

Disclosure of ESG information and firm performance in Taiwan stock market

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Abstract

This paper aims to explore the effect of disclosure ESG information on corporate financial performance. Previous studies obtained mixed and inconsistent findings due to the inappropriate conduct of the endogeneity issues because the voluntary disclosure of ESG information has a self-selection problem. Using a panel dataset of Taiwan listed firms, we show that listed firms with voluntary ESG disclosure have higher Tobin's Q, and ROA. Our results indicate that voluntary ESG disclosure can improve firm transparency to strengthen external governance mechanisms.

Keywords: ESG, self-selection problem, endogeneity, corporate financial performance,