Università Ca'Foscari Venezia

VENICE SCHOOL OF MANAGEMENT

Sustainability LAB

Mandatory ESG disclosure and managerial opportunism: International evidence

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Campus Economico San Giobbe, Aula Murano

anche online: **https://unive.zoom.us/j/82820488988**

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In recent years, numerous jurisdictions have been evaluating or implementing mandatory ESG reporting requirements - ranging from the adoption of IFRS Sustainability Disclosure Standards to regulatory updates in the European Union - which have intensified the debate on the economic effects of such measures. Contributing to this debate, this study investigates whether the introduction of mandatory ESG disclosure enhances investors' ability to monitor managerial behavior. The study hypothesizes that mandatory ESG disclosure strengthens investor monitoring through three main channels: the scrutiny of ESG projects potentially affected by agency conflicts, the detection of ESG-washing practices, and the identification of opportunistic behaviors unrelated to ESG. To test this hypothesis, the study adopts the market value of cash approach and employs a staggered difference-in-differences (DiD) design, using a sample of 225,932 firm-year observations from 27,869 firms across 54 countries over the period 2004–2023.