

IMPACT OF ESG REPORTING ON THE ROMANIAN CAPITAL MARKET

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Abstract: Sustainable investments takes into account financial and non-financial criteria for the investment decision process. Among various reporting means, ESG reporting takes into account the business impact and performance regarding environment, society, and governance. Current study analyses the impact of ESG reporting on the Romanian capital market, using a sample of companies that voluntary discloses their ESG performance, prepared by Sustainalytics. Empirical results underline that a higher ESG score for the companies listed on Bucharest stock exchange is reflected in an increased value of the company, ESG ratings being viewed as a mean to measure the sustainability of the Romanian companies. Results of current research are similar to previous studies, which highlight positive market level effects of ESG reporting. Present study enriches existing knowledge by analysing the economic consequences of ESG reporting, focusing on a less analysed country and brings practical evidence regarding the benefits of its adoption.

Key Words: sustainability reporting, stock exchange, ESG reporting, company value, Tobin's Q

JEL classification: M20, M40

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