

ESG Performance and Share Price Recovery During COVID-19 Pandemic Crisis in Asia: An Empirical Analysis

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ABSTRACT

This study delves into the relationship between Environmental, Social, and Governance (ESG) performance and stock price recovery amidst the Asian Covid-19 pandemic between March and December 2020. Using data from 2,092 companies and SmartPLS 4 software, the analysis employed a one-tailed hypothesis with a 10% significance level. While the overall results indicate that ESG practices, as a whole, didn't significantly hasten stock price recovery, a more granular exploration uncovers compelling insights. Environmental performance exhibited a notable, albeit negative, impact on the duration of stock price recovery, whereas social performance had a positive influence. Governance performance, however, did not significantly affect the recovery timeline. Importantly, control variables such as ESG controversies and Return on Assets (ROA) showed no substantial influence on stock price recovery duration. These findings carry substantial implications for businesses, underlining the importance of aligning social performance with financial health and actively communicating ESG initiatives through various media channels to boost investor awareness of sustainability's value. They accentuate the pivotal role of sustainability principles in shaping our collective future, emphasizing the imperative for collaborative efforts to enhance awareness and adoption of ESG practices.

Keywords: ESG Performance, ESG Controversies, Stock Price Recovery, ROA, Covid-19 Pandemic, and Asia.

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