see Kitzmueller and Shimshack, 2012, Servaes and Tamayo, 2013, Ferrell et al., 2016) and the strand that focuses on ESG scores in particular (e.g., Kreitmeir et al., 2024, Starks, 2023).

We proceed as follows. Section 2 provides background information on the WEF Annual Meeting in Davos and introduces a new database on Davos attendance. In Section 3, we present our empirical strategies to estimate the Davos effect on stock market performance, analyzing both annual returns and daily abnormal returns during and immediately after the WEF summit. Section 4 studies the Davos effect on companies' credit ratings and their ESG scores. Section 5 presents our conclusions.

2 The Annual Meeting of the World Economic Forum

2.1 Background

The history of the WEF dates back to 1971, when it was founded as the European Management Forum. At its inception, its main purpose was primarily to provide a forum to help European companies address deficiencies in their management practices relative to their U.S. counterparts. Over time, it has evolved into a platform for discussing global challenges. For instance, the 2019 Annual Meeting was held under the theme "Globalization 4.0: Shaping a Global Architecture in the Age of the Fourth Industrial Revolution," the 2020 edition was labeled "Stakeholders for a Cohesive and Sustainable World," while the 2024 meeting was themed "Rebuilding Trust." The Forum describes itself as being rooted in stakeholder theory, asserting that corporations and civil society actors more broadly are expected to fill the void left by governments and international governmental organizations in global governance. As WEF founder and Executive Chairman Klaus Schwab argues, the world lacks "authentic and effective global leadership" and, as a result, "the influence of corporations on communities, on the lives of citizens, and on the environment has sharply increased" (Schwab, 2008, p.108). By participating in the Davos Annual Meetings, attendees supposedly contribute to a global public good. The WEF characterizes its work as "efforts to demonstrate entrepreneurship in the global public interest."

The lion's share of the participants come from the private sector.[3] Rational companies would seek corporate benefits from attending, alongside or in conjunction with the officially intended contributions to a broader global public good. Since a four-digit number of business leaders are present, the Davos summit offers various possibilities to make business deals with companies from every continent. We thus hypothesize that companies perform better if they are represented at Davos, all else being equal.

Moreover, since the Davos summit attracts an impressive number of political leaders, it provides a unique opportunity to lobby for particular business interests. A notable example is U.S. President Donald Trump's visit to the 2020 WEF, during which he met with 15 European corporate leaders. In media coverage, companies attending the meeting received notable attention. For instance, the pharmaceutical news outlet FiercePharma highlighted companies in the pharmaceutical sector that were invited to a meeting with the U.S. President in his attempt to "try and gin up more U.S. investment."[4] Previous research indeed suggests that meetings with foreign leaders can

[3]See WEF website at https://www.weforum.org/agenda/2019/01/everything-you-need-to-know-about-davos-2019/, accessed February 18, 2025.

[4]See article titled "Novartis, Bayer CEOs get time with Trump as he meets with EU business leaders during Davos trip" available at https://www.fiercepharma.com/pharma/

promote economic exchange. For example, Nitsch (2007) analyzes the potential of leader visits to boost export flows. Analyzing data for France, Germany, and the United States over the 1948–2003 period, he finds that one leader visit is associated with an 8 to 10% increase in exports. Recent research by Ahmed and Slaski (2022) on U.S. ambassadors suggests that the trade-promoting effects of such meetings occur even with lower-ranked officials. In a meta study on 32 research papers, Moons and van Bergeijk (2017) speak of an overall significantly positive effect of economic diplomacy on trade and investment. It thus appears plausible that get-togethers with foreign countries' leadership at Davos promote business opportunities in a similar manner.

At the same time, there are reasons to doubt that attending the Davos summit actually provides benefits to the attending companies in a measurable way. Instead, attending Davos might rather be a wasteful venture and more akin to sending their delegates on "vacation." This has to be considered against the background of the high fees that companies have to pay. The WEF levies annual membership and partnership fees between CHF 60,000 and CHF 600,000 per company depending on their respective membership type (WEF, 2017). In addition, companies need to pay a fee for each participant they send, which was roughly US$20,000 in 2014 (Armstrong and Kottasova, 2014).[5] Any private benefit must therefore be weighed against these substantial costs.

Finally, it should be noted that the Annual Meeting—and the anti-globalization protests that it attracts—also comes with huge costs for the Swiss taxpayers.[6] Moreover, the event is said to negatively influence the quality of life of inhabitants and tourists in the Davos area. Survey evidence by Erfurt and Johnsen (2003) suggests that exposure to the WEF leads interviewees to perceive Davos as a less appealing tourist destination.

2.2 Measuring Davos Attendance

We assemble the list of official attendees of the annual summit in Davos from several sources. For the years 2009 to 2012 and 2014 to 2016, we collect official attendee lists through internet research (see Appendix Table A1). We append our data for the remaining years with reports from the business news organization Quartz for the years 2013, 2017, and 2018.[7] The data include the attendees' name, organization, current position in the sending organization, as well as the organization's country of registration.

The resulting data set required substantial cleaning. The organization name was not

during-davos-trip-trump-takes-meeting-novartis-bayer-ceos-and-other-execs (accessed February 18, 2025).

[5]Participants from the public sector and civil society organization typically do not pay fees. Travel grants are available for some participants such as academics (WEF, 2017).

[6]According to the public Swiss Radio and Television, the Swiss government spent CHF 45 million in public security expenses for the 2020 summit (https://www.srf.ch/news/schweiz/sicherheitskosten-am-wef-polizeidirektoren-rechtfertigen-politischen-preis, accessed February 15, 2020).

[7]We thank David Yanofsky for kindly sharing his data with us.

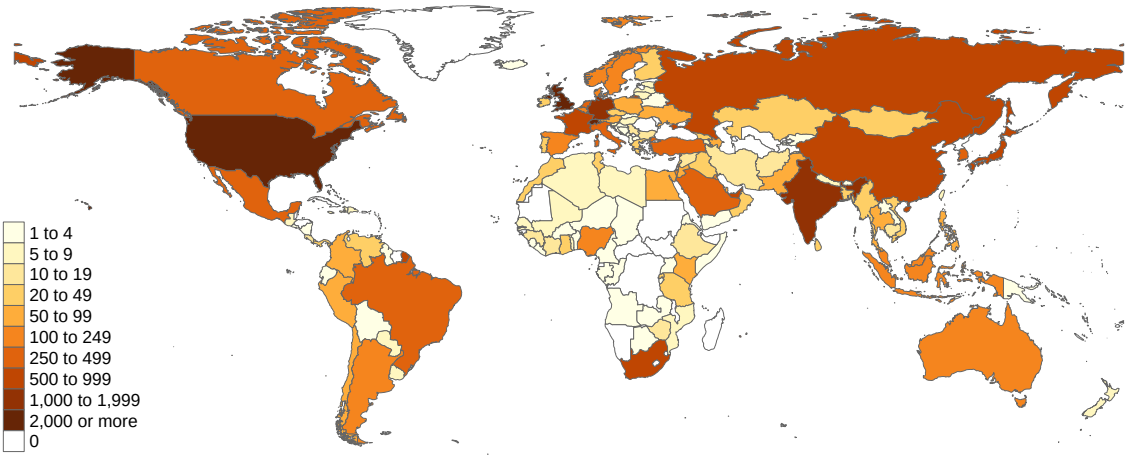
consistent across participants and years. For example, companies merge and split and the delegates report only a division or subsidiary of a larger parent company. We cleaned this variable to be able to track an organization's participation over time. This included the re-coding of nearly 900 organizations to their respective parent company.[8] A prominent example in the data set is Google. We reallocated Google attendees to its current parent organization, Alphabet. Similarly, government institutions were registered in an inconsistent way. This is why we grouped all attendees from governmental institutions under their respective national or sub-national governments. Third, we excluded delegates sent by the WEF itself (e.g., staff members) and delegates who lack an affiliation, such as self-employed individuals. Our final database includes 11,007 individuals from 4,910 individual organizations. For example, prominent participants at the 2018 summit, the last summit covered in our dataset, include U.S. President Donald Trump, then-German chancellor Angela Merkel, IBM CEO Virginia Rometty, and IKEA CEO Jesper Brodin, among many others.

Analyzing the total number of WEF participants over time, the size of the Davos summit shows an upward trend. The total number of yearly attendees increased from 2,282 in 2009 to 2,957 in 2018. Overall, attendees from 155 countries are represented. As highlighted in Figure 1, most participants come from the United States (7,261), followed by the United Kingdom (2,847), and WEF home country Switzerland (2,073). Additionally, the number of participating organizations increased from 1,469 to 1,667. On average, 382 new organizations, defined as those that had not attended a previous summit in the observed period, participated in Davos each year. In 2018 alone, 376 organizations joined, including the retail giant Walmart and the IT company NEC. The company that sent most delegates in the observed period was Thomson Reuters (50), followed by Bloomberg (45), and PepsiCo (36). The national government that sent the most delegates was the United States (167), followed by the United Arab Emirates (104) and Switzerland (71). As can be also seen from Figure 1, the summit is still dominated by high-income countries. While the number of attendees from low- and middle-income countries has increased from 454 in 2009 to 712 in 2018, the share of attendees from high-income countries has remained relatively stagnant (see Appendix Figure B1).

We also group all organizations into one of six categories (see Appendix Figure B2). Of these, 65.4% are business organizations, defined as for-profit entities. We further distinguish them by whether majority ownership lies in private hands or with a state institution, where we define state-owned businesses as such if 50% plus one share or more are directly held by a state institution (Shirley, 1999). Among organizations that could not be identified as businesses, 17.9% are not-for-profit organizations (NPOs), 9.6% are

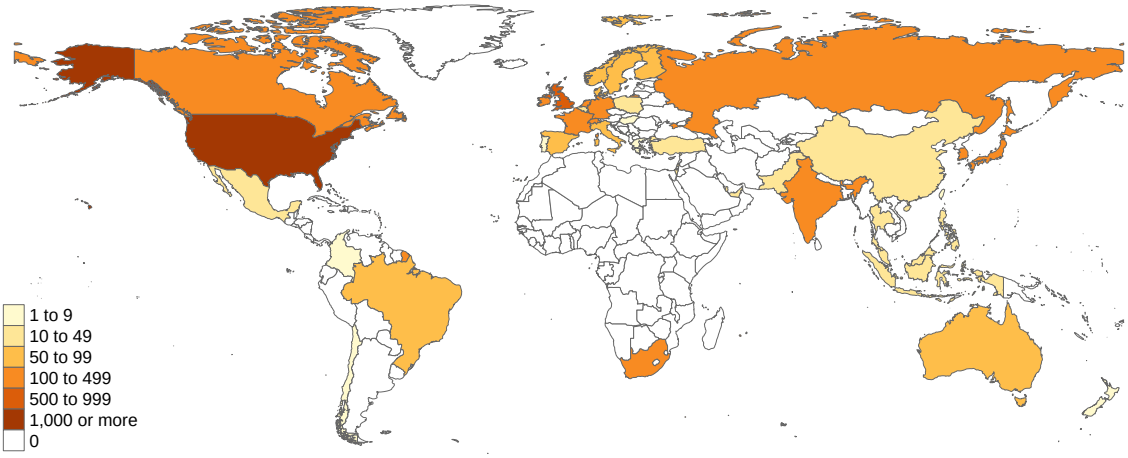
[8]We use online research to identify a company's respective parent company, mostly via the company's own website, Wikipedia, and other market intelligence platforms such as Bloomberg, Reuters, or LinkedIn. All sources are documented in our database.

Figure 1 – Total number of delegates by country, 2009–2018



Notes: Own data collection and visualization. For data sources, see Appendix Table A1.

Figure 2 – Number of delegates by country sent from ACWI-listed corporations, 2009–2018



Notes: Own data collection and visualization. For data sources, see Appendix Table A1.

government organizations, and 3.0% are international governmental organizations (IGOs). We code 9.6% of organizations as "Other" as we are unable to assign them to one of the above categories. This includes entities such as public broadcasting stations, like the BBC.[9]

Next, we code whether the organization is part of the MSCI-All-Country-World-Index (MSCI-ACWI). This market cap-weighted stock market index covers 2,746 stocks from companies throughout the world. The MSCI-ACWI extends the more well known MSCI-World by including publicly listed firms from 26 emerging economies (MSCI, 2019).[10] By MSCI's own account, the MSCI-ACWI covers around 85% of the free float-adjusted market capitalization in each of the 47 national markets (MSCI, 2019). As can be seen from Figure 2, most corporate participants at Davos (from MSCI-ACWI-listed companies) come from the United States (1,985), followed by the United Kingdom (578), and India (475).

Finally, to get an impression of the sectoral composition of these corporate delegates, we group the companies into ten broad sectors as defined by Thomson Reuters (Thomson Reuters, 2012).[11] As displayed in Appendix Figure B3, the largest share of attendees come from the Financials (24.4%), Industrials (12.9%), and Technology (11.5%) sectors.

In our regression analysis below, we will use our new database and build our main variables of interest as follows. First, we define a binary variable $Davos_{ijst}$ that takes the value of one if firm i from country j and sector s attends the Davos summit in year t. Second, we consider the actual number of attendees sent by each company in a given year. We explore the intensive margin since firms' benefits may correlate with the size of their delegation. Companies pay for premium membership to send additional delegates, ostensibly to have more personnel available for business deals and lobbying politicians.

It is not clear *a priori* whether WEF membership or actual attendance at the Davos summit is the more appropriate representation of our variable of interest. Unfortunately, we are unable to observe actual WEF membership, since the WEF does not provide a comprehensive list of all members.[12] However, according to WEF regulations, every for-profit company attending the Davos summit must be a WEF member. Therefore, we believe that attendance is also a good proxy for actual membership. In fact, our

[9] We also code an indicator variable for media representatives.

[10] The MSCI-ACWI includes the following countries and territories: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong (China), Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, Poland, Portugal, Qatar, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan (China), Thailand, Turkey, the United Arab Emirates, the United Kingdom, and the United States.

[11] We group the companies in ten sectors: Basic Materials, Consumer Cyclicals, Consumer Non-Cyclicals, Energy, Financials, Healthcare, Industrials, Technology, Telecommunication Services, and Utilities.

[12] More than 1,000 companies are WEF members. See https://www.weforum.org/about/our-members-and-partners.

method of observing WEF membership indirectly through attendance has the advantage of excluding potential defiers from the treatment group of companies.

To assess the impact of WEF participation on firm performance, we proceed as follows. The next section examines its effect on stock market performance, first by analyzing annual excess returns through fixed effects estimations, including an annual event study, and then by conducting an event study on daily abnormal returns during the summit. In Section 4, we extend our analysis to corporate credit ratings to capture potential long-term effects, while also evaluating ESG scores to explore whether participation influences firms' stakeholder relations.

3 Davos Effect on Stock Market Performance

3.1 Annual Excess Returns

We follow previous research and use the MSCI-ACWI index to map global stock market performance (e.g., Moser and Rose, 2014). We collected data via Datastream for over 99% of all the 2,746 listed constituents.[13] In very few cases, the MSCI-ACWI lists more than one stock from a particular company. In these cases, we choose the share with regular voting rights.[14] In total, the stocks of relevance are traded at 54 national stock markets from 51 countries and territories. For simplicity, we take the issuing country as the company's country of origin.[15] We deviate from this rule in 68 cases, exclusively involving typical tax haven countries, where we use the country of the operational headquarters instead.[16]

Our measure of stock market performance is the end-of-the-year excess return for each of the 2,727 identified constituents.[17] We download this variable in their respective local currencies for the years 2000 to 2018. We then convert all values into US$ using daily closing spot exchange rates, which we also collect via Datastream, Thomson Reuters, GTIS, and MSCI. To control for the overall market movement, we regress the firms' end-of-the year returns on the end-of-the-year market return of the MSCI-ACWI and the respective intercept in order to estimate the firm-specific beta following MacKinlay (1997). This way, we control for the co-movement of a firm's return and the return of the MSCI-ACWI as well as any possible deviation of the firm compared to the index (Moser

[13]The list of constituents was accessed at the MSCI website on 23 April 2019 (https://www.msci.com/constituents).

[14]Examples in our dataset are: "Alphabet A" and "Alphabet C," or "Volkswagen Stamm" and "Volkswagen Vorzug," where we exclude "Alphabet C" and "Volkswagen Vorzug."

[15]Note that for 177 firms, the country where the headquarters is located differs from the country in which the stock is traded.

[16]These entities are the Cayman Islands (51 firms), Bermuda (14), the Isle of Man (1), Jersey Island (1), and Luxembourg (1).

[17]We define the end of the year as the last trading day of the particular stock market in a given year.

and Rose, 2014). We use the annual market return on the MSCI-ACWI from 2008 to 2018.

As a next step, we match the list of companies listed in the MSCI-ACWI with our data set of Davos attendees and identify the 516 MSCI-ACWI companies that attended the WEF Annual Meeting at least once in the observed period. This corresponds to 18.7% of all companies listed in the MSCI-ACWI. These 516 companies account for 42.2% of the index's capitalization. This shows that many globally active corporations do not attend the summit, which will allow us to build a meaningful counterfactual. Apple, for example, does not attend any of the summits in our sample and accounts for more than 2% of the total capitalization of the MSCI-ACWI index.

To estimate the effect of attending Davos on firm performance, we estimate the following equation with least squares:

$$R_{ijst} = \beta Davos_{ijst} + \phi_{ijs} + \sigma_{st} + \xi_{jt} + \epsilon_{ijst}, \tag{1}$$

where R_{ijst} is the end-of-the-year excess return of company i, which is located in country j and belongs to sector s in year t. $Davos_{ijst}$ is a binary variable that takes a value of one if company i has at least one participant at the Davos summit in year t. In alternative specifications, it takes on the number of attendees by company i in year t. ϕ_{ijs} are firm-fixed effects. σ_{st} and ξ_{jt} denote sector-year- and country-year-fixed effects, respectively. The inclusion of firm-fixed effects allows us to control for all time-invariant firm-specific characteristics such as the sector, location, and corporate history. By adding sector-year-fixed effects, we control for time-varying factors that affect an entire sector such as technological progress.[18] The inclusion of country-year-fixed effects enables us to further control for time-specific factors that affect an entire country such as a change of government policies or an economic downturn. Standard errors are clustered at the firm level. Appendix Table A2 shows the summary statistics. We observe that 11.6% of all company-years included participation at the Davos summit, with a maximum of 11 attendees sent by a single firm. Each year, an average of 30 companies (1.1% of all firms) were "newcomers" to Davos, having not sent a delegate in any prior summit within our sample period.

Column 1 of Table 1 shows the results. The coefficient on company attendance at Davos is negative and insignificant. This is evidence against the hypothesis that companies benefit from Davos attendance in terms of stock market performance. Column 2 tests whether our results hold when we run weighted regressions. We weight companies by their respective market value from the previous year, normalized to one, over the cumulative market value of the MSCI-ACWI, also from the previous year. We again

[18]We group the companies in ten sectors: Basic Materials, Consumer Cyclicals, Consumer Non-Cyclicals, Energy, Financials, Healthcare, Industrials, Technology, Telecommunication Services, and Utilities.

Table 1 – Regression results for returns

	(1)	(2)	(3)	(4)	(5)	(6)
Company attendance	-0.015	-0.028			-0.008	-0.002
	(0.015)	(0.021)			(0.017)	(0.013)
No. of delegates			-0.009			
			(0.008)			
Attendance size				-0.013		
				(0.010)		
# employees (1,000)					-0.001***	
					(0.000)	
Market share					9.042**	
					(4.056)	
Newcomer						0.003
						(0.021)
Observations	22,700	22,700	22,700	2,439	18,276	20,430
R2	0.32183	0.36635	0.32187	0.48885	0.34681	0.28469
within R2	0.00004	0.00048	0.00010	0.00110	0.00565	0.00000

Notes: The dependent variable is annual excess returns of shares included in the MSCI-ACWI, which are calculated as the relative change of the end-of-the-year closing rate measured in US$. Column 2 shows weighted regression results. Weights are lagged end-of-year market values of all MSCI-ACWI constituents normalized to one. Column 5 includes number of employees and market share as controls. All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

observe no significant coefficient. Column 3 replicates our previous regressions but replaces the simple Davos dummy with the number of company attendees at Davos in a given year. It might be that firm performance is only affected by a larger number of delegates. By replacing our binary variable with a count variable, we can account for the intensity of Davos attendance. However, as our regression results show, we once again do not find evidence of a positive Davos effect on firm performance.

While we cannot control directly for selection into the group of WEF companies, it is unlikely that our null finding is driven by selection bias, as higher-performing firms, rather than lower-performing ones, should be more likely to become WEF members. Nevertheless, column 4 runs a robustness test that is not subject to a selection bias. Specifically, we only analyze the effect of the number of delegates a company has at Davos on firm performance *within* the group of WEF participants (in any given year). If Davos attendance improves firm performance, we would also expect that stronger participation translates into better performance, and this should be visible in this reduced sample that cannot be subject to the aforementioned sample selection bias. In line with the previous results, there is no evidence that stronger WEF attendance pays off for companies within the group of WEF companies.

Despite excluding already most of the unobserved variation through rigorous fixed effects, in column 5, we add two variables that control for the importance of corporations.

For each sector, we calculate the market share of a company within the MSCI-ACWI index in order to control for market power of a company. Additionally, we include the number of employees, which we collect from Datastream. The coefficient on the number of employees is significantly negative, which could reflect lower labor productivity. The market share variable has a large positive and statistically significant coefficient as expected. In any case, the inclusion of these variables does not affect our main conclusions.

Finally, column 6 analyzes whether there is a distinct impact associated with attending Davos for the first time. It is plausible that newly attending participants garner heightened attention, potentially leading to enhanced firm performance during their inaugural year. To explore this possibility, we include an additional binary variable that indicates whether a company is attending Davos for the first time in a specific year. Despite this adjustment, the findings continue to show no significant impact.

Being a Davos participant could be perceived as a stronger signal in emerging markets compared to companies in advanced economies. To test this, we restrict the sample to companies based in one of the 26 emerging economies (Appendix Table A3). The sample is significantly smaller, covering only 1,050 firms. In contrast to our expectations, the coefficient remains largely unchanged. We conclude that firms participating in Davos do not demonstrate better performance, even in this most likely group of countries.

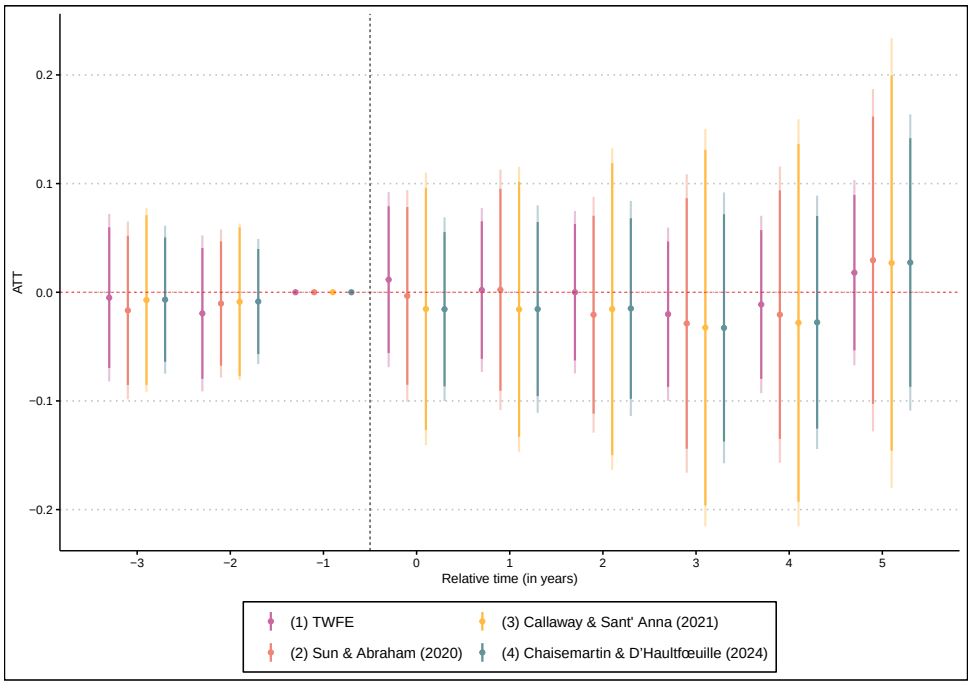
Figure 3 plots the results of an annual event study. We compare the coefficients of the standard fixed effect estimator (model 1) with three estimators that account for different types of biases (models 2–4) that may occur in the presence of heterogeneous treatment effects. Model 1 (in pink), our baseline specification, builds on equation (1) with regard to the use of variables and fixed effects. We estimate

$$R_{ijst} = \sum_{t=-3}^{5} \beta_t \; Davos_{ijst} + \phi_{ijs} + \sigma_{st} + \xi_{jt} + \epsilon_{ijst}. \tag{2}$$

i.e., we plot eight periods in comparison to the reference period $t = -1$, i.e., the year before a firm attends the annual meeting for the first time.

The recent literature shows that two-way fixed effects (TWFE) estimators may suffer from severe bias in the presence of heterogeneous treatment effects (Baker et al., 2022). In our case, the treatment is staggered since companies become first-time attendees throughout our sample period. Model 2 (in orange) replicates our results using the estimation strategy proposed by Sun and Abraham (2021). The method controls for dynamic treatment effects and only considers the not-yet-treated firms as a control group, thus excluding the never treated. Model 3 (in yellow) implements the method suggested by Callaway and Sant'Anna (2021), which also controls for dynamic treatment effects but uses the never treated as control group only. Finally, our treatment is not only staggered but also non-absorbing since some firms also drop out or temporarily do not

Figure 3 – Annual event study results for returns



Notes: The dependent variable is annual excess returns of shares included in the MSCI-ACWI which are calculated as the relative change of the end-of-the-year closing rate measured in US$. The points denote the point estimates of the average treatment effect on the treated (ATT). The bars show the confidence interval at the 95% level (solid color) and at the 90% level (lighter shade). Time is relative time since first treatment.

attend an annual meeting. Model 4 (in green) follows de Chaisemartin and D'Haultfœuille (2023) and De Chaisemartin and d'Haultfoeuille (2024), who propose an estimator that is capable of correcting the bias of non-absorbing treatment.

Despite different estimation techniques, all four estimation methods show a very robust null effect of attending the annual meeting at Davos on stock market performance. Thus, we are confident that the effect of WEF attendance on returns is robustly insignificant.

3.2 Daily Event Study

The WEF annual meeting in Davos is the largest meeting of C-level business people and world leaders worldwide, according to its organizers. Given the massive media coverage during the meeting days, one could expect that financial markets would reflect potential economic benefits of WEF attendance as the event unfolds. For example, financial markets could acknowledge that WEF member firms close exclusive business deals with each other. It could also be that visible meetings of company leaders with powerful political leaders send positive signals to financial markets' participants who update their beliefs on future expected returns. To test whether significant market movements caused by the event exist during and after the WEF annual meeting, we conduct a daily event study.

Results from daily event studies underscore the significant impact of political connections on financial outcomes. For instance, Acemoglu et al. (2016) show that financial firms with prior connections to Timothy Geithner experienced substantial positive abnormal returns following his nomination as U.S. Treasury Secretary—and negative returns when concerns arose about his confirmation. Similarly, Brown and Huang (2020) report that executive visits to the White House generate abnormal returns in the temporal vicinity of these meetings. Finally, Wagner et al. (2018) show that the 2016 election of Donald Trump as U.S. president generated abnormal returns for companies associated with the winner. The latter case resembles ours particularly well. Similar to an election, the timing of the annual WEF meeting is not unforeseen as the event is scheduled in advance. However, much like the outcome of an election, the actual composition of the summit and who meets with whom during the event remains unknown prior to the event. Therefore, stock markets are likely to react instantly once spontaneous meetings become public and deals are closed during the WEF summit.

Following MacKinlay (1997), we calculate cumulative abnormal returns (CARs) and regress daily firm returns for all companies in our sample on daily market returns from the MSCI-ACWI index for all annual meetings from 2009 through 2018. While the length for the pre-event window is not pre-defined, previous studies suggest a length of around one year prior to the event to be sufficient, which roughly corresponds to 250 trading days (Li and Lie, 2006, Acemoglu et al., 2016, 2017, Gormley and Matsa, 2016). Since the WEF meeting takes place annually, we define a pre-event estimation window that runs from 220 to 30 trading days prior to the start of the event at trading day $T = 0$. This way, we make sure that our pre-event window closes early enough before the actual event, but that it is also far enough from the annual meeting in the previous year. We estimate firm-specific returns as

$$R_{it} = \alpha_i + \beta_i R_{ACWI,t} + \varepsilon_{it},$$

with $t = T - 220, \ldots, T - 30$, where R_{it} denotes the end-of-the-day return of company i on trading day t, $R_{ACWI,t}$ is the end-of-the-day market return of the MSCI-ACWI on day t, and ε_{it} denotes the error term. We then take the estimated parameters, $\hat{\alpha}_i$ and $\hat{\beta}_i$, to calculate abnormal returns such that

$$AR_{i,t} = R_{it} - \hat{\alpha}_i - \hat{\beta}_i R_{ACWI,t}.$$

Finally, we estimate cumulative abnormal returns, CAR, as

$$CAR[T = 0, n] = \sum_{T=0}^{n} AR_{it}, \tag{3}$$

where $n = 1, ..., 10$ reports the cumulative days. In addition, we also consider CARs for

all firms during the annual meeting, which runs for three or four trading days, depending on the event start in a given year.[19]

To see whether WEF members really outperform non-member companies during the days of the WEF annual meeting, we compare CARs. We define a company to be a WEF member if it attends Davos in a given year, whereas we consider all companies as non-members that, either never attend Davos in our sample or have not yet attended a meeting. That is, we consider a company not to be a member until it attends Davos for the first time. However, a company that attended Davos in a previous year but not in the current year, is still considered a member *and* does not return to the control group. Appendix Table A4 shows the summary statistics.

Table 2 presents the CARs for WEF attendance and non-attendance.[20] Recall that we defined Day 0 as the first day of the annual meeting. Overall, we do not find evidence of significantly positive cumulative abnormal returns for WEF attendees during the WEF annual summit (CAR 0 to 3). Arguably, it might take time until companies announce the results of deals concluded at WEF. However, even if we enlarge our window to up to ten trading days after the beginning of the annual meeting (CAR 0 to 10), we still do not find that WEF attendees (column 1) accumulate positive abnormal returns compared to non-attendees (column 2). In column 3, we calculate the difference between attendees and non-attendees. Observing the days of the summit only (row "CAR Event"), we obtain a significant negative difference between attendees and non-attendees. We also find that attendees and non-attendees score significantly lower in 7 of 12 time windows presented in Table 2. Thus, if anything, one could argue that non-attendees perform *better* than WEF attendees. However, the size of the effect is rather small. On average, attendee firms perform 0.2% worse than non-attendees. This lack of positive cumulative abnormal returns holds if we restrict the analysis to newcomers (column 4), where we observe no significant CARs either on any day during the event or in the days following its conclusion. Our results are also comparable when we restrict the control group only to firms that have not yet been treated in the respective year but will be treated in the future (Appendix Table A6).

Our event study results would be unbiased as long as firms in our treatment group (WEF attendees) are not systematically different from the control group (WEF non-attendees) except for the treatment itself. To eliminate possible underlying and systematic differences, we employ a synthetic control method that creates a synthetic match based on all firms in the control group. The original approach, as suggested in Abadie and Gardeazabal (2003) and Abadie et al. (2010), creates a synthetic control based on covariate balance. This method yields a consistent estimator for non-randomized

[19] From 2009 to 2016, the WEF annual meeting ran for three trading days. In 2017 and 2018, the meeting ran for four trading days.

[20] Appendix Table A5 reports the corresponding results for abnormal returns (AR).

Table 2 – Daily event study results for cumulative abnormal returns

	(1) WEF Members	(2) Non-Members	(3) Difference	(4) Newcomers
CAR 0 to 0	-0.0005	0.0012	-0.0016	-0.0013
	(0.0014)	(0.0020)	(0.0011)	(0.0025)
CAR 0 to 1	-0.0013**	-0.0005	-0.0008*	0.0002
	(0.0006)	(0.0014)	(0.0004)	(0.0023)
CAR 0 to 2	-0.0005	0.0012	-0.0024**	-0.0011
	(0.0014)	(0.0020)	(0.0012)	(0.0028)
CAR 0 to 3	0.0012	0.0008	0.0003	0.0002
	(0.0013)	(0.0015)	(0.0005)	(0.0019)
CAR 0 to 4	-0.0005	0.0012	-0.0021*	-0.0010
	(0.0014)	(0.0020)	(0.0013)	(0.0027)
CAR 0 to 5	-0.0001	0.0005	-0.0006	-0.0016
	(0.0007)	(0.0010)	(0.0004)	(0.0013)
CAR 0 to 6	-0.0005	0.0012	-0.0027**	-0.0026
	(0.0014)	(0.0020)	(0.0013)	(0.0031)
CAR 0 to 7	0.0011	0.0007	0.0004	-0.0013
	(0.0014)	(0.0014)	(0.0005)	(0.0019)
CAR 0 to 8	-0.0005	0.0012	-0.0023*	-0.0039
	(0.0014)	(0.0020)	(0.0014)	(0.0030)
CAR 0 to 9	-0.0011	-0.0009	-0.0001	-0.0010
	(0.0012)	(0.0020)	(0.0004)	(0.0015)
CAR 0 to 10	-0.0005	0.0012	-0.0025*	-0.0049
	(0.0014)	(0.0020)	(0.0015)	(0.0034)
CAR Event	0.0013	0.0035	-0.0022**	-0.0004
	(0.0009)	(0.0025)	(0.0009)	(0.0011)

Notes: The dependent variable is end-of-the-day excess returns of shares included in the MSCI-ACWI, which are calculated as the relative change of the end-of-the-day closing rate measured in US$. Event day 0 represents the first day of the annual WEF meeting in Davos, Switzerland. Cumulative abnormal returns are calculated using the market model with an estimation window of 190 trading days, which runs from 220 to 30 trading days prior to the start of the event at trading day $T = 0$. The estimation includes 25,074 firm-event pairs. Column 1 reports the respective average cumulative abnormal return for WEF attendees, column 2 for non-attendees within MSCI-ACWI-listed firms. Column 3 reports a two-tailed t-test between column 1 and column 2. Column 4 shows the effect for WEF attendance of newcomers only. The last row ("CAR event") reports the average cumulative abnormal return throughout the entire event, which varies between three and four trading days over the 2009–2018 period. Robust standard errors clustered at the level of trading days are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3 – Synthetic control method - returns

	Estimate	Confidence Interval (5%)	Confidence Interval (95%)
$\hat{\phi}[0,0]$	-0.00220	-0.0258067	0.0258766
$\hat{\phi}[0,1]$	-0.00290	-0.0364458	0.0374992
$\hat{\phi}[0,2]$	-0.00530	-0.0512344	0.0443077
$\hat{\phi}[0,3]$	-0.00580	-0.0578588	0.0507950
$\hat{\phi}[0,4]$	-0.00540	-0.0627060	0.0583579
$\hat{\phi}[0,5]$	-0.00540	-0.0688801	0.0640909
$\hat{\phi}[0,6]$	-0.00630	-0.0756031	0.0705962
$\hat{\phi}[0,7]$	-0.00680	-0.0815663	0.0763521
$\hat{\phi}[0,8]$	-0.00800	-0.0863089	0.0812193
$\hat{\phi}[0,9]$	-0.00790	-0.0884065	0.0823870
$\hat{\phi}[0,10]$	-0.00780	-0.0926581	0.0860031

Notes: The table reports the estimated effect of WEF annual meeting events on corporate stock returns and the 90% confidence interval using the modified synthetic matching method of Acemoglu et al. (2016) and extended by Kreitmeir et al. (2024). Confidence intervals for hypothesis testing are constructed from the interval that contain the [5, 95] percentiles of the effect of 2,735 placebo treatment groups.

treatment effects, holding under multiple treatments and points in time of treatment (Xu, 2017). Acemoglu et al. (2016) show that it is possible to create a synthetic control based on pre-event abnormal returns. We use an adjusted method, suggested by Kreitmeir et al. (2024), to accommodate for multiple event dates and missing values. The treatment effect is the difference between the treated observation and its synthetic control after the point of treatment (Acemoglu et al., 2016). For each observation in the treatment group, we create a counterfactual by drawing a weighted average from all observations in the control group, such that treatment and control are as similar as possible to results prior to the treatment. Our donor pool of counterfactual companies consists of MSCI-ACWI corporations that do not participate at any annual meeting.[21]

We draw the synthetic match from the convex combination of returns from the control group optimally weighted based on the returns of the relevant treated firm prior to the event. $\hat{\phi}[0,\tau]$ denotes the estimated average treatment effect of the respective event window starting on Day 0 and ending on Day $\tau = 0, \ldots, 10$. We construct the confidence intervals based on the average treatment effect from 2,735 placebo treatment groups.[22]

Table 3 reports the synthetic results for the estimation days 0 to 10, along with 90% confidence intervals. Across all time windows, our estimates of $\hat{\phi}[0,\tau]$ do not reach statistical significance at conventional levels. Moreover, the synthetic matching results reinforce the findings from the classic event study, showing even more robustly null effects. In summary, our findings indicate that firms attending the WEF do not outperform non-

[21] We calculate the synthetic controls using the "synthReturn" package in R (Kreitmeir et al., 2024).

[22] For each placebo treatment group, we draw 100 placebos. We repeat this process 10 times per placebo treatment group, resulting in 1,000 placebos per treated group.

attendees, neither during the event nor in the longer run.

4 Davos Effect on Corporate Ratings

4.1 Credit Ratings

Next, we intend to explore whether Davos attendance affects a more long-term indicator of firm performance. Specifically, we use the long-term foreign-currency issuer credit ratings at the end of the respective year of the three largest credit rating agencies: Fitch, Moody's, and Standard & Poor's. Following Fuchs and Gehring (2017), we convert the alphanumeric rating levels into a uniform numerical scale, where 1 is the lowest rating category (rating "C" or lower) and 21 is the best possible rating ("AAA" for Fitch and Standard & Poor's and "Aaa" for Moody's).[23] If the credit rating differs across agencies, we take the average value from the agencies that issue a rating for the respective company. The resulting estimation sample contains an unbalanced panel of credit ratings for 1,543 firms, of which 399 companies have been represented at least once at a WEF annual meeting. Appendix Table A8 shows the summary statistics.

We re-run the estimation from equation (1) but replace the dependent variable with the numerically scaled long-term foreign-currency issuer credit rating. Table 4 shows the annual estimation of our baseline with corporate credit ratings as our dependent variable. In line with our results for excess returns, company attendance does not impact corporate credit ratings according to columns 1 to 5. When restricting the sample to companies based in one of the 26 emerging economies (Appendix Table A9), we come to the same conclusion.

In column 6, we again test for the existence of a newcomer effect, i.e., the effect of attending the annual meeting for the first time. We find that attending the meeting at Davos for the first time increases the rating on the 21-point scale by 0.14 rating points on average. This effect is statistically significant but small in quantitative terms.

Arguably, our findings may be subject to reverse causality as firms may also have been accepted as new attendees due to having received a better rating. To check for potential bias due to reverse causality, we perform a placebo test in Appendix Table A10. Specifically, we add binary variables where the newcomer variable is shifted forward by one and two years, respectively. A significant two-year lag could indicate a reverse causality problem, i.e., companies with better ratings would be more likely to attend the WEF summit. A significant coefficient on the one-year lag, however, could hint at an announcement effect as new participants might already become public in the weeks before the event. Since the WEF summit usually takes place in January, it is likely that some information on the participant list is already available at the end of the previous year.

[23] See Appendix Table A7 for details.

In line with this idea, we find a significantly positive coefficient on the one-year lag. It is reassuring that the two-year lag does not reach statistical significance at conventional levels.

Table 4 – Regression results for ratings

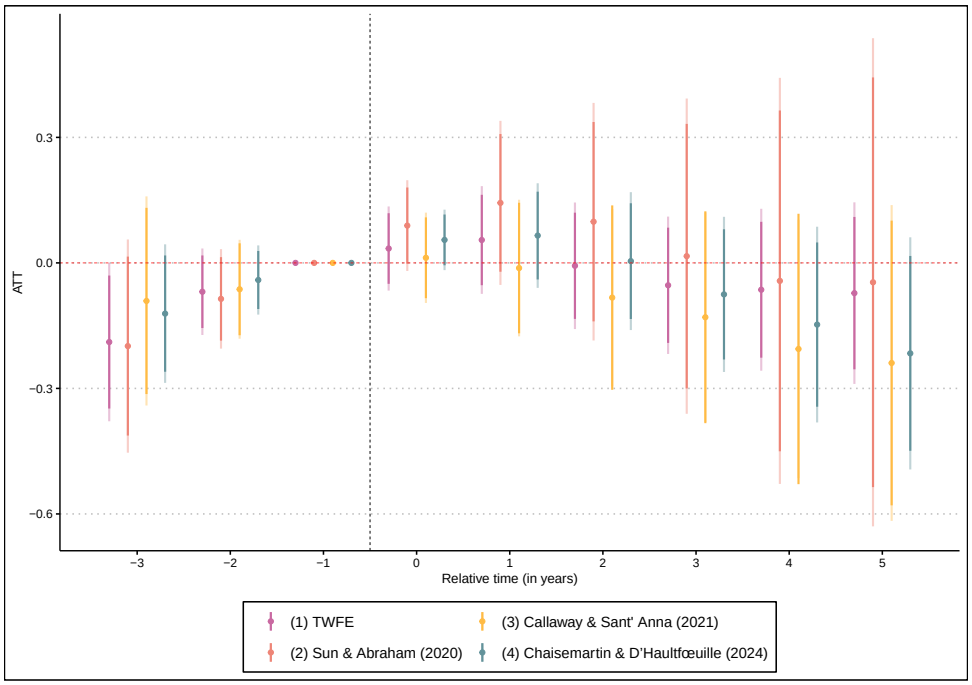
	(1)	(2)	(3)	(4)	(5)	(6)
Company attendance	0.034	0.024			0.076	-0.009
	(0.058)	(0.067)			(0.060)	(0.066)
No. of delegates			0.021			
			(0.028)			
Attendance size				0.043		
				(0.045)		
# employees (1,000)					0.003***	
					(0.001)	
Market share					21.867***	
					(4.128)	
Newcomer						0.138**
						(0.065)
Observations	11,346	11,346	11,346	1,802	9,156	10,401
R2	0.93618	0.94969	0.93618	0.95137	0.94610	0.94292
within R2	0.00009	0.00007	0.00021	0.00293	0.02273	0.00064

Notes: The dependent variable is long-term issuer ratings transformed to a numeric scale (see Appendix Table A7). Column 2 shows weighted regression results. Weights are lagged end-of-year market values of all MSCI-ACWI constituents normalized to one. Column 5 includes number of employees and market share as controls. All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

We also estimate the effect of WEF attendance on corporate credit ratings in an event study design as described in equation (2) for returns. Figure 4 again compares the standard fixed effects estimation in model 1 (pink) with the three alternative estimation methods for the annual event study. When using TWFE (model 1), it seems that we detect a significant pre-trend in $t-3$, at the 10% level of significance. However, this weakly significant effect disappears when we account for the presence of heterogeneous treatment effects using the more advanced methods in models 2–4. Crucially, for the post-treatment period, the coefficients remain insignificant. This confirms our earlier findings that attending Davos does not significantly improve corporate ratings.

Overall, our results on corporate ratings show no significant overall effects across samples and methods; we only find some small effects on companies attending the WEF summit for their first time. This effect is not only small in magnitude, but it is also of limited significance as firms are unable to capitalize on these improved investment recommendations in terms of their stock market performance, as demonstrated above. What is more, it is unlikely that this (almost) non-finding is driven by reverse causality, as more rather than less performing firms should be more likely to become WEF members

Figure 4 – Annual event study results for ratings



Notes: The dependent variable is long-term issuer ratings transformed to a numeric scale (see Appendix Table A7). The points denote the point estimates of the average treatment effect on the treated (ATT). The bars show the confidence interval at the 95% level (solid color) and at the 90% level (lighter shade). Time is relative time since first treatment.

(if at all).[24]

4.2 ESG Scores

Besides economic performance, the WEF claims to be an organization that fosters social norms among their members and their stakeholders (Schanzenbach and Sitkoff, 2020). While general welfare gains may be difficult to pin down to a single enterprise, the Environmental, Social, and Governance (ESG) Score is a popular attempt to evaluate CSR measures (Aouadi and Marsat, 2018, Schanzenbach and Sitkoff, 2020). To empirically test whether the WEF is effective in achieving its broader goals, we collect the ESG scores for all companies in our sample between 2009 and 2018. We use Refinitiv ESG Scores from Datastream.[25] The ESG score comprises three subcategories—environmental, social, and governance—that all combine several topic-related indicators (LSEG, 2024). Overall, we obtain ESG scores for 2,664 firms in our sample. The score takes a numeric value between 0 and 100, where 0 is the lowest and 100 the highest possible score. Our dataset includes information on an overall score and sub-scores for its environmental,

[24]Reversing the causal link and estimating a regression specification that explains entry into the WEF, it also does not appear that our results are subject to reverse-causality bias (see Appendix Table A12 for details).

[25]Refinitiv was renamed to LSEG Group in August 2023.

social responsibility, and governance pillars.[26] We report the summary statistics for ESG Scores in Appendix Table A11.

We repeat our baseline estimation from equation (1) but replace the dependent variable with ESG scores. Table 5 reports our main results. For the overall ESG score, we find a positive and statistically significant effect at the 10% level in column 1. Attending the annual summit at Davos is associated with an increase in the ESG score by 0.82 points on average. For the sub-scores in columns 2 to 4, only the ESG social score yields a positive and significant result. The effect of WEF attendance on the social score is more than twice as large and is highly statistically significant at the 1% level. Attending the annual summit is associated with a 1.7 point increase, which corresponds to 6.9% of a standard deviation.

Table 5 – Regression results for ESG scores

	Overall	Environment	Social	Governance
	(1)	(2)	(3)	(4)
Company attendance	0.816*	0.271	1.714***	-0.159
	(0.438)	(0.610)	(0.582)	(0.701)
Observations	22,085	22,079	22,079	22,083
R2	0.8950	0.8927	0.8852	0.7571
within R2	0.0004	0.0000	0.0011	0.0000

Notes: The dependent variable is the ESG score. Column 1 shows the result for the overall score issued by LSEG (2024). Columns 2, 3, and 4 report the results for the environmental, social, and governance sub-scores, respectively. All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

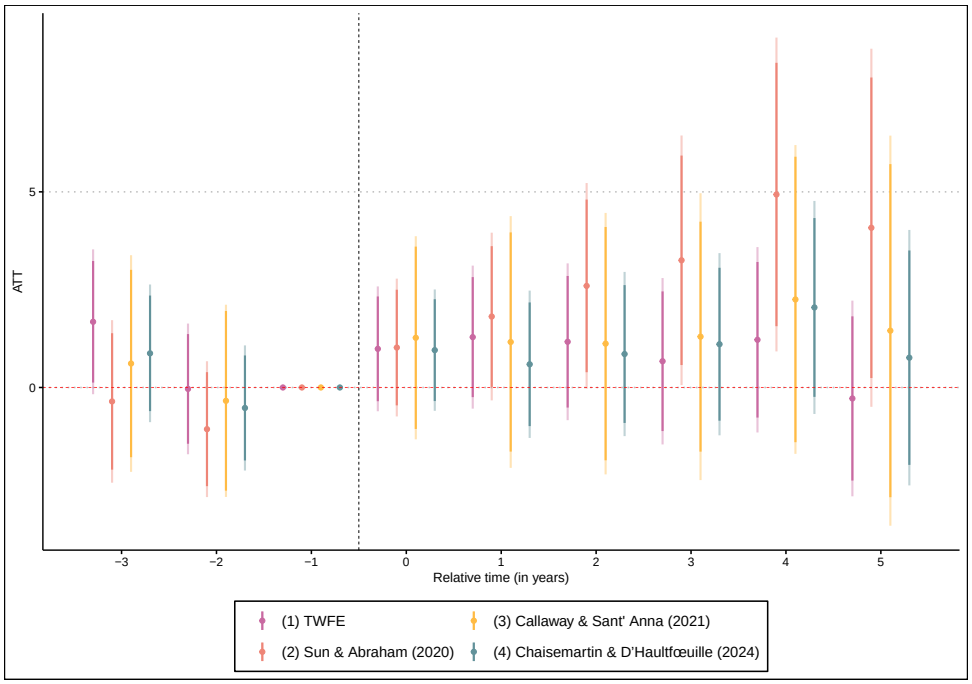
Appendix Table A13 drills further down into the details of the ESG social score. ESG social sub-scores are available on Human Rights, Product Responsibility, Workforce, and Community. We find that WEF attending firms are more effective "in terms of respecting fundamental human rights conventions" than non-attendees (2.5 points on the 0–100 scale). They also show a larger "commitment to being a good citizen, protecting public health and respecting business ethics" (1.6 points) and a larger "capacity to produce quality goods and services, integrating the customer's health and safety, integrity and data privacy" on average (1.8 points). These figures correspond to percentage increases of 8.1%, 3.0%, and 3.6%, respectively.

As for excess returns and corporate credit ratings, we also perform an annual event study looking at the same four different estimation methods. Plotting the pre- and post-treatment periods for the overall ESG score in Figure 5, we find an increase in the overall ESG rating for model 2 (Sun and Abraham, 2021), which is in line with results from column 2 in Table 5. However, this is not robust across models.

As expected, the results are stronger when only looking at the ESG social score

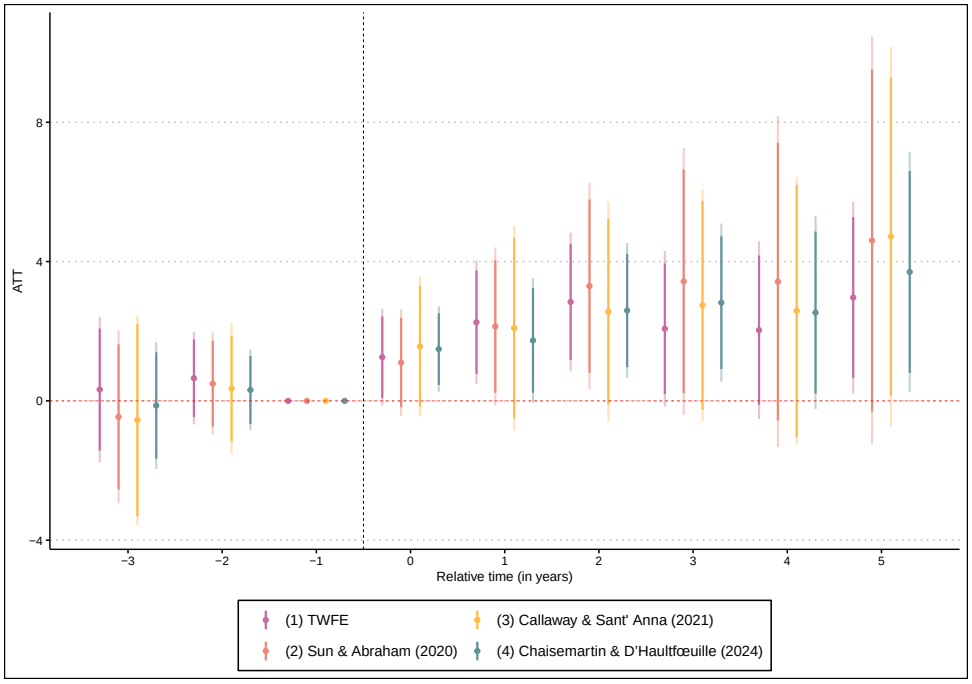
[26] See LSEG (2024) for a description of the detailed methodology.

Figure 5 – Annual event study results for ESG overall score



Notes: The dependent variable is the overall ESG score, as reported by LSEG (2024). The points denote the point estimates of the average treatment effect on the treated (ATT). The bars show the confidence interval at the 95% level (solid color) and at the 90% level (lighter shade). Time is relative time since first treatment.

Figure 6 – Annual event study results for ESG social score



Notes: The dependent variable is the ESG social score, as reported by LSEG (2024). The points denote the point estimates of the average treatment effect on the treated (ATT). The bars show the confidence interval at the 95% level (solid color) and at the 90% level (lighter shade). Time is relative time since first treatment.

in Figure 6. The pre-treatment periods are insignificant for all methods and in all pre-treatment periods. After treatment, the coefficients are positive and statistically significant for all methods and most post-treatment periods. These findings increase the confidence in our conclusion that the WEF creates positive stakeholder effects, but they appear largely confined on social issues.

5 Conclusions

Corporate leaders face high opportunity costs for attending a summit. We investigate the corporate benefits from attending the Annual Summit of the World Economic Forum in Davos, Switzerland, which attracts hundreds of global business leaders. To empirically examine whether WEF participation yields economic returns, we construct a novel database of WEF attendees for the 2009–2018 period, matched with firm-level data on stock market performance and corporate ratings. Using fixed-effects estimations, we assess whether companies present at Davos perform better, and whether the number of attendees matters once a company participates.

Our findings do not support the idea that the world's most renowned summit of global leaders directly generates significant value for businesses. Specifically, we do not find any evidence that Davos attendance improves stock market performance. Regarding corporate credit ratings, we also find no overall effects across specifications and subsamples, except for a small, positive effect for companies attending for the first time.

We further use daily event studies—including a synthetic control approach—to test for short-term stock market effects around the annual meeting itself. Again, we find no significant positive effects of Davos attendance on stock market performance.

The main goal of this paper was to assess whether Davos attendance benefits firms themselves. From the perspective of profit-maximizing firms, our tentative answer is no: we find no consistent evidence that participation improves market valuations or creditworthiness. However, this does not imply that Davos is merely a boondoggle. Companies may derive indirect benefits by aligning with stakeholder expectations and contributing to a global public good. Our results support this view, showing that Davos attendance is associated with significantly higher ESG ratings—particularly in the social dimension. This effect is especially relevant in light of growing investor attention to ESG metrics, with large asset managers increasingly linking capital allocation decisions to firms' performance on social and environmental criteria.

Our study is a first step toward understanding the effects of one of the world's most prestigious summits. The new data introduced here opens avenues for future research. Beyond firm-level outcomes, it is of interest to examine whether individual delegates benefit from Davos attendance—for example, in terms of career progression,

compensation, professional networks, or job satisfaction. It is also worth exploring whether the summit shapes public discourse. For instance, survey data could help assess whether media coverage around Davos influences public opinion in countries with strong corporate or political representation at the summit. Such an analysis would help to further evaluate whether the Davos summit indeed contributes to a global public good, as suggested by our finding of stakeholder effects.

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Appendix

A Additional Tables

Table A1 – Sources of WEF annual meeting lists

Year	Description	Source
2009	World Economic Forum Annual Meeting List of Participants as of 30 April 2013	Online
2010	World Economic Forum Annual Meeting List of Participants as of 30 April 2013	Online
2011	World Economic Forum Annual Meeting List of Participants as of 30 April 2013	Online
2012	World Economic Forum Annual Meeting List of Participants as of 30 April 2013	Online
2013	World Economic Forum Annual Meeting List of Participants	Quartz.com
2014	World Economic Forum Annual Meeting List of Participants as of 14 January 2014	Online
2015	World Economic Forum Annual Meeting List of Participants as of 20 January 2015	Online
2016	World Economic Forum Annual Meeting List of Participants as of 13 January 2016	Online
2017	World Economic Forum Annual Meeting List of Participants as of 10 January 2017	David Yanofsky
2018	World Economic Forum Annual Meeting List of Participants as of 19 January 2018	David Yanofsky

Table A2 – Summary statistics returns

	count	mean	sd	min	max
Return	22700	-0.001	0.443	-1.232	12.633
Company attendance	22700	0.116	0.320	0.000	1.000
No. of delegates	22700	0.273	0.951	0.000	11.000
Attendance size	2627	2.358	1.705	1.000	11.000
# employees (1,000)	18364	39.865	82.140	0.002	2300.000
Market share	22650	0.004	0.013	0.000	0.502
Lagged Rating	10262	13.782	2.645	1.000	21.000
Lagged Return	20430	0.001	0.460	-1.232	12.633
MSCI World	22700	0.620	0.485	0.000	1.000
Newcomer	20430	0.011	0.106	0.000	1.000

Notes: Descriptive statistics based on sample used in Table 1, column 1.

Table A3 – Regression results for returns: Emerging Markets

	(1)	(2)	(3)	(4)	(5)	(6)
Company attendance	-0.029	-0.041			-0.002	0.001
	(0.032)	(0.028)			(0.043)	(0.027)
No. of delegates			-0.012			
			(0.014)			
Attendance size				-0.003		
				(0.023)		
# employees (1,000)					-0.001	
					(0.001)	
Market share					6.196	
					(4.449)	
Newcomer						-0.010
						(0.044)
Observations	8,630	8,630	8,630	543	6,422	7,767
R2	0.36735	0.46871	0.36734	0.72129	0.38872	0.30650
within R2	0.00007	0.00036	0.00006	0.00006	0.00284	0.00000

Notes: The dependent variable is annual excess returns of shares included in the MSCI-ACWI which are calculated as the relative change of the end-of-the-year closing rate measured in US$. Column 2 shows weighted regression results. Weights are lagged end-of-year market values of all MSCI-ACWI constituents normalized to one. Column 5 includes number of employees and market share as controls. All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Table A4 – Summary statistics event study

	count	mean	sd	min	max
WEF members					
abnormal_return	4481	0.003	0.022	-0.143	0.160
CAR 0 to 10	4481	0.007	0.087	-1.208	0.721
CAR Event	4481	0.007	0.044	-0.560	0.302
# of employees (in 1000)	4481	27305.260	56102.465	2.000	552810.000
Total debt (in USD)	4481	7.780e+09	2.583e+10	0.000	5.291e+11
ROA	4481	17.263	126.446	-1744.616	7571.629
Market share	4481	0.003	0.006	0.000	0.130
Total debt (in USD)	4481	7.780e+09	2.583e+10	0.000	5.291e+11
weight	4481	0.000	0.000	0.000	0.006
Newcomer	4481	0.000	0.000	0.000	0.000
Non-members					
abnormal_return	374	0.003	0.021	-0.110	0.133
CAR 0 to 10	374	0.003	0.069	-0.313	0.438
CAR Event	374	0.005	0.039	-0.174	0.300
# of employees (in 1000)	374	61918.529	73765.301	30.000	394998.000
Total debt (in USD)	374	2.274e+10	6.244e+10	0.000	4.534e+11
ROA	374	25.439	115.374	-145.096	1839.338
Market share	374	0.006	0.010	0.000	0.078
Total debt (in USD)	374	2.274e+10	6.244e+10	0.000	4.534e+11
weight	374	0.001	0.002	0.000	0.008
Newcomer	374	0.134	0.341	0.000	1.000
Total					
abnormal_return	4855	0.003	0.022	-0.143	0.160
CAR 0 to 10	4855	0.007	0.086	-1.208	0.721
CAR Event	4855	0.006	0.044	-0.560	0.302
# of employees (in 1000)	4855	29971.658	58380.697	2.000	552810.000
Total debt (in USD)	4855	8.933e+09	3.052e+10	0.000	5.291e+11
ROA	4855	17.893	125.636	-1744.616	7571.629
Market share	4855	0.003	0.007	0.000	0.130
Total debt (in USD)	4855	8.933e+09	3.052e+10	0.000	5.291e+11
weight	4855	0.000	0.001	0.000	0.008
Newcomer	4855	0.010	0.101	0.000	1.000

Notes: Descriptive statistics based on sample used in Appendix Table A5 for abnormal returns and Table 2 for cumulative abnormal returns.

Table A5 – Event study results for abnormal returns

	(1) WEF members	(2) Non-members	(3) Difference	(4) Newcomers
0	-0.0005	0.0009	-0.0014**	-0.0028
	(0.0014)	(0.0012)	(0.0006)	(0.0020)
1	-0.0005	0.0012	-0.0014**	-0.0028
	(0.0014)	(0.0020)	(0.0006)	(0.0020)
2	0.0002	0.0003	-0.0000	0.0001
	(0.0011)	(0.0016)	(0.0004)	(0.0015)
3	-0.0005	0.0012	-0.0014**	-0.0027*
	(0.0014)	(0.0020)	(0.0007)	(0.0015)
4	0.0020**	0.0024**	-0.0004	0.0031**
	(0.0008)	(0.0011)	(0.0006)	(0.0012)
5	-0.0005	0.0012	-0.0018**	0.0004
	(0.0014)	(0.0020)	(0.0009)	(0.0012)
6	-0.0016**	-0.0008	-0.0008**	-0.0040***
	(0.0007)	(0.0012)	(0.0004)	(0.0012)
7	-0.0005	0.0012	-0.0027***	-0.0036**
	(0.0014)	(0.0020)	(0.0009)	(0.0017)
8	0.0003	-0.0011	0.0014***	-0.0005
	(0.0009)	(0.0019)	(0.0004)	(0.0023)
9	-0.0005	0.0012	-0.0013	-0.0041
	(0.0014)	(0.0020)	(0.0010)	(0.0027)
10	0.0022**	0.0025**	-0.0003	0.0028
	(0.0009)	(0.0010)	(0.0004)	(0.0018)

Notes: The dependent variable is end-of-the-day excess returns of shares included in the MSCI-ACWI, which are calculated as the relative change of the end-of-the-day closing rate measured in US$. Event day 0 represents the first day of the annual WEF meeting in Davos, Switzerland. Abnormal returns are calculated using the market model with an estimation window of 220 trading days ending 30 days prior to event day 0. The estimation includes 25,074 firm-event pairs. Column 1 reports the respective coefficients for WEF attendees, column 2 for non-attendees within MSCI-ACWI-listed countries. Column 3 reports a two-tailed t-test between column 1 and column 2. Column 4 shows the effect for WEF attendees of newcomers only. Robust standard errors clustered at the level of trading days are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A6 – Event study results for cumulative abnormal returns and alternative control group

	(1) WEF members	(2) Non-members	(3) Difference	(4) Newcomers
CAR 0 to 0	-0.0006	0.0037**	-0.0015	-0.0007
	(0.0016)	(0.0019)	(0.0020)	(0.0027)
CAR 0 to 1	-0.0012*	0.0014	-0.0026***	0.0007
	(0.0007)	(0.0016)	(0.0009)	(0.0024)
CAR 0 to 2	-0.0006	0.0037**	-0.0041*	0.0000
	(0.0016)	(0.0019)	(0.0023)	(0.0028)
CAR 0 to 3	0.0008	-0.0003	0.0011	0.0002
	(0.0014)	(0.0019)	(0.0009)	(0.0022)
CAR 0 to 4	-0.0006	0.0037**	-0.0029	0.0002
	(0.0016)	(0.0019)	(0.0025)	(0.0028)
CAR 0 to 5	-0.0000	0.0015	-0.0015*	-0.0016
	(0.0007)	(0.0015)	(0.0008)	(0.0014)
CAR 0 to 6	-0.0006	0.0037**	-0.0044*	-0.0014
	(0.0016)	(0.0019)	(0.0027)	(0.0032)
CAR 0 to 7	0.0002	-0.0013	0.0014	-0.0028**
	(0.0012)	(0.0019)	(0.0011)	(0.0014)
CAR 0 to 8	-0.0006	0.0037**	-0.0030	-0.0042
	(0.0016)	(0.0019)	(0.0029)	(0.0034)
CAR 0 to 9	-0.0000	0.0006	-0.0006	-0.0004
	(0.0006)	(0.0008)	(0.0008)	(0.0016)
CAR 0 to 10	-0.0006	0.0037**	-0.0036	-0.0046
	(0.0016)	(0.0019)	(0.0030)	(0.0037)
CAR Event	0.0019**	0.0064***	-0.0045***	-0.0000
	(0.0008)	(0.0024)	(0.0015)	(0.0012)

Notes: The dependent variable is end-of-the-day excess returns of shares included in the MSCI-ACWI, which are calculated as the relative change of the end-of-the-day closing rate measured in US$. The control group only consists of firms that have not yet been treated in the relevant year but will be treated in the future. Event day 0 represents the first day of the annual WEF meeting in Davos, Switzerland. Abnormal returns are calculated using the market model with an estimation window of 190 trading days, which runs from 220 to 30 trading days prior to the start of the event at trading day $T = 0$. The estimation includes 25,074 firm-event pairs. Column 1 reports the respective average cumulative abnormal return for WEF attendees, column 2 for non-attendees within MSCI-ACWI-listed firms. Column 3 reports a two-tailed t-test between column 1 and column 2. Column 4 shows the effect for WEF attendance of newcomers only. The last row ("CAR event") reports the average cumulative abnormal return throughout the entire event, which varies between three and four trading days over the 2009–2018 period. Robust standard errors clustered at the level of trading days are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A7 – Conversion of corporate ratings into numerical values (21-point scale)

Fitch	Moody's	S&P	Numerical scale
AAA	Aaa	AAA	21
AA+	Aa1	AA+	20
AA	Aa2	AA	19
AA-	Aa3	AA-	18
A+	A1	A+	17
A	A2	A	16
A-	A3	A-	15
BBB+	Baa1	BBB+	14
BBB	Baa2	BBB	13
BBB-	Baa3	BBB-	12
BB+	Ba1	BB+	11
BB	Ba2	BB	10
BB-	Ba3	BB-	9
B+	B1	B+	8
B	B2	B	7
B-	B3	B-	6
CCC+	Caa1	CCC+	5
CCC	Caa2	CCC	4
CCC-	Caa3	CCC-	3
CC	Ca	CC	2
C	C	C	1
DDD		SD	1
DD			1
D		D	1
RD			1

Source: Own adaption, based on Fuchs and Gehring (2017).

Table A8 – Summary statistics ratings

	count	mean	sd	min	max
Credit Rating	11346	13.627	2.650	1.000	21.000
Company attendance	11346	0.174	0.379	0.000	1.000
No. of delegates	11346	0.422	1.154	0.000	9.000
Attendance size	1973	2.426	1.673	1.000	9.000
# employees (1,000)	9257	52.575	79.926	0.011	961.000
Market share	11223	0.006	0.018	0.000	0.502
Lagged Outlook	10748	1.915	0.481	1.000	3.000
Lagged Rating	10908	13.664	2.698	1.000	21.000
MSCI World	11346	0.762	0.426	0.000	1.000
Newcomer	10406	0.017	0.130	0.000	1.000

Notes: Descriptive statistics based on sample used in Table 4, column 1.

Table A9 – Regression results for ratings: Emerging Markets

	(1)	(2)	(3)	(4)	(5)	(6)
Company attendance	-0.012	0.041			0.045	-0.075
	(0.127)	(0.149)			(0.131)	(0.138)
No. of delegates			-0.007			
			(0.053)			
Attendance size				0.040		
				(0.052)		
# employees (1,000)					-0.001	
					(0.002)	
Market share					10.454***	
					(2.830)	
Newcomer						0.089
						(0.129)
Observations	2,700	2,700	2,700	316	1,895	2,505
R2	0.94516	0.96742	0.94516	0.97494	0.95836	0.94962
within R2	0.00001	0.00020	0.00002	0.00512	0.01151	0.00046

Notes: The dependent variable is long-term issuer ratings transformed to a numeric scale (see Appendix Table A7). Column 2 shows weighted regression results. Weights are lagged end-of-year market values of all MSCI-ACWI constituents normalized to one. Column 5 includes number of employees and market share as controls. All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Table A10 – Regression results for ratings: Placebo test

	(1)	(2)	(3)	(4)	(5)	(6)
Company attendance	-0.009	0.013	-0.008	0.023	-0.030	-0.004
	(0.066)	(0.070)	(0.076)	(0.081)	(0.072)	(0.074)
Newcomer	0.138**	0.137**	0.133**	0.111	0.128*	0.100
	(0.065)	(0.068)	(0.067)	(0.070)	(0.066)	(0.068)
Newcomer t+1		0.144**	0.118*	0.103		
		(0.063)	(0.068)	(0.075)		
Newcomer t+2			0.052	0.076	0.027	
			(0.064)	(0.077)	(0.054)	
Newcomer t+3				0.010		-0.024
				(0.074)		(0.060)
Observations	10,401	9,067	7,769	6,517	7,769	6,517
R2	0.94292	0.94732	0.95378	0.96091	0.95376	0.96090
within R2	0.00064	0.00132	0.00109	0.00105	0.00060	0.00055

Notes: The dependent variable is long-term issuer ratings transformed to a numeric scale (see Appendix Table A7). All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Table A11 – Summary statistics ESG scores

	count	mean	sd	min	max
ESG Score	22085	49.835	21.315	0.630	95.070
ESG Environment Score	22079	44.392	29.466	0.000	99.250
ESG Governance Score	22083	53.711	22.668	0.180	99.380
ESG Social Score	22079	49.384	24.848	0.050	98.640
Workforce Score	22078	59.350	28.505	0.210	99.920
Human Rights Score	22078	30.617	34.485	0.000	99.490
Community Score	22078	54.713	30.812	0.000	99.920
Product Responsibility Score	22078	48.681	32.490	0.000	99.900
Company attendance	22085	0.123	0.328	0.000	1.000

Notes: Descriptive statistics based on sample used in Table 5, column 1.

Table A12 – Explaining newcomers

	(1)	(2)	(3)	(4)
Lagged Return	-0.004	-0.007*	-0.003	-0.005
	(0.003)	(0.003)	(0.003)	(0.004)
Lagged Rating	0.002	0.002	0.003*	0.002
	(0.001)	(0.002)	(0.001)	(0.002)
Lagged Outlook	0.003	0.004	0.003	0.004
	(0.003)	(0.003)	(0.003)	(0.003)
Observations	8377	8377	8377	8377
R^2	0.018	0.082	0.028	0.094
Firms	1147	1147	1147	1147
Country-Year FE		YES		YES
Sector-Year FE			YES	YES

Notes: The dependent variable is a binary variable that takes a value of one if a firm is a newcomer. All specifications include firm and year fixed effects in addition to the fixed effects listed above in the table. Clustered standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

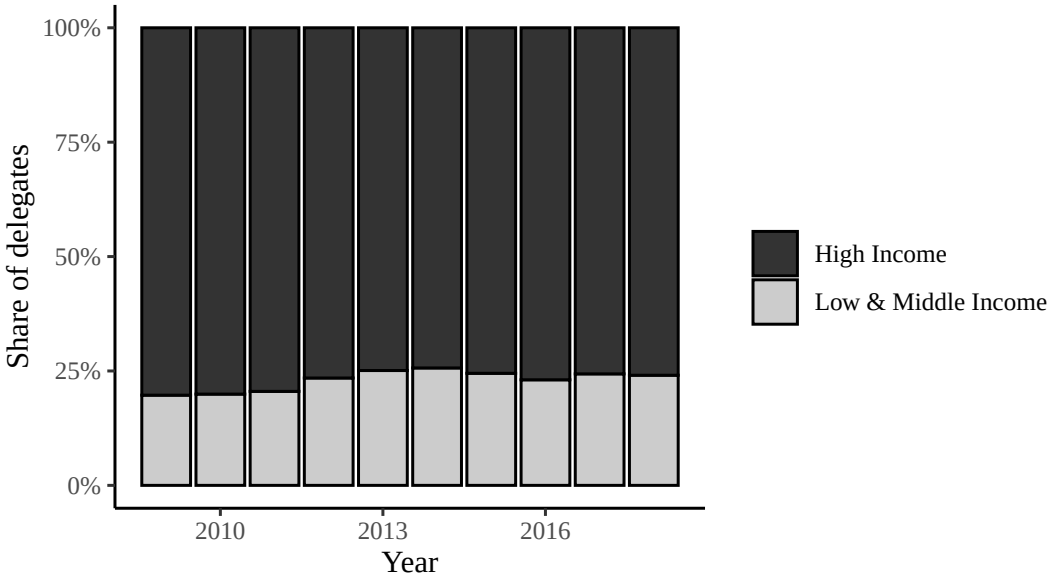
Table A13 – Regression results for ESG social scores

	Workforce	Human Rights	Community	Product Responsibility
	(1)	(2)	(3)	(4)
Company attendance	1.120	2.490**	1.630**	1.752*
	(0.776)	(0.999)	(0.728)	(0.981)
Observations	22,080	22,080	22,080	22,080
R2	0.8415	0.8068	0.8420	0.7873
within R2	0.0003	0.0007	0.0005	0.0004

Notes:The dependent variables are the sub-scores of the ESG Social Pillar score. Column 1 looks at workforce, column 2 at human rights, column 3 at the community, and column 4 at product responsibility. All specifications include firm fixed effects, sector-year fixed effects, and country-year fixed effects. Clustered standard errors at the company level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

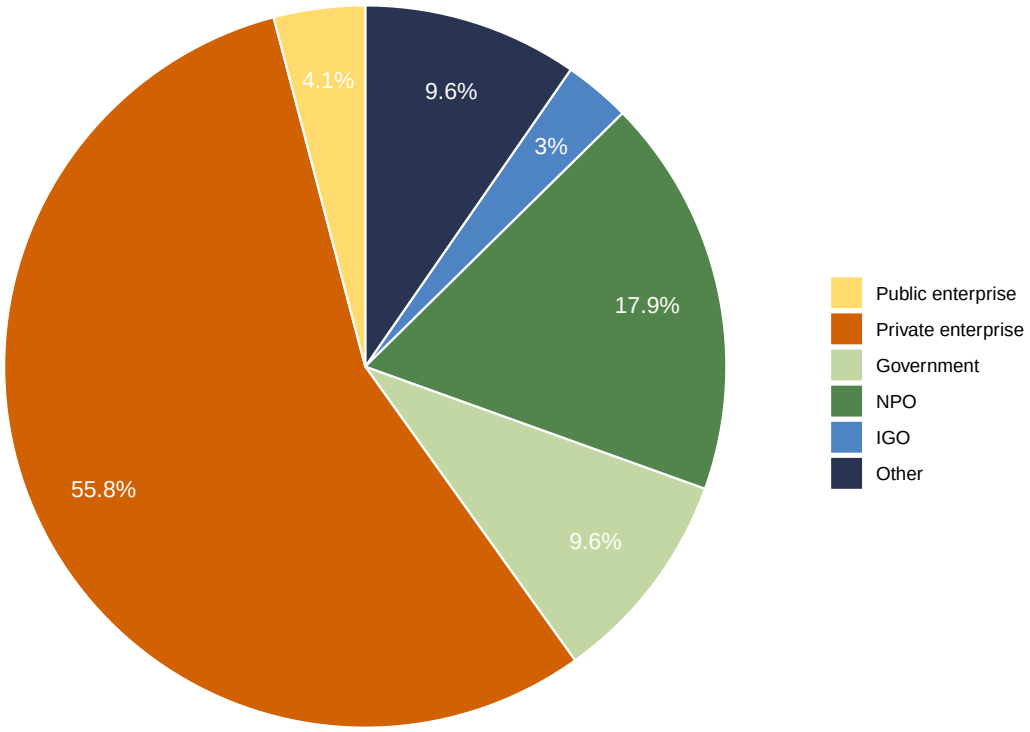
B Additional Figures

Figure B1 – Share of delegates sent from low- and middle-income countries from 2009 to 2018



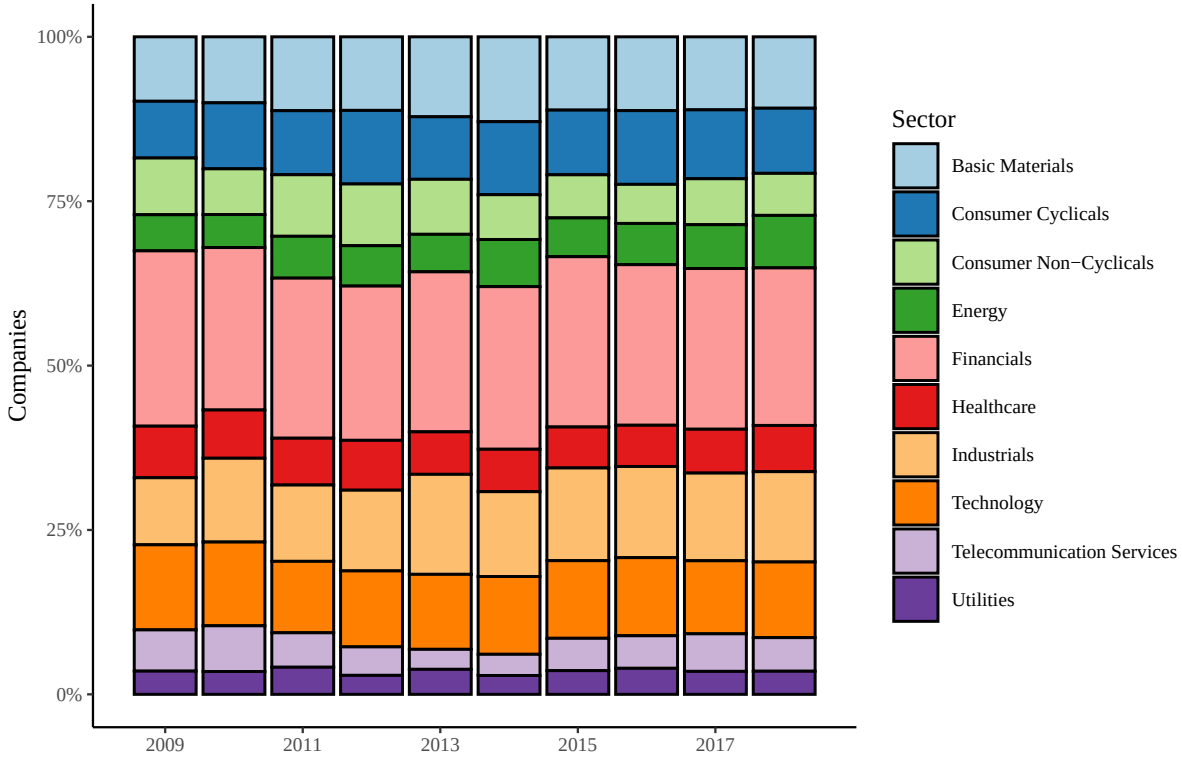
Notes: Own visualization and data collection. Data sources see Table A1.

Figure B2 – Share of organization types attending the WEF annual meeting at Davos from 2009 to 2018



Notes: Own visualization and data collection. Data sources see Table A1.

Figure B3 – Composition of corporate delegates by sector from 2009 to 2018



Notes: Own visualization and data collection. Data sources see Table A1.