

ESG Disclosure Practices and Firm Valuation in Transition Economies

Haseeb Anwar

MSc Finance and Economics, UK

Abstract

As Environmental, Social, and Governance (ESG) reporting becomes increasingly standardised in developed markets, transition economies face unique challenges in adoption due to weaker institutional frameworks and inconsistent disclosure requirements. This paper investigates the relationship between voluntary ESG disclosure and firm valuation among publicly listed companies in select transition economies. Using event-study methodology around ESG report releases and panel regression analysis over the period 2014–2023, the study finds a modest but statistically significant positive market reaction to ESG disclosure, particularly among firms with foreign institutional ownership. The findings suggest that ESG transparency can serve as a valuation-enhancing signal even in markets without mandatory reporting regimes, with implications for policymakers considering phased ESG regulation.

Keywords: ESG disclosure, firm valuation, transition economies, voluntary reporting, institutional ownership, corporate governance, event study