

East Asian Stock Market during COVID-19, the role of ESG factor

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This paper aims to empirically examine the unique role of environmental, social, and governance (ESG) performance on the East Asian stock market during the COVID-19 pandemic. The COVID-19 global pandemic provides a unique opportunity to test theories of ESG policies. Based on a novel dataset of more than 700 listing firms from nine East Asian economies from January 2016 to December 2020, we find that better ESG performance improves stock returns during the COVID-19 pandemic. This result holds both for advanced and emerging economies in East Asia. ESG factors don't contribute to the stock market stability in both advanced and emerging stock markets. Finally, better corporate ESG performance enhances the stock market liquidity.

Keywords: ESG factors, COVID-19, East Asia

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