

ABSTRACT

This study aims to examine investor reactions to the disclosure of Key Audit Matters (KAMs). Based on signalling theory, investors react to information published by companies, whether it is positive or negative. In this context, the Audit Standard (SA) adopting ISA 701 into SA 701 provides additional information for investors to make investment decisions.

This study uses documentation methods, utilizing financial reports of consumer goods sector companies listed on the Indonesia Stock Exchange (IDX) during the 2022-2023 period. The research sample consists of 112 companies selected through purposive sampling. Data analysis was conducted using multiple linear regression with control variables including financial performance, stock valuation, leverage, and company size to control for the scope of the study.

The results show that the disclosure of Key Audit Matters (KAMs) does not have a significant impact on investor reactions. This suggests that KAMs disclosure remains limited across most companies. Consequently, investors continue to rely on traditional financial ratios such as MTB (Market to Book Value), Leverage, and company size to make investment decisions.

Keywords: *Investor Reactions, Key Audit Matters (KAMs), SA 701*