ABSTRACT

Using an hourly dataset on retail investor individual security positions from Robinhood Markets, we find that ESG disclosures are irrelevant to retail investors’ buy and sell decisions. The response to ESG press releases by retail investors is no different than the routine portfolio adjustments that occur on non-event days. In contrast, these same investors make economically meaningful changes to their portfolios in response to press releases that do not pertain to ESG, especially those that pertain to earnings announcements. Our findings are not due to a lack of statistical power or other data shortcomings. Retail investor indifference persists for ESG announcements that prior research has found to generate long-run shareholder returns. Our conclusions contrast
with evidence from experimental studies that retail investors respond favorably to ESG disclosures.