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Earning Persistence Moderates the Influence of Corporate Social Responsibility, Conservative Accounting, and Growth Opportunity on Earnings Response Coefficient

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Abstract

The relevance of accounting earnings in the capital market is reflected in the strength of the market reaction to earnings announcements, which is captured through the Earnings Response Coefficient (ERC). This study aims to analyze the influence of Corporate Social Responsibility (CSR), accounting conservatism, and growth opportunity on the ERC, and to examine the role of earnings persistence in moderating these relationships, in companies listed in the IDX80 index of the Indonesia Stock Exchange during the 2021–2024 period. This research employs a quantitative approach using secondary data drawn from annual reports published on the official website of the Indonesia Stock Exchange (IDX). Through a purposive sampling technique, 42 companies were selected, producing 168 firm-year observations that were analyzed using panel data regression. The best estimation model was determined through the Chow Test, Hausman Test, and Lagrange Multiplier Test, and was complemented by descriptive statistics, classical assumption tests, multiple linear regression, the F-test, the t-test, and Moderated Regression Analysis (MRA). The results show that CSR and accounting conservatism do not have a significant effect on the ERC, whereas growth opportunity has a significant positive effect on the ERC. Earnings persistence moderates and strengthens the influence of CSR and growth opportunity on the ERC, but it does not moderate the influence of accounting conservatism on the ERC. These findings indicate that, in interpreting earnings information, investors evaluating IDX80 firms place greater weight on growth prospects and the stability of reported earnings than on CSR disclosure or conservatism alone, and that the market value of CSR initiatives tends to depend on the firm's underlying earnings stability. This study contributes to the financial accounting literature by clarifying the determinants of the earnings response and by demonstrating the moderating function of earnings persistence in the context of the Indonesian capital market.

INTRODUCTION

A dynamic capital market demands information transparency for economic actors. Financial statements have an important role as the basis for economic decision-making for stakeholders, especially investors. One of the main indicators that investors use to assess a company's performance is profit, because profit is used as a performance indicator as well as a basis for predicting the company's prospects. Profit information can help investors predict potential *returns* and influence investment decisions(Alang et al., 2023).

In the context of the capital market, the relevance of profit information can be measured through *the Earnings Response Coefficient* (ERC), which is a measure of the sensitivity of *stock returns* to announced earnings information. The higher the ERC, the greater the content of profit information in influencing investor decisions. This is in line with the *signaling theory* which states that the information conveyed by the company is a signal to investors, and the quality of the signal will affect the level of confidence and market response. According to (Kusumawati et al., 2022), the value of ERC decreases as public attention to profit value and other factors other than profit decreases. Empirical phenomena in IDX80 companies for the 2021–2024 period show that the average ERC tends to decrease, namely from 3.0397 (2021) to 2.9250 (2022), 2.5163 (2023), and 2.1241 (2024). This decline indicates that the market response to earnings information tends to weaken, so earnings information is considered less able to provide a strong signal for investors. In some conditions, the announcement of positive profits is not always followed by an increase in the stock price. According to (Pradita & Sunarsih, 2023), the market reaction when an increase in a company's profit occurs is not always accompanied by an increase in stock prices, so investors not only look at the absolute profit figure but also the contextual factors underlying the profit.

These differences in responses indicate that there are other factors that affect the relationship between profit and market reaction. According to (Afifah et al., 2023), ERC is influenced by various factors such as capital structure, systematic risk, company size, *growth opportunity*, profitability, and profit persistence, so the market's response to profit information is not uniform. This research is motivated by the importance of understanding the determinants of ERC in the context of the Indonesian capital market in the post-COVID-19 pandemic period, where there have been changes in investor behavior as well as greater attention to sustainability aspects and the quality of financial statements. One of the non-financial factors that is suspected to affect ERC is *Corporate Social Responsibility* (CSR). According to (Yuliandhari & Fadila, 2024), CSR disclosure reflects corporate social and environmental responsibility which can increase investor confidence so that it has the potential to strengthen the market's response to profit information. From a financial perspective, conservative accounting encourages companies to be more careful in acknowledging income and assets and more quickly admitting losses. According to (Mohammed, 2022), accounting conservatism plays a role in improving the quality and reliability of financial statements and reducing information asymmetry between management and investors.

Growth opportunities are also a factor that affects ERC because it reflects the company's future growth prospects. According to (Susilawati et al., 2025), *growth opportunities* have a positive effect on ERC, which means that the higher the company's growth opportunities, the greater the market response to profit information. However, the influence of CSR, conservative accounting, and

growth opportunities on ERC is not always consistent, so variables that can clarify the relationship are needed. This study uses *earning persistence* as a moderation variable, because persistent profits are considered to have higher quality and can strengthen the market's response to profit information (Onasis & Jasman, 2025).

Based on this description, the purpose of this study is to empirically examine the influence of CSR, conservative accounting, and *growth opportunity* on ERC, as well as analyze the role of *earning persistence* in moderating the influence of these three variables on ERC in IDX80 companies for the 2021–2024 period. This research is expected to enrich the empirical evidence in the financial accounting literature related to the ERC determinant, especially the development of a moderation model using *earning persistence* in panel data.

Signaling *theory* explains that the management who has more information will provide signals to investors through various published information. This framework originates in the work of (Spence, 1973), who demonstrated that, under conditions of information asymmetry, better-informed parties communicate their quality to less-informed parties through observable and costly signals. According to (Dhyanasaridewi & Murwaningsari, 2021) signal theory emphasizes the asymmetry of information between management and investors, so companies need to convey information as a signal about the company's condition and prospects. These signals can be in the form of financial statements, social responsibility disclosures, or accounting policies used. According to (Sekerci et al., 2022) the credibility of signals that reflect the suitability of information with actual conditions is an important factor in determining how investors interpret the information. In this study, CSR, conservative accounting, and *growth opportunities* were seen as a form of signal that companies provide to the market, while *earning persistence* reflects the quality of profit signals that ultimately affect the magnitude of ERC. In line with this, (Sandy & Mulya, 2025) view persistent profits as a signal of high profit quality to strengthen the market's response to profit information.

The Earnings Response Coefficient (ERC) is an indicator that measures the level of market reaction, especially changes in stock prices, to unexpected earnings announcements. The empirical foundation of this measure can be traced to (Ball & Brown, 1968), who were the first to document a systematic association between accounting earnings and stock returns, establishing that earnings convey value-relevant information to the market. According to (Hörisch et al., 2020) ERC measures the extent to which earnings announcements affect a company's stock price, where a high ERC value indicates investors consider earnings announcements to be credible signals. The higher the ERC value, the greater the market response to the announced earnings information, which indicates earnings are considered relevant and of quality by the market. (Collins & Kothari,

1989) further showed that the ERC varies systematically across firms in accordance with factors such as growth opportunities, systematic risk, earnings persistence, and the interest rate environment, providing the theoretical basis for examining the determinants of the earnings response. A recent bibliometric review by (Haryanto, 2026) maps corporate social responsibility, growth, and earnings persistence as central and impactful themes in ERC research. (Savitri, 2021) explained that the ERC is a tool to evaluate the quality of profits through the market's reaction to the announced profit surprise. ERC is proxied as the ratio between *the company's Cumulative Abnormal Return* (CAR) to *the company's Unexpected Earnings* (UE) in each period. The CAR reflects the market's reaction to new information, while the EU describes the earnings surprise component as the difference between the reported profit and the market's expected profit.

The Influence of Corporate Social Responsibility on ERC

CSR is a form of corporate responsibility for social and environmental aspects which is manifested through disclosure in annual reports or sustainability reports. According to (Viviani et al., 2022) CSR disclosure aims to increase transparency and reduce information asymmetry between companies and investors. From the perspective of signal theory, CSR serves as a positive signal that management gives to the market regarding the quality and prospects of the company, while reducing information asymmetry(Istianingsih et al., 2022). (Sweeney & Coughlan, 2022) found that companies that actively implement CSR generally have a higher ERC because they are considered to have a commitment to sustainability. Research by (Yuliandhari & Fadila, 2024) and (Nabila & Paramita, 2024) also found that CSR has a positive effect on ERC because transparent disclosure improves the quality of information received by the market. In the Indonesian setting, (Lestari & Muthmainnah, 2025) likewise show that environmental, social, and governance (ESG) disclosure shapes how investors assess the quality of reported earnings. Thus, the higher the level of CSR disclosure, the stronger the market response to the company's profit information.

H1: It is suspected that Corporate Social Responsibility influences the Earnings Response Coefficient.

The Influence of Conservative Accounting on the ERC

Conservative accounting is a prudent principle in financial reporting which is shown through the tendency of companies to admit losses faster than profits. (Francis & Schipper, 2019) define conservative accounting as a policy that emphasizes protecting investors more than maximizing reported profits, while (Zang, 2019) affirms its basic principle, which is to recognize losses faster than profits. (Watts, 2003) explains that conservatism persists because it arises from contracting, litigation, taxation, and regulatory incentives, and that the asymmetric verification it requires constrains managerial opportunism and enhances the reliability of reported earnings. The

application of conservatism aims to reduce the excessive presentation of profits so that financial reports become more reliable. According to (Gandhi & Wirajaya, 2025) this practice can increase the credibility of financial statements so that profits better reflect the company's economic conditions and are more trusted by investors. In the perspective of signal theory, the application of conservative accounting is seen as a positive signal regarding the credibility of financial statements. Research by (Indriyani & Rahayu, 2023) found that conservative accounting influences ERC because it is able to improve the quality of profits and investor confidence. Consistent with this, (Nassir Zadeh et al., 2022) report that accounting conservatism is associated with higher earnings quality, with corporate governance mechanisms strengthening this relationship.

H2: It is suspected that Conservative Accounting influences the Earnings Response Coefficient.

The Influence of Growth Opportunity on ERC

Growth opportunities are company growth opportunities that reflect the potential for future performance and profit improvements. (Almeida & Campello, 2020) define growth *opportunity* as the potential for a company to generate positive cash flows in the future that is greater than the current cost of capital. According to (Maksim & Vasilyev, 2021) growth opportunities include not only the financial measure of expansion, but also managerial ability to identify and take advantage of new market or technological opportunities. From a signal theory perspective, *growth opportunities* are seen as positive signals regarding the prospects and sustainability of the company's performance. Companies with high growth opportunities tend to get more attention from the market because investors consider announced earnings to have higher relevance to future prospects. Research by (Sherlita & Ramadhian, 2021) and (Sukendra & Suhendah, 2024) found that *growth opportunities* have a positive effect on ERC.

H3: It is suspected that Growth Opportunity influences the Earnings Response Coefficient.

The Role of Moderation in Earning Persistence

Earning persistence reflects a company's ability to maintain profits consistently over time. (Penman & Zhang, 2021) explain that profits with a high level of persistence reflect superior profit quality and are more credible for estimating future performance, while (Basu, 2020) added that persistent profits have a positive impact on a company's market value because it reflects consistent performance. Persistent profits are considered to have higher quality because they tend to be stable and sustainable, so that they can strengthen the credibility of the signals conveyed by the company. Companies with high *earning persistence* make CSR signals, conservatism, and *growth opportunities* more credible in the eyes of investors, thereby strengthening the market response to profit information.

(Zhang et al., 2023) also show the relationship between the CSR environmental dimension and profit persistence in influencing the quality of company information. This relationship is supported by the findings of (Sandy & Mulya, 2025) and (Onasis & Jasman, 2025) which show *that earning persistence* has a positive effect on ERC.

H4: It is suspected that Earning Persistence moderates the relationship between Corporate Social Responsibility and Earnings Response Coefficient.

H5: Alleged Earning Persistence moderates the relationship of Conservative Accounting to the Earnings Response Coefficient.

H6: It is suspected that Earning Persistence moderates the relationship between Growth Opportunity and Earnings Response Coefficient.

METHODS

This type of research is quantitative research with a *balanced panel data model approach*. The research was carried out on companies that are members of the IDX80 Index on the Indonesia Stock Exchange (IDX) during the 2021–2024 period. The IDX80 Index was chosen because it consists of large-cap stocks with high liquidity that are often used as a representation of Indonesian capital market conditions (Dionosius et al., 2025). The data used is secondary data in the form of annual company reports obtained from the official website of the IDX (www.idx.co.id). The data collection technique is carried out through documentation methods and literature studies.

The dependent variable in this study is *the Earnings Response Coefficient* (ERC), the independent variable includes CSR, conservative accounting, and *growth opportunity*, and the moderation variable is *earning persistence*. All variables are measured using a ratio scale. CSR was measured using a 46-item instrument-based disclosure index grouped in eight themes; conservative accounting is proxied with *accrual-based conservatism* (CONACC); *growth opportunity* is proxied by *Market to Book Value of Equity* (MBVE); and *earning persistence* is measured by changes in inter-period earnings before tax on total assets. The operationalization of variables is presented in Table 1.

Table 1. Variable Operations

Yes	Variabel	Indicator	Scale
1	Earnings Response Coefficient (Y)	ERC = CARit / a UEit	Ratio
2	Corporate Social Responsibility (X1)	CSR disclosure index (average of 8 themes, scores 1–5)	Ratio

3	Conservative Accounting (X2)	CONACC = (NIO + DEP − CFO) × (−1) / Total Aset	Ratio
4	Growth Opportunity (X3)	MBVE = (Outstanding Shares × Closing Price) / Total Equity	Ratio
5	Earning Persistence (Z)	EP = ($EBTt_{-1}$ − EBTt) / Total Aset	Ratio

Source: Researcher-processed data (2026)

The research population was 132 IDX80 companies. Sample selection was carried out using *purposive sampling techniques* based on the following criteria: (1) IDX80 companies registered and operating in 2021–2024; (2) companies that publish the complete annual report for the 2021–2024 period; and (3) companies that are consistently in the IDX80 during 2021–2024. Based on these criteria, 42 companies were obtained with a total of 168 observations. The sample selection process is presented in Table 2.

Table 2. Sample Selection Criteria

Yes	Criteria	Not Compliant	Meet
1	IDX80 companies listed on the IDX and operating 2021–2024	(9)	123
2	Companies that published the full annual report 2021–2024	(15)	117
3	Companies that are consistent in the IDX80 during 2021–2024	(90)	42
Number of sample companies		**42**	
Observation year (2021–2024)		**4 Years**	
Number of observed sample data		**168**	

Source: Researcher-processed data (2026)

The data analysis technique used panel data regression analysis with the help of EViews 13 software. The use of multiple linear regression allows partial or simultaneous testing of the influence of variables as well as the analysis of relationships between variables in explaining ERC variation (Navin & Suwarno, 2024). The selection of the best estimation model among *Common Effect Model* (CEM), *Fixed Effect Model* (FEM), and *Random Effect Model* (REM) was carried out

through the Chow Test, Hausman Test, and Lagrange Multiplier Test. Furthermore, descriptive statistical tests, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), multiple linear regression analysis, and hypothesis testing were carried out through F-Test (simultaneous), t-test (partial), and *Moderated Regression Analysis* (MRA) to test the role of earning persistence moderation variables.

RESULTS AND DISCUSSION

This study analyzed 42 IDX80 companies out of a total of 132 companies, or 168 observations during the period 2021–2024, using panel data regression analysis on the EViews device. The results of the descriptive statistical test are presented in Table 3.

Table 3. Descriptive Statistical Test Results

Remarks	AND (ERC)	X1 (CSR)	X2 (CONACC)	X3 (GO)	Z (EP)	C1 (DAR)	C2 (DER)
Mean	0,696091	0,365179	-0,012094	2,651325	-0,010479	0,468393	1,737167
Median	0,037505	0,370000	-0,009853	1,198228	-0,006288	0,454211	0,835607
Maximum	37,68881	0,400000	0,122547	44,85702	0,411674	0,881209	15,30803
Minimum	-5,228503	0,270000	-0,178305	0,183945	-0,349864	0,081018	0,088160
Std. Dev.	4,182702	0,021050	0,051944	5,869268	0,069299	0,224006	2,468059
Skewness	6,911200	-1,244047	-0,395148	5,759015	-0,195767	0,217246	3,013406
Kurtosis	55,87162	6,029998	3,796088	36,89222	16,85436	2,070768	13,82060
Jarque-Bera	20905,27	107,6005	8,808267	8969,433	1344,675	7,365790	1073,855
Probability	0,000000	0,000000	0,012227	0,000000	0,000000	0,025150	0,000000
Sum	116,9434	61,35000	-2,031711	445,4226	-1,760550	78,68999	291,8440
Sum Sq. Dev.	2921,665	0,073995	0,450598	5752,867	0,801986	8,379876	1017,250
Observations	168	168	168	168	168	168	168

Source: The results of the calculation of EViews 13, data processed by researchers (2026). Remarks: C1 = DAR (Debt to Assets Ratio) and C2 = DER (Debt to Equity Ratio) are control variables.

Based on Table 3, the ERC variable (Y) has an average value of 0.696091 with a standard deviation of 4.182702, a minimum value of -5.228503 (BBRI, 2024), and a maximum of 37.68881 (CTRA, 2023). The CSR variable (X1) has an average of 0.365179, conservative accounting (X2) averages -0.012094, and *growth opportunity* (X3) averages 2.651325. The earning *persistence* (Z) moderation variable has an average of -0.010479. In addition, this study included two control variables, namely Debt to Assets Ratio (DAR/C1) with an average of 0.468393 (minimum of 0.081018 and maximum of 0.881209) and Debt to Equity Ratio (DER/C2) with an average of

1.737167 (minimum of 0.088160 and maximum of 15.30803). The average DAR of 0.468393 indicates that about 46.84% of the sample company's assets are financed by debt, while the average DER of 1.737167 indicates that the average sample company uses debt of about 1.74 times its total equity.

Based on the comparison between the mean value and the standard deviation, the variables ERC (Y) and *growth opportunity* (X3) have a standard deviation value that is greater than the average value, so the data of the two variables tend to vary (heterogeneous) and spread relatively far from the central value. In contrast, the CSR (X1), DAR (C1), and DER (C2) variables had a smaller-than-average standard deviation, so the data tended to be more homogeneous. Positive *skewness* values on Y, X3, and C2 indicate a distribution that extends to the right, while *a kurtosis* value above 3 on most variables indicates a more pointed distribution (leptocurtic). This is reinforced by the Jarque-Bera probability value of most variables smaller than 0.05, so that the data in general have not been normally distributed at the raw data level. This condition is the basis for conducting the classical assumption test at the next stage of analysis.

The results of the model selection test through the Chow Test showed *a Chi-square cross-section* value of 62.026650 with a probability of 0.0186. However, the Hausman Test results in a *random Cross-section* probability value of 0.8068 (> 0.05), and the Lagrange Multiplier Test leads to the *Common Effect* model. Thus, the estimation model used in this study is *the Common Effect Model* (CEM). The results of the classical assumption test showed that the data did not experience multicollinearity problems (all correlations between variables < 0.8), heteroscedasticity did not occur, and autocorrelation did not occur.

The results of the panel data regression model estimation (t-test) and moderation analysis (MRA) are presented in Table 4 and Table 5.

Table 4. Partial Test Results (t-Test) – Common Effect Model

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	-0,168035	0,897352	-0,187256	0,8517
X1 (CSR)	2,974088	1,955744	1,520694	0,1303
X2 (CONACC)	0,024599	0,096847	0,254003	0,7998
X3 (GO)	0,401508	0,135954	2,953267	0,0036
Z (EP)	-0,555683	0,076524	-7,261517	0,0000

Sumber: Output EViews 13, 2026. F-statistic = 10,28491; Prob(F) = 0,000000; Adjusted R² = 0,250144.

Tabel 5. Hasil Moderated Regression Analysis (MRA)

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
X1 (CSR)	6,202352	2,215460	2,799577	0,0058
X2 (CONACC)	-0,156313	0,230594	-0,677870	0,4988
X3 (GO)	1,183880	0,384695	3,077451	0,0025
M1 (CSR×EP)	1,785560	0,521958	3,420888	0,0008
M2 (CONACC×EP)	-0,101224	0,130001	-0,778639	0,4373
M3 (GO×EP)	0,458123	0,211182	2,169324	0,0315

Sumber: Output EViews 13, 2026. F-statistic = 8,469975; Prob(F) = 0,000000; Adjusted R² = 0,263538.

The results of the F-test showed an F-statistical value of 10.28491 with a probability of 0.000000 (< 0.05), so that simultaneously CSR, conservative accounting, *growth opportunity*, and *earning persistence* had a significant effect on ERC. An *Adjusted R-squared value* of 0.2635 indicates that about 26% of ERC variation can be explained by variables in the model, while the remaining 74% is explained by factors outside the model.

The influence of CSR on ERC

The CSR variable has a significance value of 0.1303 (> 0.05), so H1 is rejected. CSR partially has no significant effect on ERC. These results support the findings of (Aulia et al., 2025). Although the CSR coefficient is positive, CSR disclosure has not been able to significantly improve the market response to a company's profit. This condition can occur because investors have not fully considered CSR information as the basis for investment decision-making, so the information has not been reflected in market reactions. From the perspective of signaling theory, this finding indicates that CSR disclosure has not yet functioned as a credible signal capable of changing investors' assessment of earnings quality in IDX80 firms. A signal will influence the market reaction only when investors regard it as informative, verifiable, and difficult to imitate; when CSR information is perceived as largely voluntary and narrative in nature, its signalling value weakens and it does little to reduce the information asymmetry surrounding reported earnings. As a result, investors appear to price earnings on the basis of more directly value-relevant fundamentals rather than the breadth of social and environmental disclosure, which is consistent with the argument that the market rewards non-financial information only once it is perceived as a reliable indicator of future performance. This interpretation is consistent with (da Silva, 2025), who finds across an international sample that the contribution of ESG disclosure to the information content of stock prices is weaker in emerging markets, where institutional conditions and higher information asymmetry limit the value relevance of non-financial information.

The Influence of Conservative Accounting on the ERC

The conservative accounting variable has a significance value of 0.7998 (> 0.05), so H2 is rejected. Conservative accounting partially had no significant effect on the ERC. These results are different from the findings of (Indriyani & Rahayu, 2023). This shows that the level of accounting conservatism has not been able to influence investors' reaction to earnings information, as investors may be more focused on actual earnings information than the prudential principle in financial reporting. Viewed through signaling theory, this result suggests that the prudence embedded in conservative reporting does not, on its own, act as a salient signal of earnings quality in the market studied. Although conservatism is intended to limit the overstatement of earnings and assets and thereby protect investors, its effect on the earnings response may be muted when a more conservative figure is interpreted as weaker performance rather than as higher reliability. In an information environment where investors emphasise the magnitude and growth of reported earnings, the informativeness gained from the asymmetric recognition of losses is not strong enough to be reflected in cumulative abnormal returns, supporting the view that the value relevance of conservatism is conditional on the surrounding information environment and on investors' capacity to interpret it.

The Influence of Growth Opportunity on ERC

The *growth opportunity* variable has a significance value of 0.0036 (< 0.05), so H3 is accepted. *Growth opportunities* partially have a significant effect on ERC. These results support the findings of (Sherlita & Ramadhian, 2021), (Sukendra & Suhendah, 2024). Companies with high growth opportunities tend to get a greater market response to earnings information, as investors see the prospect of improved performance in the future. This result is theoretically consistent with signaling theory and with the view that growth opportunity conveys credible information about a firm's future cash-generating ability. Firms with strong growth prospects are expected to translate current earnings into sustained future performance, so the market interprets their earnings announcements as more value-relevant and reacts more strongly. In this sense, growth opportunity operates as an effective signal that reduces uncertainty about future earnings, thereby increasing the sensitivity of stock returns to unexpected earnings and producing a higher earnings response coefficient.

Moderation of Earning Persistence on the Influence of CSR on ERC

The interaction of CSR and *earning persistence* (M1) had a significance value of 0.0008 (< 0.05) with a positive coefficient of 1.785560, so H4 was accepted. *Earning persistence* can moderate and strengthen the influence of CSR on ERC. This suggests that CSR disclosures become more credible in the eyes of investors when supported by stable and sustainable profits, thereby

strengthening the market's response to earnings information. Theoretically, this result reinforces the central proposition of signaling theory that the value of a signal depends on its credibility. Earnings persistence operates as a quality attribute that authenticates the CSR signal: when a firm can sustain its earnings over time, investors become more confident that its social and environmental commitments are backed by stable economic performance rather than by transitory results, so the interaction of the two raises the informativeness of earnings. This is consistent with the notion that persistent earnings strengthen the link between non-financial disclosure and market valuation by reducing the perceived risk that favourable disclosures are merely opportunistic.

Moderation of Earning Persistence on the Influence of Conservative Accounting on ERC

The interaction of conservative accounting and *earning persistence* (M2) had a significance value of 0.4373 (> 0.05), so H5 was rejected. *Earning persistence* has not been able to moderate the influence of conservative accounting on ERC. This indicates that the combination of accounting conservatism with profit persistence has not been the main consideration of investors in responding to corporate earnings information. From the standpoint of signaling theory, this finding implies that combining conservative recognition with earnings stability does not generate an additional credible signal in the market studied. Because conservatism already dampens reported earnings, its interaction with persistence may not provide investors with incremental information about future performance, so that the two attributes are not jointly priced. This suggests that, in the IDX80 setting, investors evaluate the reliability conveyed by conservatism and the stability conveyed by persistence separately, rather than as a mutually reinforcing combination, when forming their response to earnings information.

Moderation of Earning Persistence on the Influence of Growth Opportunity on ERC

The interaction *of growth opportunity* and *earning persistence* (M3) has a significance value of 0.0315 (< 0.05) with a positive coefficient of 0.458123, so H6 is accepted. *Earning persistence* can moderate and strengthen the influence of *growth opportunities* on ERC. Companies with high growth opportunities supported by the ability to consistently maintain profits will obtain a stronger market response to announced earnings information. This outcome is theoretically aligned with signaling theory, in which earnings persistence enhances the credibility of the growth signal. Growth opportunity communicates expectations of future performance, and when those expectations are supported by a demonstrated ability to maintain earnings, the signal becomes more convincing, and the market response intensifies. The positive interaction therefore indicates that growth prospects and earnings stability are complementary signals: persistence assures investors that

anticipated growth is more likely to be realised, which increases the value relevance of reported earnings and strengthens the earnings response coefficient.

CONCLUSION

This study examined the influence of Corporate Social Responsibility (CSR), accounting conservatism, and *growth opportunity* on the Earnings Response Coefficient (ERC), as well as the moderating role of *earnings persistence*, in companies indexed in the IDX80 of the Indonesia Stock Exchange during the 2021–2024 period. The results demonstrate that, when tested directly, CSR and accounting conservatism do not significantly affect the ERC, whereas *growth opportunity* exerts a significant positive effect. These findings suggest that, in the post-pandemic Indonesian capital market, investors respond to earnings announcements primarily based on a firm's future growth prospects, while CSR disclosure and the prudence reflected in conservative reporting have not yet become decisive signals in shaping the market's reaction to earnings information.

With respect to the moderating role of *earnings persistence*, the analysis shows that earnings persistence strengthens the influence of both CSR and *growth opportunity* on the ERC, but it does not moderate the influence of accounting conservatism. These results are consistent with signaling theory, in that the credibility of the signals conveyed through CSR activities and growth prospects increases when a firm is able to sustain its earnings over time. Persistent earnings reinforce investor confidence in the quality of reported profits, so that information which on its own attracts only a limited market response becomes more meaningful when it is accompanied by stable and sustainable earnings. The absence of a moderating effect for accounting conservatism indicates that the interaction between prudence in reporting and earnings stability is not yet a primary consideration for investors in the market studied.

Theoretically, this study contributes to the financial accounting literature by clarifying the determinants of the earnings response and by demonstrating the function of *earnings persistence* as a moderating variable within a panel-data framework, an aspect that has received limited attention in the Indonesian context. Practically, the findings imply that investors and analysts evaluating IDX80 firms should weigh *growth opportunity* and the persistence of reported earnings when interpreting earnings information, rather than relying on CSR disclosure or conservatism alone as indicators of earnings quality. For management and regulators, the results highlight that the market value of CSR initiatives tends to depend on the firm's underlying earnings stability, so that efforts to enhance the quality and sustainability of earnings are likely to amplify the market's appreciation of non-financial disclosures.

This study is not without limitations. It is restricted to three independent variables, one moderating variable, and two control variables, and it relies on a single index (IDX80) over a relatively short four-year observation period, which limits the generalizability of the findings. In addition, the use of specific proxies for each construct may not fully capture the underlying phenomena. Future research is therefore encouraged to extend the observation period and to broaden the sample beyond the IDX80 index to capture a wider range of firm characteristics and market conditions. Subsequent studies could also incorporate additional determinants of the ERC—such as profitability, capital structure, systematic risk, or firm size and explore alternative proxies for CSR, conservatism, and earnings persistence. Finally, testing other potential moderating or mediating variables, as well as comparing results across different sectors or capital markets, would further deepen understanding of the determinants of the earnings response and the conditions under which non-financial and growth-related information becomes value-relevant to investors.

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