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The Influence Of Environmental, Social And Governance (ESG) Performance On The Severity Of Losses And The Recovery Time Of Stock During The Crisis Of The Covid-19 Pandemic In Southeast Asia

Pengaruh Kinerja Lingkungan, Sosial Dan Tata Kelola (ESG) Terhadap Severitas Kehilangan Dan Waktu Pemulihan Saham Pada Krisis Pandemi Covid-19 Di Asia Tenggara

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ABSTRACT
This study aims to examine the effect of environmental, social and governance (ESG) performance on loss severity and recovery time of non-financial companies in Southeast Asia during the Covid-19 pandemic crisis in 2020-2021. The number of observations in this study is 1010, with 662 companies in 2021 and 348 companies in 2020. This study uses a quantitative method with secondary data obtained from Refinitiv Eikon Thomson Reuters. Unbalanced panel data regression analysis was performed using STATA version 17. The results showed that ESG performance and environmental performance had a positive and significant effect on the severity of losses and stock recovery during the crisis. Social performance has no effect on the severity of losses and recovery time during a crisis. Governance performance has no effect on the severity of losses, but has a positive and significant effect on the stock recovery time during a crisis. These findings indicate that investors in Southeast Asia have not prioritized the ESG aspect in their investment decisions, and even consider it as a burden or short-sighted investors. This research recommends to investors to develop investment strategies based on socially responsible investment and to regulators to develop a better and more detailed framework related to assessing ESG performance.
Keywords: *Environment, Social and Governance (ESG), Stock Loss Severity, Stock Recovery Timing, Covid-19 Pandemic and Southeast Asia*

ABSTRAK
Penelitian ini bertujuan untuk menguji pengaruh kinerja lingkungan, sosial, dan tata kelola (ESG) terhadap tingkat keparahan kerugian dan waktu pemulihan perusahaan non-keuangan di Asia Tenggara selama krisis pandemi Covid-19 tahun 2020-2021. Jumlah observasi dalam penelitian ini adalah 1010, dengan 662 perusahaan pada tahun 2021 dan 348 perusahaan pada tahun 2020. Penelitian ini menggunakan metode kuantitatif dengan data sekunder yang diperoleh dari Refinitiv Eikon Thomson Reuters. Analisis regresi data panel tidak seimbang dilakukan dengan menggunakan STATA versi 17. Hasil penelitian menunjukkan bahwa kinerja ESG dan kinerja lingkungan berpengaruh positif dan signifikan terhadap tingkat keparahan kerugian dan pemulihan stok selama krisis. Kinerja sosial tidak berpengaruh pada tingkat keparahan kerugian dan waktu pemulihan selama krisis. Kinerja tata kelola tidak berpengaruh terhadap tingkat kerugian, tetapi berpengaruh positif dan signifikan terhadap waktu pemulihan saham saat krisis. Temuan ini menunjukkan bahwa investor di Asia Tenggara belum memprioritaskan aspek ESG dalam keputusan investasinya, bahkan menganggapnya sebagai beban atau pandangan investor yang picik. Penelitian ini merekomendasikan kepada investor untuk mengembangkan strategi investasi berdasarkan investasi yang bertanggung jawab secara sosial dan kepada regulator untuk mengembangkan kerangka kerja yang lebih baik dan lebih rinci terkait penilaian kinerja LST.
Kata kunci: Environment, Social and Governance (ESG), Stock Loss Severity, Stock Recovery Timing, Pandemi Covid-19 dan Asia Tenggara

1. Introduction

The Covid-19 virus showed unexpected surprise and speed of infection, causing companies to have difficulty responding to the pandemic crisis in a timely manner (Xia et al., 2022) . This also has an impact on the stock market, which reacts to the previous condition of companies and affects their ability to survive crises (Sajko et al., 2021) . Chrysnamurti (2020) states that the Covid-19 pandemic has affected the movement of the stock market because there was panic on the stock exchange, which prompted investors to sell their shares. The Covid-19 prevention policies implemented by the government also have a direct impact on employees, operating models, supply chains, sales of products and services which cause stock prices to fall due to the uncertainty that arises (Cheema-Fox et al., 2020) .

A decline in the company's share price that is too severe will certainly result in a decline in the performance of the capital market in a country. This will have an impact on damage to economic activity, global supply chains, and the level of public confidence in business performance (Cheema-Fox et al., 2020) . This phenomenon also occurs in capital markets in Southeast Asia, where there tends to be fluctuations in capital market performance during the 2020-2021 Covid-19 pandemic crisis (see figure 1). Therefore, it is important for companies to improve their business immune system and build stability from various shocks so that they can recover as quickly as possible from the crisis that occurred (Rahman & Bahari, 2022) .

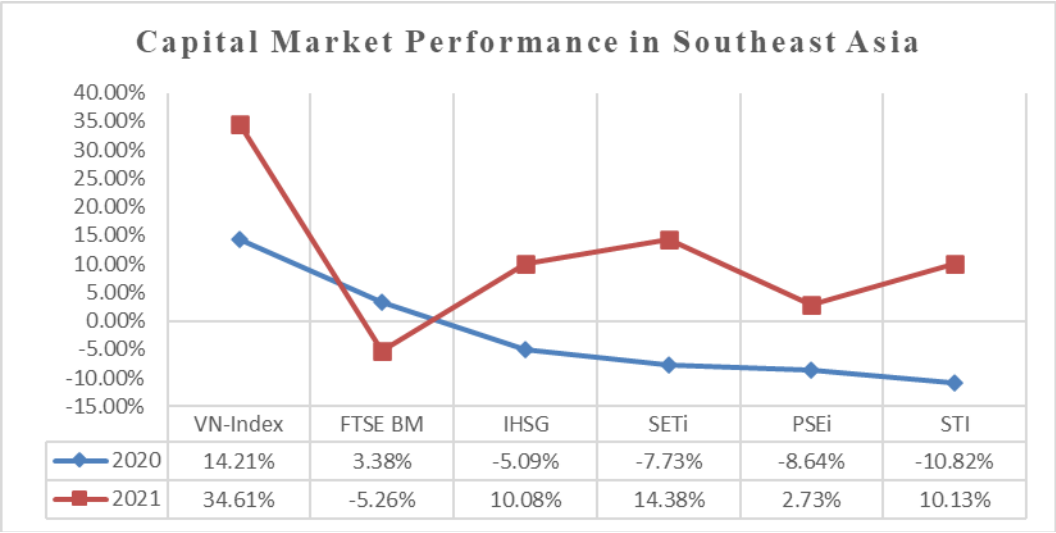

Figure 1. Performane of Stock Market Reference Indices in Southeast Asia for 2020-2021
Source : Alpha (2021) dan Fernando (2021)

The decline in capital market performance in Southeast Asia caused by the Covid-19 pandemic crisis indicated that it had an impact on the stability and flexibility of company shares (Sajko et al., 2021 and Xia et al., 2022) . The concept of stock stability and flexibility follows the method from DesJardine et al., (2019); Sajko et al., (2021) and Xia et al., (2022) which explain: (1) stock stability, namely the ability of a company's stock price to survive despite disturbances and is proxied by the severity of losses, (2) stock flexibility, namely the ability of stock prices company to return to normal and proxied by recovery time. These two indicators describe the company's ability to maintain its core business and recover from a crisis. Smaller losses indicate greater stability of enterprise systems, which increases their ability to absorb disturbances. Faster recovery indicates greater flexibility of enterprise systems, which can protect them from ongoing losses (DesJardine et al., 2019; Sajko et al., 2021; Xia et al., 2022) .

The Covid-19 pandemic crisis has hit the capital markets in Southeast Asia, and this phenomenon of declining performance proves how important it is for companies to have a strong fundamental drive in recovering their share prices (Rahman & Bahari, 2023) . Scholtens & Sievänen (2013) explains that companies that focus on sustainable aspects are more likely to be successful in the long term, because they are better able to manage risk and adapt to changing market conditions. In line with Giove et al., (2021) which revealed that the negative impact of Covid-19 was less pronounced for companies with better sustainability performance. Therefore, in the context of Covid-19, it is very important to review a sustainable development framework that is believed to be able to make companies strong in facing various long-term global challenges (Munasinghe, 2020) .

One of the sustainability topics that generally refers to a process of making investment decisions by considering environmental, social, and governance factors is ESG (Brock , 2023) . By taking into account the ESG factor, the investments made are expected to provide greater benefits and support sustainable economic and financial activities (Pratama et al., 2022) . The development of sustainable finance-based investments continues to increase in line with the desire of investors to be able to play a role in environmental and social care, while still considering the financial performance of the investments made (Paulakarin et al., 2020) . Apart from that, this development is also the response of investors to the trend of countries' concern for environmental, social and governance aspects.

The adverse effects of the Covid-19 pandemic have hit almost all business sectors, but several companies have shown resilience in dealing with these pressures. This situation stimulated the interest of researchers to examine whether ESG-based stock investments were able to show stronger performance than non-ESG-based traditional investments during the pandemic. Research conducted by Albuquerque et al., (2020); Barro et al., (2020); Koçak et al., (2022) and Ramelli & Wagner (2020) found that the pandemic has increasingly highlighted the importance of corporate sustainability performance as one of the main factors in maintaining the resilience of corporate stocks to unexpected shocks. Therefore, the ESG aspect is an important focus in evaluating stock investment amid the Covid-19 pandemic crisis.

Some of the results of previous studies still provide different findings regarding the effect of ESG aspects on the company's stock performance. Several studies found contradictory results with previous research, for example Demers et al., (2020) found that ESG performance had no recovery effect on the company's stock price during the Covid-19 pandemic crisis. Ningwati et al., (2022) found a negative and significant effect of ESG performance on company market performance proxied by Tobins'q. In addition, research by Spirova et al., (2023) shows a negative effect of ESG performance and social performance on stock returns . Similar findings were found by Torre et al., (2020) , Qodary & Tambun (2021) and Grahovac & Ovuk (2022) who found that the company's commitment to ESG aspects has no effect on the company's stock performance.

Based on the explanation above, the authors found several gaps from previous studies, namely: (1) previous studies still focused on the effect of ESG aspects on stock performance proxied by Tobin's Q or stock returns , but have not reached a definite conclusion, (2) limited research about the role of sustainability performance or ESG on stock stability and flexibility during the Covid-19 pandemic crisis (Demers et al., 2020; Sajko et al., 2021; D. Zhou & Zhou 2022) . So it is interesting to analyze in order to get a broader picture of the application of ESG in Southeast Asia and its effect on the company's stock performance. It is hoped that the results of this research can contribute to the literature on the topic of sustainability regarding the role of ESG performance and the performance of ESG components (environmental, social and governance) on loss severity and stock recovery time during the Covid-19 pandemic crisis in Southeast Asia.

2. Literature Review and Hypothesis Development

The first theory used in this study is the signal theory. this theory explains that companies use signals to inform investors about their quality and future prospects (Fahmi, 2012) . In the context of ESG performance, companies that are good at environmental, social and governance can use these signals to communicate their commitment to sustainability and responsible business practices, and differentiate themselves from companies that are less sustainable (Sumunar & Djakman, 2020) . With this signal, information asymmetry is expected to decrease, and stakeholders can use ESG information in making decisions about the company. The hope is that ESG disclosures will provide positive feedback to investors, so that they can evaluate the risks associated with the company's prospects (Meng-tao et al., 2023) . This, in turn, can increase investor confidence and a higher company stock valuation.

The second theory is the Socially Responsible Investment theory . This theory shows that investors can have a positive impact on society and the environment while still achieving financial returns (Lowry, 1991) . This can be achieved through environmental, social and governance (ESG) investments, which consider the company's performance in these three areas when making investment decisions (Paulakarin et al., 2020) . Investors will choose companies that meet strict ESG criteria, reflecting the company's commitment to sustainable and socially responsible business practices. Investor demand for socially responsible investment is increasing, this encourages companies to engage in ESG activities to strengthen stakeholder engagement and achieve long-term competitive advantages (Nguyen et al., 2022) .

SRI literature explains that during the Covid-19 pandemic crisis, companies that have prioritized environmental, social and governance aspects are better prepared to face economic uncertainty (Harabida et al., 2022) . They tend to diversify their supply chains, invest in employee well-being, and maintain strong relationships with stakeholders (Ortiz-de-Mandojana & Bansal, 2016) . When the market decline caused by the pandemic crisis has increased risk and destroyed investors' expected returns (Vuong et al., 2022). Investors who prioritize investing in ESG stocks recognize the resilience of these companies and continue to invest in them even during the pandemic crisis (Cardillo et al., 2023) . The increased demand for ESG shares helps them to remain stable and allows them to recover faster than their competitors (Tett et al., 2020) .

H1a = "The company's ESG performance has a negative and significant effect on the severity of stock losses during the Covid-19 pandemic crisis"

H1b = "The company's ESG performance has a negative and significant effect on stock recovery time during the Covid-19 pandemic crisis"

H2a = "Company environmental performance has a negative and significant effect on the severity of stock losses during the Covid-19 pandemic crisis"

H2b = "Company environmental performance has a negative and significant effect on stock recovery time during the Covid-19 pandemic crisis"

H3a = "Company social performance has a negative and significant effect on the severity of stock losses during the Covid-19 pandemic crisis"

H3b = "Company social performance has a negative and significant effect on stock recovery time during the Covid-19 pandemic crisis"

H4a = "The performance of corporate governance has a negative and significant effect on the severity of stock losses during the Covid-19 pandemic crisis"

H4b = "The performance of corporate governance has a negative and significant effect on the recovery time of stocks during the Covid-19 pandemic crisis"

3. Methodology

The research design includes explanatory research with a quantitative approach, namely research designed to identify the effect of ESG performance and the performance of ESG components (environmental, social and governance) on the severity of stock losses and stock recovery time during the Covid-19 pandemic crisis in the Southeast Asian region by see the movement of the company's stock price. The population of this study is all non-financial sector public companies listed on each of the Southeast Asian member countries' stock exchanges. The research sample was taken using purposive sampling , namely based on certain criteria according to the subjective assessment of the researcher. The criteria that the authors use in this study include:

Table 1. Purposive Sampling Criteria

Criteria	2021	2020
All public companies in the non-financial sector are listed on the Stock Exchange of each country in Southeast Asia based on the Refinitiv Eikon Datastream	4846	4846
minus :		
Companies that do not have an ESG score by Refinitiv Eikon	(4175)	(4494)
Companies that do not have complete data regarding closing stock prices during the study period.	(1)	(0)
Companies that do not have complete data regarding control variables	(8)	(4)
Final number of samples	**662**	**348**

Table 1 shows that the sample in this study is a company that has received an ESG score from the Refinitive Eikon Datastream from 2020-2021. Based on the purposive sampling method , the number of samples for the two research models was obtained as many as 101 observations with details; 43 companies for 2020 and 58 companies for 2021. Unbalanced panel data regression analysis was carried out using STATA version 17. There are 4 research models used, namely:

Model 1 :

This research model aims to test hypothesis 1a, which shows the effect of the overall ESG performance variable on the severity of stock losses as shown in equation 1.

$$SL_{i,t} = \beta_{1+}\beta_2 ESG_{i,t} + \beta_3 UP_{i,t} + \beta_4 ROA_{i,t} + e_{i,t\,(1)}$$

Model 2 :

This research model aims to test hypothesis 1b, which shows the effect of the overall ESG performance variable on stock recovery time as shown in equation 2.

$$RT_{i,t} = \beta_{1+}\beta_2 ESG_{i,t} + \beta_3 UP_{i,t} + \beta_4 ROA_{i,t} + e_{i,t\,(2)}$$

Model 3 :

This research model aims to test hypothesis 2a, hypothesis 3a and hypothesis 4a which respectively show the influence of environmental performance, social performance and governance performance variables on the severity of stock losses as shown in equation 3.

$$SL_{i,t} = \beta_{1+}\beta_2 ENV_{i,t} + \beta_3 SOC_{i,t} + \beta_4 GOV_{i,t} + \beta_5 UP_{i,t} + \beta_6 ROA_{i,t} + e_{i,t\,(3)}$$

Model 4 :

This research model aims to test hypothesis 2b, hypothesis 3b and hypothesis 4b which respectively show the effect of the variables of environmental performance, social performance and governance performance on stock recovery time as shown in equation 4.

$$RT_{i,t} = \beta_{1+}\beta_2 ENV_{i,t} + \beta_3 SOC_{i,t} + \beta_4 GOV_{i,t} + \beta_5 UP_{i,t} + \beta_6 ROA_{i,t} + e_{i,t\,(4)}$$

Information :

$SL_{i,t}$	=	Severity of decline in company stock i, in period t
$RT_{i,t}$	=	Recovery time for company i stock, in period t
$ENV_{i,t}$	=	Company environmental performance i, in period t
$SOC_{i,t}$	=	Corporate social performance i, in period t
$GOV_{i,t}$	=	Corporate governance performance i, in period t
$UP_{i,t}$	=	Company Size i, in period t
$ROA_{i,t}$	=	Return on company assets i, in period t
β	=	Regression coefficient
$e_{i,t}$	=	Error term

Operationalization of Research Variables will be presented in table 2

Table 2. Operationalization of Research Variables

Variables		definition	Measurements	Resources
Dependent Variable	Loss Severity	The maximum share price reduction loss suffered by a company during a crisis.	$= \left(\frac{\text{lowest stock price} - \text{stock price at 31 Desember}}{\text{stock price 31 Desember}}\right) - 1$	DesJardine et al., (2019); Sajko et al., (2021) and Xia et al., (2022)
	Recovery Time	The amount of time it takes for a company's stock price to return to normal.	$= \sum(\text{number of stock recovery days})$	
Independent Variable	ESG performance	ESG performance refers to the measurement and assessment of environmental, social and corporate governance practices.	ESG performance is measured using the ESG score from Refinitiv Eikon which is designed in a transparent and objective manner to measure the company's relative ESG performance, commitment and effectiveness in 10 main themes (emissions, environmental product innovation, human rights, shareholders, etc.) publicly reported.	(Eikon, 2023)
	Environmental Performance	Measure the company's impact on both non-living environmental systems (soil, water and air) as well as the living environment and complete ecosystems.	Environmental performance is measured using the environmental pillar score from Refinitiv Eikon which consists of three assessment category scores, namely resource use , emission , and innovation.	
	Social Performance	Measures a company's capacity to generate trust and loyalty from its workforce, customers and society, through the use of best management practices.	Social performance is measured using the social pillar score from Refinitiv Eikon which consists of four scoring category scores namely workforce , human rights , product responsibility , and community .	
	Governance Performance	Measuring systems and procedures within the company related to company management and supervision	Governance performance is measured using the governance pillar score from Refinitiv Eikon which consists of three assessment category scores, namely management , stakeholders , and CSR Strategy .	

Control Variables	ROA	An indicator capable of revealing a company's ability to generate profits as a consequence of productive use of resources and efficient management.	= Net income after tax devided by total assets	Al Amosh & Khatib (2023) ; Giakoumelou et al., (2022) ; Adlah & Febrianto, (2023) ; Suri et al., (2023)
	Company Size	The scale that classifies the size of the company by market capitalization value. Market capitalization can provide a signal that the company is well known to the public.	= Natural logarithm (total assets)	

4. Results and Discussion

After the classical assumption test is fulfilled, this section will present the results of the regression analysis for the four research models, which use the random effect model regression method with robust standard errors. Based on the results of the regression analysis test, the coefficient and significance values for each independent variable are obtained as shown in table 2.

Table 2. Results of the Random Effect Model Regression Test

Dependent variable	SL	RT	SL	RT
Variable	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Constant	-1.152054	48.26712	-1.077241	49.47566
	(0.000)**	(0.000)**	(0.000)**	(0.000)**
ESG	0.0020267	0.0794236		
	(0.000)**	(0.014)**		
ENV			0.0012696	0.0667053
			(0.019)**	(0.065)*
SOC			0.0005021	-0.0336989
			(0.433)	(0.445)
GOV			0.0002737	0.0550246
			(0.551)	(0.045)**
UP	-0.0078299	-1.42415	-0.0101154	-1.461917
	(0.183)	(0.000)**	(0.093)*	(0.000)**
ROA	-0.4065902	-3.173744	-0.3906368	-2.956468
	(0.000)**	(0.285)	(0.000)**	(0.34)
Robust standard errors in parantheses				
**p < 0.05; *p < 0.1				

Effect of ESG performance on Loss Severity and Stock Recovery Time

Based on table 2, model 1 shows that ESG performance has a positive and significant effect on the severity of stock losses (coefficient 0.0020267; sig <5%). Model 2 shows that ESG performance has a positive and significant effect on stock recovery time (coefficient 0.0794236; sig < 5%). This study reveals that the better the company's ESG performance, the greater the severity of losses and the recovery time of the company's stock. This finding is not in line with the SRI theory and signal theory which are the basis of this research. This indicates that investors did not use the SRI theory (incorporating ESG criteria) in their investment decisions during the Covid-19 pandemic crisis. This finding is also not in line with signal theory, because investors perceive ESG performance as a bad signal, because companies will experience increased costs or reduced revenues during the Covid-19 pandemic crisis (Damodaran, 2021). This will be responded badly by investors and avoid these ESG stocks, resulting in decreased demand for ESG shares and impact on excessive stock price declines and have a greater recovery time.

This shows that investors in Southeast Asia are short-sighted and prioritize returns over dividends, because ESG will create value for shareholders in the long term (Zumente & Bistrova, 2021) , so that during a crisis that causes short-term market volatility, ESG performance unable to stabilize stock price fluctuations and recover the company's stock price in a short time. This is supported by the results of research from Giakoumelou et al., (2022) which explains that in a state of panic (the Covid-19 pandemic) and high uncertainty it is likely that investors will only focus on the company's financial condition, so the ESG aspect is not an aspect that must be considered. considered immediately. Several previous studies have also confirmed this finding, such as Ningwati et al., (2022) found a negative and significant effect of ESG performance on company market performance proxied by Tobins'q. In addition, research by Spirova et al., (2023) shows a significant negative effect of ESG performance on stock returns . Folger-Laronde et al., (2020) also found that companies with higher ESG performance do not protect investments from severe losses during market downturns.

Effect of Environmental performance on Loss Severity and Stock Recovery Time

Based on table 2, model 3 shows that environmental performance has a positive and significant effect on the severity of stock losses (coefficient 0.0012696; sig <5%). Model 4 shows that environmental performance has a positive and significant effect on stock recovery time (coefficient 0.0667053; sig <10%). This research reveals that the better the company's environmental performance, the greater the severity of losses and the recovery time of the company's stock. This finding is not in line with the SRI theory and signal theory which are the basis of this research. This indicates that investors did not use the SRI theory (include environmental performance criteria) in their investment decisions during the Covid-19 pandemic crisis. This finding is also not in line with signal theory, because investors perceive environmental performance as a bad signal, because companies will experience increased costs or reduced revenues during the Covid-19 pandemic crisis (Setyahuni & Widiar, 2022). This will be responded badly by investors and avoid stocks with good environmental performance, which results in decreased demand for these stocks and results in an excessive decline in share prices and has a greater recovery time.

There are several reasons that can explain this, namely environmental aspects were not as badly affected as economic aspects during the Covid-19 pandemic crisis (Hammad et al., 2023) and the adoption of good environmental performance by companies did not always provide significant results in a short time (Wang et al., 2014) . Therefore, investors tend to dislike companies that focus too much on environmental performance during the Covid-19 pandemic crisis. Several previous studies have also confirmed these findings, such as Bahari (2023) found that environmental

performance had a negative effect on the resilience of company stocks during the first and second waves of the Covid-19 pandemic in Southeast Asia . Castro et al., (2021) also found that environmental performance will reduce company stock prices during the Covid-19 pandemic crisis. Ye & Bai (2021) in his study also found that corporate environmental performance has a negative and significant relationship with the level of stock liquidity in companies that have high environmental performance ratings.

Effect of Social Performance on Loss Severity and Stock Recovery Time

Based on table 2, model 3 shows that social performance has a positive and insignificant effect on the severity of stock losses (coefficient 0.0005021; sig > 10%). Model 4 shows that social performance has a negative and insignificant effect on stock recovery time (coefficient -0.0336989; sig > 10%). This study reveals that the better the environmental performance of a company, the greater or lesser the severity of losses and the recovery time of stocks. This finding is not in line with the SRI theory and signal theory which are the basis of this study. This indicates that investors did not use the SRI theory (incorporating social performance criteria) in their investment decisions during the Covid-19 pandemic crisis. This finding is also not in line with signal theory, because investors face difficulties in capturing signals from corporate social performance in the midst of competition for all companies to improve their social performance during a crisis (Mahmud et al., 2021). Therefore, investors do not take social performance into consideration in choosing an investment. So that the company's social performance has no significant effect on the severity of losses and the recovery time of shares during the Covid-19 pandemic crisis.

During the Covid-19 pandemic crisis, investors and shareholders may focus more on factors such as financial sustainability, adaptive business strategies and risk management policies adopted by companies. (Kapsah & Kusumanigtyas, 2023) . This can cause the company's social performance to be a factor that is not considered in their assessment of stock price stability and stock recovery time. Then the results of social performance may take longer to be seen in the company's stock price (Jao et al., 2023) . For example, a company's efforts to build a good reputation in terms of social and environmental responsibility can affect investors' and shareholders' perceptions in the long term. Therefore, in a short crisis situation such as the Covid-19 pandemic, the direct impact of a company's social performance may not be so obvious. Several previous studies such as Febriani et al., (2022), Handayani & Haryati (2023), Shafira & Hermi (2022) and Syarif & Maulana (2022) also confirmed the results of this study. They found that the company's social performance has no effect on stock performance as a proxy for stock return .

The Effect of Governance on Loss Severity and Stock Recovery Time

Based on table 2, model 3 shows that social performance has a positive and insignificant effect on the severity of stock losses (coefficient 0.0002737; sig > 10%). Model 4 shows that social performance has a positive and significant effect on stock recovery time (coefficient 0.0550246; sig < 5%). This research reveals that even though the performance of corporate governance is getting better, the severity of stock losses is not getting bigger or smaller, on the other hand the company's stock recovery time will be bigger during the Covid-19 pandemic crisis. This finding is not in line with the SRI theory and signal theory which are the basis of this study. This indicates that investors did not use the SRI theory (incorporating governance performance criteria) in their investment decisions during the Covid-19 pandemic crisis. This finding is also not in line with signal theory, because investors consider companies with good governance to have a more conservative and slower decision-making process (Bhayani, 2014). In times of crisis, where speed of response is critical, slow

decision-making processes can slow stock price recovery. Because investors do not take governance performance into consideration in choosing investments.

These findings indicate that companies with better governance tend to be more careful in making investment decisions (Bhayani, 2014) and prioritize long-term financial stability during the Covid-19 pandemic crisis (Hsu & Liao, 2022). In crisis situations such as the Covid-19 pandemic, these companies tend not to make investment decisions to recover their stock prices because of the high level of risk. Instead, they focus more on maintaining financial stability in the long term. So this policy had a negative impact on the recovery time of stock prices during the Covid-19 pandemic crisis. Several previous studies also confirmed this finding, such as Hsu & Liao (2022) found that the performance of good corporate governance had a negative and significant effect on stock returns during the Covid-19 pandemic crisis. In line with Hafidzi (2021) , he also found that the performance of corporate governance had a negative and significant effect on stock returns . Furthermore, Bătae et al., (2020) explained that the quality of corporate governance has a negative contribution to market valuation.

5. Conclusion

The conclusion of this study shows that the company's ESG performance and environmental performance have a positive and significant influence on the severity of losses and stock recovery time. Social performance has no significant effect on loss severity and stock recovery time. Governance performance has no significant effect on loss severity. On the other hand, governance performance has a positive and significant effect on recovery time. In the context of the Covid-19 pandemic crisis, companies need to carefully consider implementing good ESG performance practices. Although good ESG performance has long-term benefits for the company, it can have a positive impact on the severity of losses and the recovery time for stock prices during a crisis. Companies need to take into account the risks and special circumstances that may arise during a crisis and take appropriate measures to maintain the stability and flexibility of share prices.

This study has limitations, namely (1) the application of ESG as reflected in the ESG score has not been fully implemented by companies in Southeast Asia. This is reflected in the small number of companies that have ESG scores from ESG rating providers, (2) Practices and scoring of ESG that are not yet international standard are one of the factors that limit research in the field of ESG, and (3) external factors such as macroeconomics , government policies, investor sentiment and unforeseen events can affect the stability and recovery of stocks during the Covid-19 pandemic. This study does not take into account these external factors that may affect the results of the study.

The results of this study also provide recommendations to investors to use investment strategies based on socially responsible investment (incorporating ESG considerations in considering investment decisions). Then regulators such as the International Sustainability Standard Board (ISSB) to standardize ESG performance measurements and the obligation to disclose ESG performance in the company's annual report. It is recommended for companies to continue to carry out continuous improvements related to ESG aspects. Finally, future researchers can carry out a regional comparative analysis between countries or a comparative analysis between types of industries to find out which regions or types of industries have felt the most negative impact from the Covid-19 pandemic.

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