ESG, CSR, AND COMPANY CHARACTERISTICS IN FORMING INVESTOR REACTIONS

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ABSTRAK

Penelitian bertujuan mengidentifikasi lebih lanjut apakah investor memanfaatkan pengungkapan non-keuangan berupa ESG, CSR, dan karakteristik perusahaan pada emiten terindeks IDX ESG Leaders periode 2020-2022 dalam kegiatan berinvestasi mereka. Reaksi investor diukur melalui Stocks Abnormal Return (SABR) dan Trading Volume Activity (TVA), sedangkan pengungkapan non-keuangan diukur melalui ESG Score dari Morningstar Sustainanalytics, CSR Index dari GRI Indicator, dan karakteristik perusahaan berupa umur serta jenis industri. Hasil peneliti melalui 45 sampel yang terdiri dari 15 perusahaan terindeks IDXESGL menunjukkan pengungkapan ESG berhubungan negatif signifikan terhadap SABR dan TVA, akan tetapi CSR tidak ada pengaruhnya. Karakteristik perusahaan melalui umur memiliki efek positif terhadap volume perdagangan saham, sedangkan jenis industri menguasai efek negatif signifikan. Dapat disimpulkan, pengungkapan ESG dianggap sebagai sinyal negatif oleh investor karena melekatnya risiko pada perusahaan berperforma ESG. Namun, semakin tua sebuah perusahaan dapat dimanfaatkan oleh manajemen untuk mencapai keunggulan kompetitif dan sebagai sinyal positif kepada investor karena perusahaan telah memiliki hubungan kuat dengan pemangku kepentingan sehingga mampu menghasilkan kinerja keuangan yang terus stabil. Selain itu, investor cenderung lebih tertarik pada perusahaan yang beroperasi di industri dengan risiko rendah, sehingga mereka menghindari sektor-sektor tinggi emisi karbon.

Kata kunci: ESG, CSR, reaksi investor, karakteristik perusahaan, IDX ESG Leaders.

ABSTRACT

This study aims to determine whether investors use non-financial disclosures in their investment activities, such as firm characteristics within companies indexed in IDX ESG Leaders during the 2020–2022 period and ESG (Environmental, Social, and Governance) and CSR (Corporate Social Responsibility). Investor responses are evaluated using Stocks Abnormal Return (SABR) and Trading Volume Activity (TVA). At the same time, non-financial disclosures are analyzed through ESG Score from Morningstar Sustainalytics, CSR Index from GRI Indicator, and firm factors including age and industry type. Results from a study of 45 data points, including 15 companies included in IDX ESG Leaders, suggest a notable inverse connection between ESG disclosure and SABR and TVA. However, the disclosure of CSR does not demonstrate a substantial effect. Company attributes, particularly age, benefit the level of trade activity, whereas the kind of industry has a notable adverse effect. To some extent, investors view ESG disclosure as a negative indication because of the risks that come with companies that perform in terms of ESG. On the other hand, a company's advanced age can be used by management to gain a competitive edge and demonstrate stability to investors, thanks to the long-standing ties with stakeholders that result in steady financial performance. In addition, investors tend to favor companies in low-risk industries while avoiding high carbon-emitting areas.

Key words: ESG, CSR, Investor Reaction, Company Characteristics, IDX ESG Leaders.

INTRODUCTION

Companies' investment operations are categorized into internal and external (Ritonga, 2020). Companies make internal expenditures to improve their operations, including production quality and quantity, operational efficiency, business line expansion, and technical development (Esterlina and Firdausi, 2017). However, external investments involve gathering cash from different investors by selling stocks or bonds, partnering on projects, and merging companies. These monies can enhance internal regions (Esterlina and Firdausi, 2017). However, firms primarily use these investments to build trust with stakeholders, particularly investors, to improve visibility and corporate reputation on the stock exchange, similar to revealing essential social, environmental, and community information (Tan et al., 2016) that aligns with the signaling theory put forth by Spence (1973), which states that corporations must undertake actions to attract the interest of external parties and encourage them to invest in the company.

Wong (2021) revealed that sustainable and responsible investments, considering various Environmental, Social, and Governance (ESG) factors in operations, can attract investor interest. Consistent with the research of Gardina et al. (2014), Gentzkow and Kamenica (2017), Cheng et al. (2015), and Cohen et al. (2017), who argue that Corporate Sustainability Reports (CSR) can convey signals related to actual ESG performance and the quality of ESG disclosure, CSR can be a material assessment for external parties considering investments. The characteristics of companies, such as size, age, industry type, and company profitability, can also generate significant stock movements (Kusuma, 2015). The age of a company can serve as an investment criterion for investors, illustrating the extent of a company's struggle to survive and rebound amidst the intricacies of the business world while maximizing business opportunities in the economy (Martha and Gina, 2021). Meanwhile, industry type can be an investment consi-

deration for investors because it can explain the company's practices, ranging from financial performance, non-financial disclosure, legal violations, and inherent risks to the possibility of fraud occurrences, thus being able to react significantly to the stock market (Song and Han, 2017). Overall, the age and industry type of a company can contribute to financial performance, financial reporting, eroding delays in financial report completion (Gaol and Sitohang, 2020), audit delay (Indra and Arisudhana, 2017); enhance social and environmental responsibility disclosure (Dewi and Keni, 2013), underpricing (Kusuma, 2015), stock market reactions (Song and Han, 2017), earnings quality (Anjelica and Prasetyawan, 2014), and stock trading volume by investors (Kusuma, 2015).

Furthermore, several multinational companies have opted to publish sustainability performance reports as a communication tool to enhance communication with investors, although it is not mandatory (Martin and Moser, 2016). Not only investors but conventional asset managers who manage client funds (investors) and the companies themselves also consider ESG factors in the investment process (Van-Duuren et al., 2016). Martin and Moser (2016), and Pérez et al. (2020) state that sustainability performance considering ESG factors has become a hot topic due to its significance in investment considerations globally. Furthermore, this is attributed to the ability of both factors to serve as a resource advantage when integrated into a company's operational practices, formulated to impact cash flow and Corporate Financial Performance (CFP).

As a preference, investors tend to choose to invest in companies with sustainable and substantive ESG performance (Wen et al., 2022). Supported by the findings of Zadeh and Serafeim's survey (2018), as many as 82% of global investors utilize ESG disclosure in investment considerations as a material reference for a company's financial performance. The KPMG International Survey of CSR (2013) also documents that 93% of 250 global companies voluntarily disclose CSR,

and similarly, 86% of 100 large companies in the United States operate with sustainability performance. These results align with Morgan Stanley's (2019) observation that 85% of individual investors and 95% of millennials are interested in considering sustainability for investment decisions. Wong (2021), as the Director and Head of Research in Indonesia, documents that investment decisions based on ESG are dominantly implemented by global investors, accounting for 50%, while 30-40% are starting to be explored by domestic investors. In line with BNP Paribas Asset Management Global survey (2021), investment decisions based on ESG experienced a sharp increase due to public concerns about the future impact of climate change. The World Economic Forum 2020, also states that the potential impact of climate change implies that all companies are advised to incorporate sustainability aspects in the form of ESG and CSR.

Nearly all institutional investors are motivated by ESG because it can achieve high levels of long-term financial returns, stock performance, dividends, social returns, and better risk management from accredited ESG companies (Wen et al., 2022; Dyck et al., 2019; Boffo and Patalano, 2020; Pástor et al., 2021; Pedersen et al., 2021). Not only ESG but non-professional investors also prefer to invest in companies that implement CSR activities because they can boost sales from an increased customer base and lower the cost of equity. Therefore, this concept can be a consideration for investors in deciding their investment portfolios (Cheng et al., 2015; Cohen et al., 2017; Martin and Moser, 2016). Additionally, to mitigate financial risks, investors tend to be selective about companies that disclose ESG and sustainability performance, as these companies are inclined to withstand stock market shocks and have lower issues with capital and working capital (Cheng et al., 2014; Zadeh and Serafeim, 2018). Research results demonstrate that high-quality ESG disclosure strengthens the negative relationship between a company's ESG performance and the

risk of financial decline and a positive relationship between ESG performance and market value (Wen et al., 2022). Hawn et al. (2018) suggest a positive association between strong CSR practices and investor sentiment that companies with high CSR accreditation tend to be viewed favorably. Thus, ESG and sustainability investments like CSR are predicted to continue to increase in advanced economies, such as China, amounting to USD 1.57 trillion in 2019 and reaching USD 2.66 trillion in 2021 (Cohen et al., 2017).

In Lebanon and the United States, companies disclosing social and environmental issues influence investor investment decisions through stock price movements because such disclosures indicate the level of credibility in financial reporting, thereby influencing market valuation (Cohen et al., 2017; Faninda and Setiawan, 2022; Flammer, 2012). Suttipun and Yordudom (2022), Brecht et al. (2018), and Huaypad (2019) document the relationship between environmental and social information disclosure and significantly positive market reactions in Thailand, with governance producing the opposite effect. Meanwhile, Kirkerud and Tran (2019), examining the European Union, show significantly negative research results as ESG disclosure burdens companies. The Global Sustainable Investment Alliance (GSIA) in 2018 notes that Europe and the United States are the top three categories in sustainable investment, accompanied by Japan, as Tanimoto (2019) documented. The stock market in Japan needs to be more mature to appreciate the sustainability performance (CSR) of companies, as high information asymmetry results in each investor having limited information about a company's social responsibility behavior. However, the Global Steering Group Impact Investment (GSG) (2022) concludes that both individual and institutional investors in Japan express a desire and interest in investing in companies with sustainable performance. Consequently, GSIA accreditation does not show the expected high intensity and substance;

instead, the opposite is found (Murashima, 2020; Tanimoto, 2019).

In Indonesia, investment based on sustainability performance considerations has positive prospects due to the commitment of the Republic of Indonesia government through the Sustainable Roadmap implemented in 2014 (Otoritas Jasa Keuangan, 2014). Furthermore, the Indonesia Stock Exchange has recently created a new index category known as IDX ESG Leaders (IDXESGL) in December 2022. This index represents the stock market favored by issuers who fully commit to environmentally, socially, and governance-conscious practices in Indonesia. According to ESG Indonesia Capital Market (2023), at least 15 to 30 selected companies are chosen based on ESG scores, financial performance, and high stock sales liquidity assessments. Therefore, based on the earlier descriptions, the researcher is enthusiastic about conducting experiments using ESG and CSR disclosures and company characteristics by investors/stock market participants. Regarding characteristics, the study only utilizes age and industry type, as analyzed by Anjelica and Prasetyawan (2014); Gaol and Sitohang (2020); Kusuma (2015); Prasetyo (2019); Prassetio et al. (2022); Song and Han (2017). The researcher indicates whether environmental, governance, and social responsibility disclosure data, age, and industry type published by companies trigger investor reactions. Investor reactions can be examined through event studies with measurements of abnormal return and trading volume activity, essentially reflecting significant changes in stock prices and transaction volumes as conducted in previous literature (Capelle-Blancard and Petit, 2017; Cohen et al., 2017; Flammer, 2012; Rettob and Sutrisno, 2016; Suttipun and Yordudom, 2022; Wicaksono and Adyaksana, 2020).

THEORETICAL REVIEW
Signaling Theory

Building on the work of Spence (1973), this theory examines the phenomenon of in-

formation asymmetry in the context of corporate management and investors. In such a scenario, management, as the signaling party, possesses superior knowledge compared to investors, who have limited information (Bergh et al., 2014). Consequently, management can strategically disclose information to influence investors' decisions. The information disclosed can be positive or negative, and both types can be valuable to investors (Yasar et al., 2020).

Critically, interpreting past information is crucial to understanding its current significance, and new information also plays a role in shaping investors' perceptions (Steigenberger and Wilhelm, 2018). The quality and relevance of the information disclosed are paramount for it to be impactful also the signaling party's reputation, in terms of trust & prestige, is essential for the signals to be effective and lead to desired actions by investors (Bergh et al., 2014; Yasar et al., 2020).

Resource-based Theory (RBT)

RBT posits that firms can achieve a sustainable competitive advantage by leveraging their unique and valuable resources (Barney, 1996). These resources must be difficult for competitors to imitate and scarce in order to provide a long-term advantage (Alvarez and Barney, 2017; Bromiley and Rau, 2015; Kozlenkova et al., 2014). A good CSR reputation can be considered an intangible resource that strengthens brand value and creates a competitive advantage (Lourenço et al., 2014). Furthermore, research suggests that a strong ESG reputation can lead to improved financial performance, increased investments and economic opportunities, higher employee productivity, also easier access to financial resources (Deephouse et al., 2016).

Stakeholder Theory

The theory as proposed by Freeman (1999), emphasizes that businesses have a responsibility towards various stakeholders, including shareholders, employees, custo-

mers, suppliers, government, and the community. These stakeholders are interconnected, forming the foundation of the business (Freeman, 2017). Andriof et al. (2017) use the analogy of a wheel with the company at the center and stakeholders as the spokes, highlighting the crucial need for constant interaction. By understanding stakeholder needs, interests, and feedback, companies can make decisions that create value for all stakeholders, ultimately maximize long-term value (Jones et al., 2016).

This focus on stakeholders aligns with CSR and ESG practices such as study by Flammer (2012) suggests that CSR and ESG initiatives can generate stakeholder support by providing valuable resources like financial backing, reputation enhancement, strategic partnerships, and regulatory stability. However, satisfying all stakeholders simultaneously can be challenging. Management must prioritize and make trade-offs based on objective criteria, recognizing that maximizing everyone's satisfaction may not be achievable (Flammer, 2012).

Environmental, Social, and Governance Disclosure (ESGD)

Zadeh and Serafeim (2018) and Van-Duuren et al. (2016) observed that initially, only 20 companies in 1990 disclosed ESG data, but over time, many companies became enthusiastic and aware of non-financial goals. By 2016, nearly 9000 companies had published sustainability or integrated reports. Simultaneously, market reactions exhibit positive trends, signifying an increased investor motivation towards ESG data. This phenomenon occurs because companies that disclose more information about ESG can enhance ESG performance, thereby improving the quality of sustainability report scores (CSR).

Furthermore, identifying ESG information in specific industries can be utilized as forecasts deemed most relevant and predictive of a future CFP (Khan et al., 2016). Consequently, ESG disclosure can serve as an assessment of a company's long-term

performance, making it a priority in decision making processes for its impact on corporate value (Capelle-Blancard and Petit, 2017). Crace and Gehman (2023) adds that ESG has been established as triple bottom line performance, indicating that these three aspects can guide companies in implementing sustainable concepts.

Capelle-Blancard and Petit (2017) discovered that negative ESG coverage resulted in a 0.1% decline in the market value of companies indexed in the Dow Jones Sector Titans in USA. Conversely, the emergence of positive ESG information yielded negligible value. Furthermore, this is attributed to investors paying more attention to negative ESG coverage, and losses are exacerbated when companies promise to provide more positive ESG information but fail to align with reality (Yasar et al., 2020). Consequently, the ambiguity in the stock market/legal system indicates the need for companies to be more aware and informed about ESG issues.

Corporate Sustainability Report (CSR)

The presence of CSR is anticipated to be the company's response to the obligation of sustainable social responsibility, demonstrating the company's awareness and commitment to enhancing the well-being of the broader community (Tan et al., 2016). Supported by Cohen et al., (2017) research in USA, there is a trend for CSR that on 1991, only 2 companies announced sustainability reports, increasing to 230 companies by 2006. Then on 2010, *PricewaterhouseCoopers* (PwC) survey state that 81% of European countries, including the USA and Canada, issued CSR reports, especially for companies indexed in the S&P 500 (Gipper et al., 2023). Studies by Hawn et al. (2018) suggest a global trend towards uniformity in CSR practices, potentially reducing differentiation for USA companies.

On the other side, Sahasranam et al. (2022) research suggests that multi-national companies in developing economies like Africa and India often adopt CSR standards

and policies mirroring those of developed nations. However, Mugova et al. (2017) argue for context-specific evaluation due to significant social, economic, and political differences and also environmental crises. Developing countries often rely on government regulations to encourage or mandate CSR activities (Abdelhalim and Eldin, 2019; Osuji and Obibuaku, 2014). While these regulations aim to accelerate CSR adoption, the focus on compliance may lead to symbolic implementation without maximizing societal benefits (Adib et al., 2019). Consequently, symbolic CSR initiatives can lead to adverse market reactions, adversely affecting the stock prices of issuers (Julian and Ofori-Dankwa, 2014). To optimize CSR's potential, developing countries need to move beyond mere compliance and cultivate a culture of genuine social responsibility, aligning corporate actions with societal needs and government goals (Sharma, 2019).

Investors Reaction

The investors referred in this study imply the conditions or stock market reactions on the Indonesia Stock Exchange (BEI), including retail, institutional, and foreign investors. Market reactions, often mentioned in previous literature, can be examined through event studies, indicating the reception of information by various parties and resulting in feedback from these parties, resembling an interaction (Capelle-Blancard and Petit, 2017; Cohen et al., 2017; Flammer, 2012; Suttipun and Yordudom, 2022; Wicaksono and Adyaksana, 2020). Furthermore, this study analyzes stock market behavior regarding stock price movements around the time of the event (Ji et al., 2022). Rettob and Sutrisno (2016) explain that an event is a sudden and spontaneous action or, in other words, not planned, implying a high market reaction. Therefore, market reactions arising from an event can be measured through *Stocks Abnormal Returns* (SABR). This measurement indicates a significant difference between the expected and actual returns, resulting in a surprising return, either positive or negative, also known as abnormal returns. Obtaining suitable information can increase the company's value, referred to as positive abnormal returns, while negative SABR indicate the opposite (Frank and Sanati, 2018). However, if it yields abnormal returns of zero, it indicates a non-reaction by the stock market/investors.

Not only are stock price changes resulting from an event, but *Trading Volume Activity* (TVA) is also significantly affected (Rettob and Sutrisno, 2016). Investors, as representatives of the market, also need to consider TVA in investment considerations, which interprets the total number of shares traded on the stock exchange during the relevant period (Wicaksono and Adyaksana, 2020) because actively traded stocks can be identified based on the level of high volume of shares traded, and this volume can be measured in research through TVA (Rettob and Sutrisno, 2016; Wicaksono and Adyaksana, 2020). Furthermore, the increase and decrease in the total number of shares traded are entirely influenced by stock prices, so high prices cause investors to avoid or be unable to purchase shares of the related company. Thus, it can be concluded that these two aspects are significantly related, as explained by Muthaharia and Yunita (2021) SABR resulting from significant changes in stock prices have a statistically significant relationship with TVA because price changes can influence how much stock trading volume moves. The changing stock prices affect the amount of traded shares.

The Influence of ESG Disclosure on Investor Reactions

Disclosure by companies regarding ESG aspects through corporate governance can be considered by investors in their investment decisions, as evidenced by Garavaglia et al. (2023) and Gentzkow and Kamenica (2017). Wong and Zhang (2022) describe how the impact of ESG disclosure news can affect the stock performance of issuers. Furthermore, negative ESG news covered by the media

results in a decline in stock value, while positive-quality ESG reporting does not affect the stock value of issuers (Capelle-Blancard and Petit, 2017). So, the investors are more aggressive towards statements and practices that negatively affect ESG disclosure, aligning with the findings of Burke (2020) and Crifo et al. (2015). It is explained that companies irresponsibly addressing ESG issues significantly incur higher capital costs, limited access to equity financing, and even the destruction of shareholder value.

On the other hand, Kirkerud Tran (2019) found that ESG disclosure is classified as a burden by companies due to the various high costs associated with its implementation. Additionally, investors, especially retail investors, are found to be more interested in non-ESG aspects related to financials, such as company revenue performance (Moss et al., 2020). Align with Garavaglia et al. (2023), who found that many companies engage in ESG Stopping Effect or the discontinuation of ESG initiatives due to concerns about the potential negative financial impact, leading to a trade-off between financial and non-financial aspects. Consequently, their research indicate that investors react more negatively to companies that cease ESG initiatives than those that postpone general business initiatives. Investors are highly sensitive to a firm's ethical considerations when stopping ESG initiatives. It demonstrates that investors have a high level of responsibility for the social and environmental consequences of stopping ESG initiatives in the future.

Studies by Boffo and Patalano (2020), Cheng et al. (2014), Dyck et al. (2019), Pedersen et al. (2021), Wen et al. (2022), Zadeh and Serafeim (2018) stated in reality, operational implementation considering ESG resulting in higher long-term gains, stable dividends, lower investment risks, and ESG accredited firms inclined to withstand stock market fluctuations and also capitalization issues. Furthermore, publicshing non-financial information like ESG should now be a company's operations priority. Therefore, this disclosure becomes a company's strategy to signal to external parties, serve as a competitive advantage in competing with competitors, and satisfy stakeholder interests.

H_{1a}: ESG disclosure has a positive effect on SABR.

H_{1b}: ESG disclosure has a positive effect on TVA.

The Influence of CSR Disclosure on Investor Reactions

Investors may utilize CSR disclosure to assist in predicting future income and cash flows as documented by Murashima (2020) that CSR is an initiative undertaken by entities to contribute for satisfy stakeholders. But, still it is expected that companies should engage in social activities as a form of responsibility to the community (Tan et al., 2016). Investors positively tend to react when management focuses on social disclosure investments rather than investments to finance the company in the future, because the value premium derived from disclosing green investments may not cause significant market fluctuations if investor preferences remain consistent with the social benefits of CSR. (Martin and Moser, 2016).

Tan et al. (2016) found positive results from CSR disclosure on investor reactions that become a crucial consideration for investors in portfolio management, helping them assess the extent of a company's social responsibility toward sustainability issues. However, Astuti and Nugrahanti (2015) did not find significance in Indonesia, particularly in manufacturing companies in 2013. So, the limited number of companies practicing CSR, and investors need help calculating its economic value, it's requiring time to process CSR disclosure information. But, Murashima (2020) identified a significant impact of CSR reporting on Japanese investor reactions, that individual investors preferred positive reporting due to perceived better opportunities. In contrast, institutional investors expressed the opposite view, citing differences in investment goals, financial literacy levels, and broader access to infor-

mation also they will adjust their investment portfolios based on adverse CSR reporting.

In line with the findings of Pérez et al. (2020), the research highlights significancies impact of negative CSR reporting on investor reactions. Consequently, investor wealth is challenging to recover, as society tends to emphasize negative announcements more than positive ones. The potential risks in investment decision-making provide insights into the losses experienced by stakeholders. Thus, this characteristic implies a framing effect, and fundamentally, human psychology tends to exhibit a 'negativity bias.' Companies are, therefore, emphasized for their more striking negative news, even though positive CSR news is prevalent (Lei and Zhang, 2020). Furthermore, concerning negative CSR information, this reference proves more useful since investors evaluating a company's CSR activities require validity and accuracy to reduce bias effects. Additionally, if investors exhibit high sensitivity to social and environmental concerns, they tend to avoid such risks and focus on negative news when assessing a company's sustainability performance (Brooks and Oikonomou, 2018).

Because of that, media plays a crucial role as it serves as a communication channel to the public, especially users/investors, regarding a company's commitment to sustainable performance to reduce information asymmetry (Pérez et al., 2020). Media, acting as an objective platform for covering both positive and negative CSR news, plays a stakeholder-like role due to its influence on CSR (Feng et al., 2018). The higher the quality of media coverage, the more significantly it can affect a company's extraordinary or abnormal stock returns. Therefore, high-quality media's positive or negative CSR reporting can result in abnormal returns (Flammer, 2012; Gregory et al., 2014).

As documented by Pérez et al. (2020), companies must maintain ethical behavior to preserve their image and reputation, because if company succeed in strengthening signals to shareholders and stakeholders through the use of internal resources like CSR disclosure, companies can garner positive reactions and satisfy external parties through sustainable, responsible business practices, creating a long-term competitive advantage.

H_{2a}: CSR disclosure has a positive effect on SABR.

H_{2b}: CSR disclosure has a positive effect on TVA.

The Influence of Company Age on Investor Reactions

Investors commonly consider a company's age as an indicator of risk and a gauge of its durability and competitiveness, which ultimately influences their investment decisions (Khoiriyah and Salman, 2020). Supported by Martha and Gina (2021), this non-financial aspect serves as a fundamental investment calculation, with older companies signifying extensive experience, capable management, and well-established internal controls (Martha and Gina, 2021). Consequently, investors perceive older companies as offering more stable performance and lower risk profiles (Anjelica and Prasetyawan, 2014). Kaya (2014) also revealed that older companies tend to comprehend various information that needs to be disclosed in financial and non-financial reports, leading management to emphasize positive factors.

A company's age can be a determinant of enhanced CFP and CSR disclosure, as suggested by Dewi and Keni (2013). This extended operational history implies the management's maturity in overcoming obstacles and mitigating risks within the operational cycle, ultimately demonstrating a greater ability to manage business opportunities effectively. Supporting this notion, Fodor et al. (2023) and Ning et al. (2014) found that investor forecasts become more accurate when considering firm age. This can be attributed to the fact that a firm age signifies its ability to endure and compete in a competitive environment, showcasing its capacity to navigate through subsequent years (Kusuma, 2015).

Statistically, the findings of Martha and Gina (2021), demonstrate a significant favorable influence of a company's age on the accuracy of financial information disclosure. Conversely, the results of experiments conducted by Dyduch et al. (2017) suggest that CSR disclosure is indirectly influenced by the significance of a company's age, potentially generating positive market reactions. However, the studies by Kusuma (2015) and Prassetio et al. (2022) imply that a company's age has a limited special relationship with TVA and SABR.

H_{3a}: Firm age has a positive effect on SABR.
H_{3b}: Firm age has a positive effect on TVA.

The Influence of Company Industry Type on Investor Reactions

Type of industry encompassing an economic sector's characteristics and operational practices, presents diverse challenges in financial and non-financial disclosures (Fahmi et al., 2019). Supported by Ding et al. (2022), who found that industry type has a varying impact on annual and sustainability reporting practices. Industries plays a significant role in shaping investor decisions and market reactions to corporate events (Kusuma, 2015). Additionally, different industry types necessitate diverse approaches to resource management (Supradnya and Ulupui, 2016; Suyono, 2019). This variation is reflected in industry classification systems like the Global Industry Classification Standard (GICS) (Phillips and Ormsby, 2016), which considers factors like production scale, workforce, and sensitivity to political, environmental, and competitive factors (Teske and Nagrath, 2022).

Probosari and Kawedar's (2019) study suggests that investors likely consider the industry's emission intensity when making investment choices. Industries closely associated with pollution, carbon emissions, and high environmental contamination are reasonably considered significant contributors to climate change, environmental degradation, and ecosystem destruction. Markets & society increasingly criticize the negative impacts of these industries, as many are now aware and concerned about environmental issues and sustainability. Consequently, numerous investors avoid such industries because companies in these sectors are perceived as having high risks, legal regulatory entanglements, and reputation uncertainties. Similarly. Studies by Afenya et al. (2022) demonstrate that industry type can influence market responses to events impacting financial reporting timeliness, potentially affecting SABR and investor sentiment. Kusuma (2015) and Prasetyo (2019) found that the type of industry has little relationship with SABR price changes also TVA of shares.

H_{4a}: Industry type has a negative effect on SABR.
H_{4b}: Industry type has a negative effect on TVA.

Figure 1 below is the research model for this study
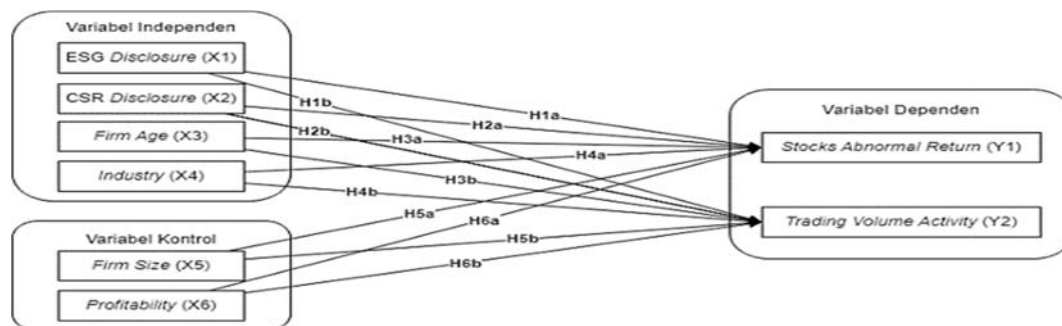
Figure 1
Research Models

Source: Data Processed (2022)

RESEARCH METHODS

The research population includes companies listed in the 'IDX ESG Leaders index continuously from 2020 to 2022 on the Indonesia Stock Exchange (BEI). This index is utilized to ensure the relevance and validity of the results as it comprises the "Top 30 ESG Firms" from all companies listed on the BEI. The researcher aims to investigate whether investors consider ESG and CSR disclosure in their investment decisions. To measure investor reactions, the researcher employs the event study research method used in previous studies, such as Rettob and Sutrisno (2016), to elucidate market responses to an event. The variables studied include Stock Abnormal Return (SABR) and Trading Volume Activity (TVA).

Both variables have a cause-and-effect relationship, where SABR indicates the abnormal movement in stock return prices. At the same time, TVA reveals the trading volume of shares that can increase or decrease based on the stock return prices. Consequently, SABR and TVA data are identified at time t (H+3 or three days after) and t-1 (H-3 or three days before) in the event of publishing sustainability reports in the researcher's sample. Due to the rapid market reaction in the publication area, triggering a confounding effect phenomenon, the event time frame is minimized based on previous literature to overcome observation difficulties (Rettob and Sutrisno, 2016). Observational data is collected through the Indonesia Stock Exchange website (idx.co.id) and Yahoo Finance (finance.yahoo.com).

The researcher utilized purposive sampling to obtain the sample, signifying the need for specific criteria in filtering a population into a sample. There are at least two criteria for consideration: (1) companies indexed in IDXESGL continuously during 2020-2022, identified by ESG Score based on the issuance of significant evaluations by BEI, and (2) companies consistently publishing financial, annual, and sustainability reports. After excluding four outlier companies, the sample resulted in 45 data points from 15 companies over three years of research. Data were collected through archival research techniques to obtain reference materials for constructing the research framework. The researcher collected information from archives, books, published scholarly articles, relevant news, and other documents, including financial, annual, and sustainability reports from issuers obtained from the Indonesia Stock Exchange website.

Therefore, to identify differences in each research data, statistical tests are required, including (1) descriptive statistical analysis, which plays a role in analyzing the distribution of data (Sugiyono, 2018); and (2) classical assumption tests as evidence that the research data is good, free from bias, and can be perfected. These tests include normality, multicollinearity, autocorrelation, and heteroskedasticity. The following is the structured research model, along with explanations, followed by the operationalization of variables.

$$SABR_{it} = \alpha + \beta_1 ESGDIS_{it} + \beta_2 CSRDIS_{it} + \beta_3 AGE_{it} + \beta_4 IND_{it} + \beta_5 SIZE_{it} + \beta_6 PROF_{it} + \varepsilon$$

$$RRTVA_{it} = \alpha + \beta_1 ESGDIS_{it} + \beta_2 CSRDIS_{it} + \beta_3 AGE_{it} + \beta_4 IND_{it} + \beta_5 SIZE_{it} + \beta_6 PROF_{it} + \varepsilon$$

Keterangan:
SABR = *Stocks abnormal return*
RRTVA = *Average Trading Volume Activity*
ESGDIS = ESG *Disclosure*
CSRDIS = CSR *Disclosure*
AGE = *Firm Age*
IND = *Industry*
SIZE = *Firm Size*
PROF = *Profitability*
ε = *Error*

Table 1 shows the definition operational of variables.

Table 1
Operationalization of Variables

Research Variables	Variable Measurement
Investors Reaction (Astuti and Nugrahanti, 2015; Rettob and Sutrisno, 2016; Wicaksono and Adyaksana, 2020)	1. Stocks Abnormal Return (SABR) $$SABR_{it} = R_{it} - E(R_{it})$$ Explanation: $SABR_{it}$ = Stocks abnormal return time t R_{it} = Actual Return $E(R_{it})$ = Expected Return *Actual Return =* $$R_{it} = (P_{it} - P_{it-1})/P_{it-1}$$ Explanation: R_{it} = *Actual Return* P_{it} = Stock prices time t P_{it-1} = Stock prices time t-1 *Expected Return =* $$E(R_{it}) = R_{mt}$$ Explanation: $E(R_{it})$ = *Expected Return* R_{mt} = Market Index Return *Return Indeks Pasar:* $$R_{mt} = (IHSDG_t - IHSG_{t-1})/IHSG_{t-1}$$ Explanation: R_{mt} = Market Index Return $IHSDG_t$ = Combined Stock Price Index at time t $IHSDG_{t-1}$ = Combined Stock Price Index at time t-1
Trading Volume Activity (Rettob and Sutrisno, 2016; Wicaksono and Adyaksana, 2020)	2. *Average Trading Volume Activity* (TVA) $$RRTVA_{it} = (TVA_{it} + TVA_{it-1})/2$$ Explanation: $RRTVA_{it}$ = Average Trading Volume Activity time t TVA_{it} = Trading Volume Activity time t TVA_{it-1} = Trading Volume Activity time t-1 Time t = Event window (H-3 and H+3)
(Rettob and Sutrisno, 2016; Wicaksono and Adyaksana, 2020)	*Trading Volume Activity* (TVA) TVA_{it} = number of shares traded at time t/number of shares outstanding and listed on the BEI at time t TVA_{it-1} = number of shares traded at time t-1/ number of shares outstanding and listed on the BEI at time t-1
ESG *Disclosure* (Steen et al., 2020)	ESGDIS = ESG *Score/Risk Rating* Obtained from Morningstar Sustainalytics in the BEI Major Evaluation Report
CSR *Disclosure* (Awuy et al., 2016)	$$CSRI_t = \frac{\sum X_{it}}{NT}$$ Explanation: $CSRI_t$ = *Corporate Social Responsibility Index* waktu t; X_{it} = *dummy variable*, value of '1' if *i* indicators are exposed; '0' if i indicators not exposed;

	nt = total (84) indicator at time t;	
Firm Age	AGE = Year of the research – company's year established	
Industry	The dummy variable, value of '1' represents industries associated with high carbon emissions (i.e., manufacture, carbon production, coal-fired power generation, oil and gas, transportation, mining, and agriculture). At the same time, all other industries receive a '0' value.	
Firm Size (control variable)	SIZE = Ln (*Total Assets*) Explanation: Ln = Natural Logarithm	
Profitability (control variable)	Return On Assets = *Net Income/Total Assets*	

Source: Processed (2023)

Table 2
Statistic Descriptive Result

	Minimum	Maximum	Mean	Std. Deviation	N
SABRit	-2.472352	-0.1247287	-1.283117	0.4791044	15
TVAit	-8.624454	-4.200967	-6.642939	0.78774161	15
ESGDISit	11.31	29.74	22.33267	5.544518	15
CSRDISit	-1.877702	-0.5306283	-1.034915	0.3228342	15
AGEit	0.011236	0.0625	0.0298159	0.0137109	15
INDit	0	1	0.4	0.4954337	15
SIZEit	2.519095	3.459636	3.0098	0.2307	15
PROFit	-1.300742	-0.3991888	-0.9768283	0.2347742	15

Source: Primary Data, StataMP-17, Processed (2023)

ANALYSIS AND DISCUSSION
Statistic Descriptive Analysis

The results table 2 presents the minimum, maximum, mean, and standard deviation and the total number of observation objects in the study. SABR obtained a maximum value of -0.125, with an average of -1.283, a minimum value of -2.47, and a standard deviation of 0.4791044. Based on the aspect of mean < standard deviation, it indicates that the dispersion of abnormal stock returns in the 15 IDXESGL sample companies is not entirely uniform. TVA produced a minimum value of -8.624, a maximum value of -4.201, a mean value of -6.643, and a standard deviation (st. dev) of 0.788. Similar to Stocks' abnormal returns, the distribution of TVA data has not reached a homogeneous level.

The minimum value of ESG is 11.31, indicating that the lower the ESG score, the better the performance in sustainability prac-

tices, particularly regarding ESG disclosure. The maximum value is 29.74, with a mean value of 22.33. Based on these three values, it can be concluded that the researcher's sample is categorized as failing to reach a perfect level in ESG Scoring. It is also noted that the standard deviation value is 5.54, which, compared to the mean, indicates that the dispersion of ESG disclosure data has reached a relatively uniform level. On average, the researcher's sample shows a positive trend in ESG performance.

CSR Disclosure resulted in the slightest, most significant, mean, and standard deviation values of -1.878, -0.531, -1.035, and 0.323, respectively, indicating the distribution of CSR disclosure data in the study is not entirely uniform, as the standard deviation is higher than the mean value. Additionally, statistically, the IDX ESG Leaders sample has yet to show a significant level of sustainable performance. Conversely, firm age shows

minimum and maximum values of 0.011 and 0.062, respectively, based on natural logarithm conversion. Regarding the average and standard deviation figures obtained, each reaching 0.029 and 0.014, it indicates that based on statistical distribution, the data distribution related to the age of the companies is relatively uniform. The age of the IDX ESG Leaders-indexed companies from 2020 to 2022 has a significant scale, operating for a more extended period.

Industry obtains the highest and lowest values of 1 and 0 as a dummy variable. However, the mean value achieved is 0.4, which is smaller than the standard deviation, implying that the researcher's sample does not fall into the category of industries that significantly contribute to carbon emissions, pollution, and greenhouse gases.

Normality Analysis

Based on table 3, all variables exhibit a normal distribution because the obtained p-values have surpassed the minimum threshold of 5% (Ghozali, 2018).

Analisis Multikolinearitas

Table 4 concludes that the research data has passed the multicollinearity assumption, demonstrating that the regression model did not indicate a correlation among each independent variable, supported by the tolerance values ranging from 0.738 to 0.894, all greater than 0.1, and the VIF values in the range of 1-2, confirming the absence of multicollinearity because VIF < 10.0 (Ghozali, 2018)

Table 3
Normality Results

Model	Variable	Sig.	Notes
Skewnesss and Kurtosis	SABRit	0.2563	Normally Distributed
	TVAit	0.1004	Normally Distributed
	ESGDISit	0.0571	Normally Distributed
	CSRDISit	0.6398	Normally Distributed
	AGEit	0.2259	Normally Distributed
	INDit	1.0000	Normally Distributed
	SIZEit	0.8709	Normally Distributed
	PROFit	0.1277	Normally Distributed

Source: Primary Data, StataMP-17, Processed (2023)

Table 4
Multicollinearity Result

Model	Variabel	Tolerance	VIF	Description
SABRit(1)	ESGDISit	0.773347	1.29	Free from Multicollinearity
	CSRDISit	0.81459	1.23	Free from Multicollinearity
	AGEit	0.893655	1.12	Free from Multicollinearity
	INDit	0.754108	1.33	Free from Multicollinearity
	SIZEit	0.738095	1.35	Free from Multicollinearity
	PROFit	0.738095	1.35	Free from Multicollinearity
TVAit (2)	ESGDISit	0.773347	1.29	Free from Multicollinearity
	CSRDISit	0.81459	1.23	Free from Multicollinearity
	AGEit	0.893655	1.12	Free from Multicollinearity
	INDit	0.754108	1.33	Free from Multicollinearity
	SIZEit	0.738095	1.35	Free from Multicollinearity
	PROFit	0.738095	1.35	Free from Multicollinearity

Source: Primary Data, StataMP-17, Processed (2023)

Table 5
Autocorrelation Results

Testing Method	Model	P-Value	Description
Breusch-Godfrey Lagrange Multiplier (LM)	SABRit (1)	0.1879	No Autocorrelation
	TVAit (2)	0.0634	No Autocorrelation

Source: Primary Data, StataMP-17, Processed (2023)

Table 6
Heteroscedasticity Analysis

Testing Method	Model	P-Value	Description
Breusch-Pagan	SABRit (1)	0.7682	Homoscedasticity
	TVAit (2)	0.5907	Homoscedasticity

Source: Primary Data, StataMP-17, Processed (2023)

Autocorrelation Analysis

Based on the results in Table 5, it can be understood that both regression models have been identified to reject the presence of a correlation between the residual errors at a given time of the study and the residual errors in the previous time/year based on the Breusch-Godfrey Lagrange Multiplier test, as the p-values are 0.1879 and 0.0634, both greater than 0.05 (Aushaf et al., 2020; Ghozali, 2018; Fathurrahman and Setiawansi, 2021; and Samara, 2021).

Heteroscedasticity Analysis

The research has met the assumption of heteroskedasticity, as evidenced by the p-values of both regression models being 0.7682 and 0.5907 (table 6), both greater than 0.05. So, the research regression models have verified that there is no constant variance of residuals from one observation to another (Ghozali, 2018).

DISCUSSIONS
The Influence of ESG Disclosure on Investor Reactions

The observation results demonstrate that SABR is significantly negatively influenced by ESG disclosure, indicating that the stronger the ESG disclosure conducted by the sampled companies (IDX ESG Leaders), the more sudden the decrease in stock returns. There is a probability that the market system has already priced the shares, attributing to positive ESG factors by various entities; thus, the potential for sudden increases will not occur. In conclusion, although ESG disclosure is considered an attractive aspect for investors, excessive or irrelevant disclosures can obscure and overwhelm investors in digesting information, as found in the study by Ho (2020). Ground (2022) also found that this could lead to uncertainty, causing investors to hesitate and respond negatively. The research findings are consistent with the empirical study by Kim and Koo (2023), where high ESG disclosure can result in a decrease, instability, and even undervaluation of market demand and future stock prices.

Furthermore, companies lose direction in non-financial disclosure guidelines, exacerbated by significant differences in assessments between foreign and domestic ESG evaluators. Therefore, consistency and increased guidelines for ESG activities and ratings are necessary. The research results also align with Grewal et al. (2019), who found that ESG performance results in adverse market reactions due to the documentation of non-financial disclosure obligations in the European Union (EU). However, more robust and higher-quality ESG activities can mitigate the adverse market reaction, although the results remain negative but are not overly detrimental.

Furthermore, although the research sample comprises ESG Leaders formed by the BEI, which should theoretically elicit a positive market response, the study's findings prove otherwise due to the conditions and situations during the research period. The study observed 15 companies indexed by IDXESGL over the period 2020-2022, during which there were fluctuations and improvements in financial performance due to the volatile COVID-19 pandemic. Lubis and Kusuma (2022) documented that 62.7% of retail investors engaged in trading or short-term investments during that period. Therefore, the researcher assumes that investors prioritized short-term financial goals over long-term ones by investing in IDX ESG Leaders, which are believed to have sustainability stability in providing capital gains and dividends. Consequently, the market responded more positively to short-term investment gains for family or operational needs, and there was concern that companies might not survive the pandemic. Thus, the research findings do not align with Hu et al. (2023) and Wang et al. (2023), who explained that better ESG performance can reduce stock price vulnerability and simultaneously enhance positive stock movement and stability.

Regarding the relationship between ESG disclosure and TVA in the second regression model, the research findings indicate a similar result: ESG also significantly negatively influences the trading volume of stocks in the IDX ESG Leaders Index. The ESG disclosure leads to a decrease in the trading volume of shares, which may be attributed to market participants being less willing to trade in non-informative entities. Furthermore, the negative relationship suggested by the research indicates that the Indonesian market, particularly IDXESGL, has not fully capitalized on ESG disclosure in their checklist for evaluating companies for investment purposes (Hutama and Budhidharma, 2022; Qodary and Tambun, 2021). This approach only became effective in 2021, making it relatively new, and the market has yet to

respond to the positive ESG disclosures by various entities fully/perhaps it is still in the developmental stage.

By this point, there is still much uncertainty from various aspects, such as government regulatory hurdles and the need for a universally accepted single standard for ESG disclosure due to its new and evolving nature. The decline in investor interest in investment decisions is due to confusion and uncertainty in interpreting ESG information. Additionally, investors may need help comparing the ESG performance of each issuer due to the lack of standardization, making them reluctant to use ESG information (Ground, 2022). The research results cannot prove, as shown in the study by Xie et al. (2019), that high-quality and extensive ESG disclosure can improve financial performance, including corporate efficiency, return on assets, and market value, making it a primary consideration for investors.

The Influence of CSR Disclosure on Investor Reactions

The investigation results indicate that the disclosure of sustainability performance (CSR) by the sampled companies does not significantly impact changes in abnormal stock return, thus rejecting H2a, as explained by the maturity of the current CSR period, which various companies have extensively adopted. Consequently, investors find it challenging to differentiate between solid and weak CSR performance among different firms, leading them to place less emphasis on CSR performance in their investment evaluations. These findings align with the observations made by Sabbaghi and Xu (2013), who tested the Best 100 Corporate Citizens in 2010 by the Corporate Responsibility (CR) Magazine in the United States. They discovered that high-performance sustainability practices by companies still result in stable stock returns. Similarly, a study conducted in China by Chen et al. (2018) suggested that the relationship between CSR disclosure and investor behavior,

both individual and institutional, did not exhibit any correlation.

Astuti and Nugrahanti (2015) also conducted research that did not find a significant impact on the relationship between CSR disclosure and abnormal return. Even companies with high and low CSR ratings still yielded unfavorable abnormal return values for manufacturing and mining companies listed on the Indonesia Stock Exchange (BEI) in 2013 and 2014-2016. However, Pérez et al. (2020) found contrasting results. Based on Spain and KLD Ratings (S&P 500 and DS 400), they concluded that a more extensive and positive CSR strategy could significantly enhance abnormal returns. On the other hand, Becchetti et al. (2012) discovered an adverse effect of CSR on abnormal returns in the Domini Index Italy.

The same results were obtained in the second model concerning TVA, indicating that Corporate Sustainability Report (CSR) disclosure does not significantly affect companies indexed in IDXESGL, implying that H2b is also not accepted. This interpretation suggests that investors are concerned that if companies prioritize sustainability performance too much, it may impact the primary goal of the business, which is to increase profits. Therefore, they overlook CSR disclosures by companies. The research findings align with the field studies by Awuy et al. (2016), indicating that the market needs to recognize the value of non-financial information in sustainability and annual reports. Despite its importance in their investment decisions, investors prioritize financial performance metrics such as net income, as they find it more relevant and guiding in achieving their targeted stock returns than a company's social sustainability achievements.

Similar to the results from Astuti and Nugrahanti (2015), who examined 113 manufacturing entities listed on the Indonesia Stock Exchange (BEI) during the 2013 period, they found no significant influence exerted by CSR on stock trading volume. These findings are consistent with the investigations of Durand et al. (2019), who discovered

that CSR rankings of companies had a non-effect on stock market reactions, specifically on trading volume activity in companies indexed in the Dow Jones Sustainability Index (DJSI). Xiang et al. (2021) also found that CSR performance did not lead to significant stock trading activities on the Chinese Stock Exchange. These results differ from the findings of Tan et al. (2016) and Cohen et al. (2017) who identified significant impacts or investment decisions influenced by sustainability performance. In contrast, the study by Chao and Ho (2018) shows that sustainability performance hurt stock trading volume due to the substantial financial contributions generated by sustainability performance that could pose a risk to the company's financial performance and stakeholders prioritized not only shareholders but also the community, employees, and the environment. Consequently, the market clarifies its stance to avoid involvement with these companies.

The Influence of Company Age on Investor Reactions

Examining how a company's age affects investor reactions yielded noteworthy results, supporting H3a, which suggested a positive correlation between the company's age and abnormal stock returns. The data demonstrated that older companies tended to exhibit higher abnormal stock returns, which aligns with the notion that investors perceive older companies as more stable, experienced, and potentially less risky, leading to a positive market response regarding stock returns. Furthermore, H3b, proposing a positive relationship between the age of the company and trading volume activity, was also supported by the research outcomes. The findings indicated that older companies experienced increased trading volume, suggesting heightened investor interest and engagement with these established entities. The expectation is that older companies may attract more attention from investors due to their perceived stability and reliability.

The study contributes to the existing body of knowledge by highlighting the importance of considering the age factor when analyzing investor reactions. The positive impact observed in both abnormal stock returns and trading volume activity for older companies underscores the significance of reputation and trust associated with a company's longevity in the market. These findings offer valuable insights for investors, analysts, and policymakers in understanding the dynamics of investor behavior concerning the age of companies in the context of abnormal stock returns and trading volume activity.

In the second regression model, the company's age positively contributed positively to trading volume activity. Observational results indicate that the older a company operates, the higher the trading activity in stocks or financial instruments related to the research sample, namely companies indexed in the IDX ESG Leaders from 2020-2022. The advanced age of a company further validates the substantial optimistic potential investors perceive regarding their interest and confidence, given the company's resilience in the market from inception to the present. Moreover, management can establish a solid reputation, strong business relationships with stakeholders, and financial and non-financial stability akin to the company's risk management capabilities to achieve consistent profits over time. The sustainability of various companies that have proven to endure until now implies their resilience to changes, such as obstacles in government regulations, community disapproval, or challenges from society and customers regarding the company's products. The research findings contradict Hotchkiss and Jostova (2017) and Kusuma (2015), suggesting that newer companies show progressively increasing stock trading and no influence between the company's age and trading volume activity. However, the research results align with the reviews of Fodor et al. (2023), where the age of an entity

indicates a high impact on securities market trading.

The Influence of Company Industry Type on Investor Reactions

The researcher's findings indicate that the type of industry reflecting companies generating high pollution, carbon, and greenhouse gas emissions does not significantly impact abnormal stock return rates. In other words, investors are not overly concerned about this, as they may have thoroughly and measuredly considered the potential risks and impacts related to the environment. The market generally believes that financial performance contributes to enhancing/destroying abnormal stock returns. The empirical findings of the researcher do not align with the observations of Chen and Yeh (2021), Carter et al. (2022), and Goodell and Huynh (2020), where they found a significant cause-and-effect relationship between the type of industry and abnormal returns. However, the researcher's empirical evidence is consistent with various previous literature, such as Huka and Kelen (2022) and Prasetyo (2019) where each study needed to prove the research hypotheses.

After that regarding the industry types of each IDX ESG Leaders company from 2020 to 2022, as indicated by the researcher's sample, H4b is accepted because a significant negative impact on stock trading volume is found. The industry types categorized through a dummy variable show that companies classified in environmentally polluting industries, such as carbon emitters, pollution creators, and greenhouse gas emitters, significantly worsen stock trading volumes, such as manufacturing and mining industries. This indicates that investors tend to be less involved in stock trading in these industries because the market is environmentally conscious about future impacts. They also have ethical considerations in their investments, and the risks associated with companies in such industries outweigh the potential extraordinary risks, including legal issues, reputational damage, and fines.

Consequently, capital investments in these industries are avoided. The researcher's findings align with the experiments conducted by Carter et al. (2022), Firli and Rahadian (2020), and Hersugondo et al. (2021), where each found that the studied industry types significantly influenced adverse changes in TVA. However, Kusuma (2015) did not find significant results in the relationship between industry types and trading volume activity.

CONCLUSION AND SUGGESTIONS

The findings reveal that ESG disclosure negatively influences investor reactions, while CSR is found to have no impact. The age and industry type of companies exhibit significant positive and negative influences on TVA, respectively. However, in the case of SABR, no discernible relationship is found; subsequently, in the second regression model (TVA), new relationships are identified, with both the age and industry type of companies yielding significant positive and negative research outcomes. The study substantiates signaling theory, wherein ESG disclosure signals investors that management is navigating environmental and social risks. The result is a negative response from investors, particularly in industries highly susceptible to environmental risks. However, these findings contradict the resource-based theory, where ESG disclosure should serve as a competitive advantage for the company. Still, investors perceive such disclosure as indicative of environmental and social risks, casting doubt on the sustainability and long-term profitability of the company's investments.

Furthermore, this negative relationship also suggests that stakeholders may have excessive expectations or harbor skepticism about the uncertainty surrounding the company's ESG disclosure. As a result, they may diverge from supporting this program. Investors are still prioritizing the company's primary focus, profit generation.

The research outcomes need to be more substantiating signaling theory and stakehol-

der perspective, asserting that a company's social responsibility can signal and satisfy investors in shaping their perceptions and investment decisions, possibly due to their inclination toward financial performance discussions. When connected to resource-based theory, this lack of association implies that sustainable performance is not regarded as a competitive resource advantage; company age holds more significance. Therefore, CSR is no longer a primary focus in the recent period, where every company demonstrates responsible performance towards society, rendering CSR less essential or value-added in evaluating an investor's portfolio. However, negative assessments from investors regarding industries categorized as high environmental polluters lead to a decline in stock trading volume. Consequently, the overall market reacts with diminished interest based on both research outcomes, indicating that companies must take ESG issues seriously. In summary, the study provides valuable insights into the impact of ESG and CSR disclosure, company characteristics on investor reactions, and the intricacies of linking them to signaling theory, resource-based theory, and stakeholder perspectives.

Therefore, the researcher recommends that future analysts broaden the research sample by incorporating additional indices on the Indonesia Stock Exchange (BEI) that share similar primary objectives, such as IDX SRI-KEHATI. They should also consider adding independent variables, especially financial performance metrics, to strengthen future investigative findings, such as Earnings per Share (EPS) and Current Ratio (CR). Additionally, events examined to measure SABR and TVA should have proximate timelines to ensure greater accuracy and validity of research outcomes. Finally, efforts should be made to enhance the measurement methods of SABR & TVA.

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