

ABSTRACT

Market reactions are strongly related to issues or news sent to investors, which influences investing decisions. Companies must thus control the information received by investors in order to minimize the gaps or information asymmetries. One method is to publish non financial information, namely environmental, social, and governance (ESG), which is disclosed in sustainability reports. ESG disclosure, as outlined by signaling theory, can give information to investors, leading to both positive or negative signals that impact market reactions. The objective of this study was to investigate the impact of each component environmental, social, and governance information disclosure to market reaction, using profitability and leverage as control variables. The study also investigated the moderating effect of firm size on this relation. The study sample comprised of firms listed on the Indonesia Stock Exchange from 2022 to 2023, with a total of 230 samples collected using a purposive sampling approach.. Data analysis using moderated regression analysis revealed that the disclosure of environmental, social, and governance information had no significant impact on market reaction. Company size also had no significant moderating effect on the association between environmental, social, and governance disclosure with market reaction.

Keywords : ESG disclosure, market reaction, firm size, sustainability report.

