The Evolving Landscape of the ESG Literature
Post-COVID-19

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<Abstract>
This study begins with the following two questions: Has the COVID-19 pandemic altered the ESG literature landscape? If so, how has it changed? To answer these questions, we review ESG literature before and after the onset of the COVID-19 pandemic. Eventually, we aim to answer the following specific questions: (i) Which topics within the ESG domain gained the most popularity before and after the pandemic? (ii) What conclusions have been drawn from the existing literature? and (iii) Which areas of ESG research remain unexplored or require further investigation? We find that the literature on ESG has seen major changes after the onset of the pandemic, such as (i) heightened awareness of the importance of ESG measures among practitioners and academicians with a focus on specific facets of ESG; (ii) a growing focus on the social and governance aspects of ESG; (iii) a greater emphasis on the role of ESG considerations in sustainable recovery; (iv) the need for a consistent and standardized method of evaluating and reporting ESG matters; and (v) an escalating call for government interventions and regulatory support. Finally, we conclude this review by identifying potential avenues for future research.

Keywords: COVID-19; CSR; ESG; Pandemic; Literature Review
JEL Classification: G18, G24, M14

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Received: August 17, 2023; Revised: September 14, 2023; Accepted: September 18, 2023
<요 약>

핵심 단어: 코로나-19, CSR, ESG, 팬데믹, 문헌연구

JEL 분류기호: G18, G24, M14
1. Introduction

The profound impact of the COVID-19 pandemic on societies and economies worldwide has prompted a reevaluation of various aspects of our lives. One area that has garnered increased attention is environmental, social, and governance (ESG) issues. The ESG literature, which explores the intersection of sustainability, responsible business practices, and ethical decision-making, has been evolving for years. However, the pandemic has undoubtedly introduced new dynamics, reshaping the landscape of ESG research, and raising important questions about its relevance and implications in a post-COVID-19 world.

Before the outbreak of COVID-19, researchers had primarily focused on investigating the impact of ESG practices on financial performance, corporate reputation, and stakeholder engagement among others. The findings had occasionally been used to support the stakeholder theory, which posits that organizational managers have duties not only to shareholders but also to other affiliated entities like employees, communities, and suppliers, all recognized as stakeholders (Freeman, 1984). Proponents of ESG (or CSR) had argued in favor of benefiting stakeholders, which, in turn, benefits the organization financially (Barnett and Salomon, 2006; Jang et al., 2020; Tang et al., 2012) and non-financially through either enhanced risk management or increased reputation capital (Kim, 2009; Godfrey et al., 2009; Hur et al., 2014; Koh et al., 2014; Liang and Renneboog, 2017; Shiu and Yang, 2017). Studies had sought evidence to convince corporate managers to incorporate ESG practices within their firms. However, in reality, such “emotionally, normatively, and ideologically loaded (Van Beurden and Gössling, 2008)” debates regarding the relationship between ESG and corporate financial performance (CFP) might have deterred companies from fully embracing ESG initiatives (Godfrey and Hatch, 2007).

Since the onset of the pandemic in early 2019, its profound disruption prompted a reevaluation of prevailing paradigms. This led to a more intricate exploration of how ESG factors align with global health emergencies, social disparities, and economic robustness. In essence, companies pursued strategies to mitigate the repercussions of COVID-19 on their operations, and ESG initiatives appeared to offer a somewhat holistic answer to their challenges. This paper presents a thorough analysis of previous ESG-related articles, highlighting the subsequent progress made in the overall ESG literature before and after the onset of COVID-19.

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1) For clarity, we use the term “ESG” primarily except when reviewing studies that specifically use the term “CSR”.

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We review peer-reviewed articles sourced from academic journals, focusing on studies that specifically delve into ESG issues. We employ the COVID-19 pandemic as a defining variable, categorizing the research into pre-pandemic and post-pandemic periods. We discern shifts in research emphases and pivotal findings that occur before and after the pandemic. Additional factors considered in our analysis encompass different financial assets and distinct ESG dimensions. Insights obtained from our review offer suggestive directions for upcoming research endeavors.

Our analysis of the review generates five considerations regarding the landscape of the ESG literature before and after the pandemic. First, there has been a heightened awareness of the importance of ESG integration with a focus on specific facets of ESG. The pandemic highlighted the importance of sustainable and responsible business practices. Investors and companies recognized the significance of ESG factors in long-term resilience. This led to an acceleration in the integration of ESG considerations in corporate strategies and investment objectives. Concurrently, academic research became more vigorous, delving deeper into the nuanced impacts of ESG integration.

Second, the pandemic uncovered the significance of the social and governance components within ESG integration. Historically, the emphasis on environmental factors might have overshadowed these aspects. The social dimension of ESG became particularly pronounced as companies had to navigate workforce challenges, community relations, and stakeholder communication during the health crisis. For example, how a company responded to employee well-being during lockdowns or how they engaged with communities affected by their operations became pivotal indicators of their social responsibility.

On the governance side, the pandemic highlighted the critical role of decision-making, crisis management, and transparent communication. Organizations with robust governance structures proved more resilient, as they were better equipped to manage disruptions, maintain stakeholder trust, and adapt to rapid changes in the business environment. This period reaffirmed that a holistic approach to ESG, giving equal weight to environmental, social, and governance factors, is essential for sustainable business practices in the face of unforeseen challenges.

Third, there has been a marked increase in academic discourse emphasizing the critical role of businesses in leading a sustainable revival. This initiative is deeply rooted in the comprehensive application of ESG principles. The intensified focus on ESG stems from a shared understanding of its paramount importance in ensuring enduring value generation, enhancing resilience, and aptly addressing pressing societal concerns.

In the scholarly quest to comprehend and implement post-pandemic resurgence,
researchers have explored the diverse aspects of sustainable recovery. Their examinations have assessed the effects and potentialities of models centered on stakeholders, pathways for sustainable financial support, and strategies underpinned by ESG tenets. These academic pursuits are dedicated to clarifying effective approaches for a more resilient recovery in the post-pandemic context.

Fourth, the pandemic unveiled a concerning trend: ESG methodologies were often inconsistent and lacked standardization (Berg et al., 2022). The recent study revealed that the variability produced divergent results, putting the credibility of ESG assessments into question, implying that without a unified benchmark or criteria, interpretations of ESG performances could drastically differ based on the methodology employed.

This situation led to a crucial realization: the ESG landscape needs harmonization to ensure that assessments are comparable, consistent, and, most importantly, trustworthy. Investors, stakeholders, and companies all benefit from a standardized approach, as it provides a clearer picture of an organization’s genuine ESG performance. Such standardization might also accelerate the integration of ESG considerations into mainstream investment and business decisions, as clearer metrics provide a more definitive value proposition.

Moreover, this variance in outcomes highlighted the need for industry experts, regulatory bodies, and international organizations to collaborate in establishing clear guidelines and best practices. The pandemic underscored that in times of global crises, having dependable and universally accepted ESG benchmarks is not just beneficial—it’s imperative for businesses to navigate challenges with integrity and foresight.

Fifth, the pandemic magnified the role of government interventions and regulatory support. This shifted focus paved the way for regulatory adjustments advocating for enhanced transparency and proactive ESG integration within organizations. It also promoted a more uniform approach to the reporting and evaluation of ESG practices. As governments played a more prominent role in guiding economic recovery, there was a heightened emphasis on ensuring that businesses not only recover but also operate in ways that are sustainable and beneficial for the broader society. This period underscored the importance of standardized reporting, as it allows for better monitoring, accountability, and comparison across sectors and regions.

Understanding the evolving landscape of the ESG literature post-COVID-19 is crucial for academics, policymakers, and practitioners alike. It allows us to assess the resilience of ESG frameworks, identify potential areas for improvement, and shape future strategies that integrate sustainability, social responsibility, and effective go-
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...vernance into our recovery efforts. With this review, we aim to contribute to the academic and practitioner understanding of the impact of the COVID-19 pandemic on the ESG literature. The findings can be used to identify research gaps and highlight areas that require further exploration in the post-COVID-19 era. The implications of this study extend to policymakers, academics, and practitioners who are interested in sustainable development, responsible business practices, and the role of ESG considerations in creating a more resilient and ethical future.

Lastly, for this special issue, our primary focus is on articles from the Korean Journal of Financial Studies that were identified using keywords such as “CSR” and “ESG.” This approach aids in understanding the evolution of literature in Korea in comparison to the global context. However, it’s worth noting that studies on ESG were somewhat scarce in this journal before the pandemic. Consequently, our review extensively covers articles from other prominent global journals, including the Strategic Management Journal, Journal of Business Ethics, and Journal of Finance, among others.

The rest of the paper is structured as follows. Section II describes the methods. Section III provides a comprehensive review of the literature on ESG before the COVID-19 while Section IV reviews the literature on ESG after the COVID-19 pandemic declaration. Section V discusses the implications, limitations, and avenues for future research. Section VI concludes.

2. Methods

2.1 Data Collection

In this study, we conduct a review of the literature on ESG issues, focusing on the impact of the COVID-19 pandemic on this field of research. In addition to what is described in the introduction section, the following steps briefly describes our data collection method.

First, we begin by selecting peer-reviewed articles from academic journals that specifically address ESG issues. Our aim is to ensure a well-rounded representation of this research, considering articles from both domestic and international sources.

To facilitate the identification of relevant articles, we employ specific keywords, such as “CSR” and “ESG,” in our search criteria. This keyword selection is strategic, aiming to explore the evolution of ESG literature within the context of Korea in comparison to the global perspective.

To assess the influence of the COVID-19 pandemic on ESG research, we categorize the selected articles into two distinct time periods: pre-pandemic and post-pandemic.
The pre-pandemic period encompasses research published before the pandemic's onset, while the post-pandemic period includes research published following the declaration of the pandemic.

This structured approach allows us to systematically examine the ESG literature, providing insights into its development and transformation in response to the pandemic.

2.2 Data Analysis

After compiling a collection of relevant articles, we conduct a comprehensive analysis. This analysis encompasses several key steps as follows.

Firstly, we engage in a thematic analysis of the selected articles. The objective is to identify prominent themes and observe shifts in research emphasis that occurred both before and after the pandemic. These themes include investigating the impact of ESG on financial performance, stakeholder engagement, environmental considerations, as well as social and governance aspects.

Furthermore, we undertake a comparison of research emphases. Our focus is on evaluating the differences in research priorities during the pre-pandemic and post-pandemic periods. This allows us to gain insights into how the pandemic influenced the direction and focus of ESG research.

Lastly, our analysis involves an examination of various ESG dimensions. We consider different financial assets and a range of ESG aspects. This comprehensive examination sheds light on how these various factors contributed to the evolving landscape of ESG literature, providing a holistic view of the research in this field.

2.3 Data Synthesis

Based on our analysis, we synthesize the findings to provide insights into the evolving landscape of ESG literature in the context of the COVID-19 pandemic. Our study generates five key considerations, as outlined in the paper, to highlight the changes and developments in the field.

These findings are crucial for understanding the shifts in research, the increasing awareness of ESG, the significance of social and governance dimensions, the importance of sustainable recovery, the need for ESG standardization, and the role of government interventions and regulatory support. The implications of our study extend
to academia, policymaking, and business practices, emphasizing the importance of ESG considerations in creating a more resilient and ethical future.

Overall, this method allows us to conduct a comprehensive and insightful review of the ESG literature in the context of the COVID-19 pandemic, shedding light on its evolution and impact.

3. Pre-Pandemic ESG Literature

3.1 The Link between ESG and Businesses

Early studies using ESG as a dependent variable primarily investigated factors that determine companies to engage more or less in ESG activities. For example, Oh et al. (2011) investigated the effect of ownership structure on CSR in Korea. They found a significant relationship between different ownership types (e.g., family ownership, institutional ownership, foreign ownership) and CSR activities. The findings suggested that ownership structure significantly influences CSR engagement, providing insights into the role of ownership in promoting responsible business practices.\(^3\)

Walls and Berrone (2017) investigated the impact of CEO power on environmental sustainability within organizations. The finding confirmed both informal (personal power) and formal (structural power) sources of CEO power and their influence on environmental sustainability practices.

Liang and Renneboog (2017) discovered a strong correlation between a country's legal origin and CSR ratings. Specifically, firms from civil law countries tend to have higher average CSR ratings than those from common law countries. Notably, Scandinavian civil law firms receive the highest CSR ratings.

Sheikh (2019) examined the dimensions of CEO power and their influence on CSR. The study revealed how CEO characteristics, such as tenure, ownership, and influence, impact CSR engagement. The study contributes to the understanding of CEO power dynamics and their implications for CSR activities.

On the other hand, studies that used ESG as an independent variable primarily investigated the effect of ESG activities on companies' financial performance. For example, Barnett and Salomon (2006) studied the complementary relationship between social responsibility and financial performance using socially responsible investing (SRI) products and their financial outcomes. They found that while increased social

\(^3\) We begin with studies published less than a decade before the outbreak of the pandemic although a few studies published in early to mid-2000 are introduced later for proper reference. The purpose is to narrow the window of analysis of studies before and after the onset of the pandemic for a better comparison.
screens used by SRI funds leads to less financial returns at first, the returns rebound as the number of screens increases to a maximum.

Similarly, Kook and Kang (2011) found that CSR activities improve corporate value unless the company has weak governance. The findings are significant because they steered the literature away from an endless debate of whether the relationship holds and towards a more in-depth examination of the merits of different social screening strategies.

Extending such findings, Tang et al. (2012)’s study emphasized the importance of how companies engage in CSR (i.e. “CSR engagement strategy”), which functions as a moderating factor in the CSR-CFP relationship. They argued that the benefit of CSR increases for companies when they adopt a CSR engagement strategy that is consistent and involves relevant dimensions of CSR that are more internal to the firm.

Furthermore, Flammer (2013) explored the relationship between corporate social responsibility (CSR) and shareholder reactions, specifically focusing on the environmental awareness of investors. The research demonstrated that firms with better CSR performance, particularly in environmental dimensions, tend to attract positive shareholder reactions, highlighting the importance of environmental responsibility for investor perception and market value.

Cheng et al. (2014) examined the relationship between CSR and access to finance by analyzing a sample of US firms from 1992 to 2010. The authors found that firms with higher CSR scores have better access to finance than firms with lower CSR scores.

Likewise, Eccles et al. (2014) investigated the effect of a corporate culture of sustainability on multiple facets of corporate behavior and performance outcomes. They found that companies with voluntarily adopted environmental and social policies many years ago exhibit significantly different characteristics from a matched sample of companies without such policies.

Derwall et al. (2015) explored the relationship between eco-efficiency and stock returns by analyzing a sample of European firms from 1992 to 2002. The findings revealed the existence of an eco-efficiency premium, suggesting that companies with better environmental performance tend to experience higher stock returns.

Meanwhile, Clark et al. (2015) investigated the link between sustainability and financial performance by analyzing a sample of US firms from 1993 to 2010. The research provided evidence that companies with strong sustainability practices can financially outperform, highlighting the potential benefits of integrating sustainability into business strategies.

In terms of the long-term effect, Ioannou and Serafeim (2019) argued that corporate
sustainability is not just about doing good but also about strategy. They proposed a framework for analyzing how sustainability can drive long-term value creation.

### 3.2 The Insurance-like Benefit of ESG

Early studies highlighted enhanced risk management benefits of ESG integration (Godfrey et al., 2009; Koh et al., 2014; Shiu and Yang, 2017). For example, Godfrey, Merrill, and Hansen (2009) found a strong link between CSR activities and insurance-like effects. They argued that corporate engagement in institutional CSR activities targeting secondary stakeholders and society at large, rather than technical CSRs targeting trading partners, produces more insurance-like benefits. Their findings strongly support the economic value of CSR engagement.

Building on this, Shiu and Yang (2017) discovered that during negative events, the stock and bond prices of firms engaging in CSR benefit from its insurance-like effects. However, this advantage diminishes swiftly after a subsequent negative event occurs. Such findings are consistent with Hartzmark and Sussman (2019), showing that mutual funds with high sustainability had seen substantial net inflows of 24 million U.S. dollars while funds with low sustainability had seen net outflows of 12 million U.S. dollars amid a shock. The findings support the notion that investors value sustainability.

Furthermore, Hur et al. (2014) advanced the literature by investigating the relationships among CSR, corporate brand credibility, corporate brand equity, and corporate reputation. They first introduced the mediating role of corporate brand credibility in the relationship between CSR and corporate reputation.

### 3.3 ESG Measurement and Reporting

Sustainability reports were becoming more prevalent even before the pandemic. Nonetheless, these were often seen as “good to have” rather than essential components of corporate and investment strategies. There were debates about whether the reports truly capture what needs to be reported and assessed in terms of CSR activities and their outcomes (Smith et al., 2011). Chen and Bouvain (2009) critiqued studies that examine varied sustainability reporting practices, arguing that these studies employ overly simplistic methods. They further contended that the conclusions drawn—that industries and countries with differing regulations have disparate reporting standards—are overly generalized and lack depth. A global survey conducted by Amel-Zadeh and Serafeim (2018) also revealed that the lack of reporting standards hinders the use of ESG information by investors.
Ioannou and Serafeim (2017) examined the effects of mandatory sustainability disclosure on firm behavior, stakeholder engagement, and the quality of sustainability information. The study’s findings contribute to the understanding of the benefits and challenges associated with mandatory sustainability reporting, providing specific insights for policymakers and practitioners.

Overall, the ESG literature pre-COVID-19 offers the following insights. First, the relationship between ESG and financial performance is complex and context-dependent, with mixed evidence suggesting variations across industries and measurement approaches. Second, the integration of ESG serves as an essential tool to bolster a company’s risk management capabilities. Lastly, sustainability reporting faces criticism due to its lack of standardized methods, leading to inconclusive and inconsistent outcomes.

4. Post-Pandemic ESG Literature

The global crisis brought about by COVID-19 underscored the importance of ESG considerations in a way few other events have. The pandemic highlighted the interconnectedness of societal health, economic prosperity, and corporate responsibility. This shift had significant impacts on ESG literature and practice. Based on the review of related studies published after the onset of the event, we organize the facets impacted by the pandemic in five categories.

4.1 Emerging Research on Pandemic-related ESG Implications

The pandemic has spurred a new wave of research examining the implications of COVID-19 on ESG issues. Studies explored the relationship between the pandemic and ESG factors such as employee health and safety, supply chain disruptions, corporate resilience, stakeholder engagement, social inequalities, and the role of ESG in crisis response and recovery. In addition, the outbreak has prompted researchers and practitioners to focus on specific facets of ESG, for example, its implications for financial markets, its impact on different types of financial assets, or its relation to innovative corporate strategies.

Kang and Jung (2020) examined how ESG activities affect firm value depending on firm characteristics such as profitability or a portion of foreign ownership. Consistent

4) Interestingly, in studies published after the pandemic began, there seems to be an apparent preference for the term “ESG” over “CSR”. For instance, when searching for “CSR” on the Korean Journal of Financial Studies website for the period between 2021 and 2023, the results predominantly feature studies using “ESG”.

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with prior studies, they found a positive relationship between firm value and ESG activities, which is pronounced in firms with high profitability.

Pedersen et al. (2021) examined responsible investing and the construction of the ESG-efficient frontier. The research analyzed the risk-return trade-offs of portfolios that consider ESG factors. The study contributes to the literature by providing insights into the financial performance and risk implications of responsible investing strategies.

Duque-Grisales and Aguilera-Caracuel (2021) examined the relationship between ESG scores and financial performance among multilatinas, with a focus on the moderating effects of geographic international diversification and financial slack. The research highlighted that the positive association between ESG scores and financial performance is influenced by these moderating factors, providing insights into the complex relationship between ESG and financial outcomes.

Advancing the literature, Kim and Ahn (2022) discovered and discussed the existence of a greenium (i.e., green premium) in the Korean bond market using the secondary market bond trading data. The study concluded that a greenium exists prior to the outbreak of the Covid-19 pandemic but disappears after the onset of the pandemic outbreak. They also found that the green premium reappears when the government declares a carbon neutral economy, supporting the existence of a chronological trend for greenium in the Korean bond market.

Sim and Kim (2022) examined the genuine representation of the term “ESG” in ESG funds. They analyzed differences in portfolio holdings, fund flows, and performance between ESG funds and non-ESG products to discern if it was simply marketing jargon. They argued that ESG funds have distinct fund attributes and, thus, “ESG” is not mere marketing rhetoric in the Korean fund market.

In the meantime, Jung and Kim (2022) used ESG scores, patents, and innovation index to examine the interaction effect of ESG and innovation on firm value. The results revealed the positive effect of both variables on firm value, while no significant relationship was found for firms with excessive free cash flow. The study implied that the result may be related to an agency problem, supporting the positive effect of ESG on firms financials.

Addressing the agency problem, Jeong and Choi (2022) critiqued Korean firms for their insufficient measures to shield shareholders from managerial agency issues. They contended that adopting vague ESG objectives may intensify the agency dilemma. While this notion could be contentious, especially given that the study did not robustly support the idea, it does offer insight into how ESG considerations can be viewed in light of the agency problem.

Park and Lee (2023) investigated how finance professionals can contribute to ESG
integration, decision-making, risk assessment, and performance evaluation. The study's insights provided guidance for financial practitioners and policymakers on incorporating ESG considerations into financial practices.

Furthermore, studies also investigated the effects of ESG in relation to the financial market and different types of financial assets. For example, Noh (2022) investigated ESG in private equity investment, which requires active engagement with the management and a long-term investment horizon among others. The study showed the insurance-life effect in private equity investing and suggested ways to promote ESG in private equity investing, such as defining a clear goal, creating value through ESG due diligence, and collaboration in ESG investing.

Park and Lim (2022) examined the impact of additions or deletions of securities in an ESG index on stock return comovement in the Korean market. The study indicated that firms newly included in the index experience an uptick in beta, whereas firms removed from the index demonstrate a notable decline in beta. Although the results aligned with prior evidence regarding stock return comovement with changes in major market index constituents, the findings also suggested that revisions to the ESG index, based on non-financial factors, can influence stock return comovement.

Kim et al. (2021) introduced an innovative method of using option-implied volatility to capture the insurance benefit of CSR activities. Their findings not only supported the insurance benefit of CSR but also indicated that such benefit is significantly priced in financial markets.

Bae et al. (2021) investigated the relationship between ESG performance and stock price crash risk, considering the moderating role of financial constraints. The research demonstrated that companies with better ESG performance tend to have lower crash risk, particularly when they face fewer financial constraints.

Last but not least, some studies also used fund flows to investigate the effect of ESG scores on investor demands during the pandemic. For example, Ferriani and Natoli (2021) investigated the effect of ESG risk perception on investment fund flows in times of the COVID-19 crisis. The findings suggested that investors prefer low-ESG-risk funds while environmental risks remain a top concern, again supporting the insurance-like benefit of ESG engagement.

4.2 Heightened Awareness of Social and Governance Aspects

The pandemic has brought the social and governance dimensions of ESG into sharp focus, particularly emphasizing the social aspects. On April 22, 2020, Goldman Sachs reported, “The global pandemic has both amplified and accelerated the significance of social issues as an economic reality, shifting the ‘S’ from a values-based question to a
material business concern." Forbes also underscored this shift in emphasis, stating that "the pandemic highlighted the need for enhanced diversity and inclusion, as well as social responsibility in local communities" on March 12, 2022.

As such, the pandemic has highlighted the importance of employee welfare, stakeholder engagement, leadership effectiveness, risk management, and ethical decision-making in navigating a global health crisis. This heightened awareness has spurred researchers to delve deeper into the social and governance implications of ESG practices and their impact on organizational resilience and long-term value creation to varying degrees.

For example, Kim and Ahn (2021) examined whether there exists an issuance premium for SRI bonds and found a significant premium of 8 basis points at a minimum for social bonds. Conversely, no significant premium was observed for other types of bonds. This finding extended an earlier study that found the screening effect of SRI funds on the funds’ financial outcomes (Barnett and Salomon, 2006).

Lee et al. (2022) examined the performance of socially responsible firms during the Covid-19 pandemic in Korea. The authors found that socially responsible firms outperform other firms during the pandemic, in line with prior findings that ESG provides an insurance-like benefit during economic downturns. They also found that different investor types exhibit varied trading behaviors, indicating the importance of responsible investing during challenging times.

Focusing on the governance side, Yi (2023) examined the impact of shareholder proposals on corporate governance and stock prices. He found that corporate governance improves after the shareholder proposals such as the introduction of the Stewardship Code and the amendment to the Articles of Incorporation. Also, the higher the voting rights, the greater the impact. However, when examining the impact on stock prices, no significant change was found.

Jang et al. (2022) examined the relationship between corporate executives’ incentives and ESG performance. The authors found that executives with higher ESG incentives are more likely to improve ESG performance. Additionally, the tenuous connection be-


7) The emphasis on the social and governance aspects does not imply a diminished focus on the environmental aspect. Rather, it suggests that, in comparison to the past, greater attention has been given to these aspects since the pandemic, without diminishing the focus on the environmental aspect.
tween higher earnings manipulation and ESG performance underscored the necessity for a more refined and systematic approach to ESG contracting for managers.

Furthermore, Shahab et al. (2022) investigated the relationship between CEO power and CSR decoupling. The research showed how powerful CEOs may influence the divergence between CSR rhetoric and actual CSR practices within organizations. The findings shed light on the importance of CEO power dynamics in understanding the implementation of CSR initiatives.

Lastly, Gompers et al. (2023) examined the relationship between corporate governance practices and equity prices. The research demonstrated that firms with better governance mechanisms tend to have higher stock prices, indicating the importance of strong governance for shareholder value.

Overall, despite the increased awareness in general, the body of literature exploring the social dimensions of ESG in particular remains relatively limited compared to other ESG facets. This limitation may stem from the ambiguity in defining social issues or controversies surrounding them (Starks, 2023). This article, therefore, underscores the pressing need for an even more significant focus on addressing the social aspects through theoretical and empirical research.

4.3 Emphasizing Sustainable Recovery

The pandemic has accelerated discussions on the role of businesses in promoting sustainable recovery through ESG integration. There is increased recognition of the importance of ESG integration for long-term value creation, resilience, and addressing societal challenges. Research has explored the implications of stakeholder-oriented approaches, sustainable finance mechanisms, and ESG-driven strategies in building back better post-pandemic.

He and Harris (2020) investigated the impact of the COVID-19 pandemic on CSR and marketing philosophy in particular. The research highlighted the changes and adaptations in CSR strategies and marketing approaches during the pandemic, providing insights into the evolving landscape of responsible business practices.

Ferriani and Natoli (2021) scrutinized the propensities of investors to assume ESG-related risks within portfolio allocations, utilizing Morningstar's ESG risk indicators. Their findings underscored a distinct inclination among investors towards funds with minimal ESG risks during the nascent stages of the COVID-19 pandemic. Notably, environmental risks emerged as the predominant concern. While the intensity of these preferences may have attenuated with time, the research provides valuable perspectives on the pronounced consideration investors accord to ESG risks during crises.

On the other hand, Pavlova and de Boyrie (2022) examined the risk-adjusted re-
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returns of ESG-oriented Exchange-Traded Funds (ETFs) in pre and post-COVID-19 contexts. Prior to the pandemic, ETFs with suboptimal ESG ratings notably outperformed the market and their high-rated ESG counterparts. Conversely, during the pandemic, these underperforming ESG funds either realized markedly diminished returns or yielded inconclusive results. It is paramount to note that even amidst the crisis, high-rated ESG funds did not manifest a significantly superior performance, but rather mirrored the returns of their peers.

Xu et al. (2023) examined the relationship between ESG performance and the resilience of stock prices during the COVID-19 pandemic in China. The research investigated how firms with better ESG practices experience different levels of stock price resilience amid the pandemic. The study generated insights into the role of ESG in influencing market reactions and resilience in times of crisis.

In line with this, Guotai et al. (2023) studied the relationship between CSR rating, corporate governance, and financial distress in the context of Chinese firms. They found that firms with higher CSR ratings and better corporate governance practices are less likely to experience financial distress.

In sum, these investigations collectively underscore the paramountcy of ESG integration within investment and corporate strategies, especially during periods of tumult. They postulate that robust ESG frameworks can offer enhanced insulation against the ramifications of adverse occurrences, especially during crises akin to the COVID-19 pandemic. This can be interpreted in terms of the insurance-like benefits proffered by a robust ESG integration.

4.4 Methodological Adaptations

The pandemic has necessitated methodological adaptations in ESG research. Researchers have grappled with the availability and reliability of data, the challenges of studying dynamic and rapidly changing contexts, and the need to incorporate COVID-19-specific variables into empirical analyses. This has led to innovative research designs, new data collection methods, and a broader consideration of the temporal aspects of ESG research. Overall, the literature has focused on ways to improve the quality and comparability of ESG data.

In addition to expanding the number of sources for ESG data for empirical tests (Kang and Jung, 2020), studies tried to underscore the divergence in ESG scores and their critical consequences. For example, Berg et al. (2022) discovered substantial discrepancies in ESG ratings among various rating agencies for the same firms. This study underscored the inconsistencies in ESG ratings, emphasizing the imperative for standardization and transparency in the ESG rating procedure.
Furthermore, in 2023, Atkins et al. embarked on an evaluation of the robustness of ESG metrics during the crisis. Their findings advocate for a comprehensive overhaul of ESG metrics during turbulent times. A salient observation from the study is the amplified importance attributed to the social dimensions during the crisis.

Meanwhile, some studies specifically discussed what causes biases in ESG data and thus outcomes of empirical research that rely on such data. For example, Drempecetic et al. (2020) examined the influence of firm size on ESG scores. The research demonstrated the potential biases in ESG ratings, particularly related to the size of the rated firms. In addition, Chen, von Bahrain, and Mussalli (2021) found that the amount of ESG data available for a given company is positively correlated with the commercial ESG rating of that company and the weighted average cost of its capital. The authors argue that the more companies release ESG data, the more favorable treatment the companies receive.

Although not too many in number, studies discovering and criticizing the divergence of ESG ratings and biases of ESG data have critical implications for researchers and practitioners alike. For academic researchers, it means that using one source of ESG data may be not enough to validate their empirical findings. For practitioners, it may be more effective for investors to use multiple sources for ESG data in order to use ESG ratings to satisfy their ESG-related investment objectives.

4.5 Regulatory Changes and Support

The COVID-19 pandemic acted as a reminder of the inherent vulnerabilities in global economic and societal systems, including the methodological shortcomings discussed in this paper. For example, the crisis highlighted the systematic risks that could impact the whole economy. Regulators acknowledged that addressing such issues is no longer optional but imperative for long-term stability. In addition, the pandemic led to severe supply chain disruptions, necessitating greater transparency and resilience in supply chains through ESG. Furthermore, as mentioned before, the pandemic spotlighted workforces and social considerations such as workplace safety, health consideration, and the broader implications of societal well-being. The uncertainty caused by the pandemic highlighted the need for clearer information disclosure by businesses. In particular, ESG disclosures could be seen as providing a holistic picture of a company’s resilience, sustainability, and long-term visibility.

As such, the sudden and profound upheaval elucidated the pressing need for regulatory changes to bolster the integration of ESG principles. Reflecting this, studies investigated how the COVID-19 pandemic brought about changes in the regulations,
especially of disclosure, around ESG. For example, Redondo Alamillos and de Mariz (2022) explored the impact of European ESG-related regulations ranging from on businesses globally. They reviewed regulations on company disclosure, the asset management sector taxonomy, supply chain due diligence requirements, new mechanisms such as carbon markets, and non-tariff restrictions on international trade. Their study confirmed the existence of the significant impact of European regulations on businesses even outside Europe mainly due to their scope and the European countries’ deep involvement in global institutions such as the Task Force on Climate-related Financial Disclosures (TFCD).

Singhania and Saini (2021) showed that a country’s ESG level isn’t just shaped by its disclosure codes, be they voluntary or mandatory. They also showed that addressing information asymmetry and establishing resilient business practices requires nationwide environmental commitment, essential for both developed and emerging markets. The study urged that regulators create disclosure policies based on the Triple ‘C’ framework (convenient, credible, and comparable), which would be adaptable to unforeseen events like Covid-19 and aim to address information asymmetry.

Meanwhile, Katz and McIntosh (2021) discussed in depth the potential effects of the SEC’s decision to require non-financially material ESG disclosure. They argued that “reshaping the existing framework of financial materiality to include non-financially material ESG disclosure would entail a significant regulatory shift.” They cautioned that such a disclosure requirement might have “a range of downstream effects,” including implications for taxes, corporate laws, or governance issues. Above all, they stressed the importance of thoroughly examining all complex questions before making a decision and of fostering sufficient public debate regarding the pros and cons of this mandate.

On the other hand, Karpoff et al. (2022) discussed how the Financial Economist’s Roundtable (FER) suggested that the SEC should not mandate disclosure of the firm’s impacts on environmental and social (E&S) outcomes. The authors stated that “financial regulators should limit mandates to matters that directly affect the firm’s cash flows. Further, when issuer filings include ESG ratings, those filings should include information about the raters, the factors used, and the weights on the factors.”

Overall, the COVID-19 pandemic has influenced the ESG literature by shifting research focus, heightening awareness of social and governance aspects, emphasizing sustainable recovery, and necessitating methodological adaptations and regulatory changes. The pandemic has brought to the forefront the importance of responsible and sustainable practices in navigating crises and building resilient organizations and economies.
5. Implications, Limitations, and Avenues for Future Research

5.1 Managerial and Policy Implications

The in-depth analysis of the impact of COVID-19 on ESG literature offers several valuable insights that both managers and policymakers should take into account. In terms of managerial implications, first, the review of the studies underscores the importance of integrating ESG considerations into their long-term strategies to ensure resilience. The pandemic underscored that companies with robust ESG measures could weather external shocks more effectively.

Second, it highlights the importance of proactively addressing ESG concerns for a sustainable recovery, especially after the tumult. Likewise, it implies that ESG principles, when integrated correctly, can serve as a potent tool for risk mitigation. Managers should continually assess their company's ESG-related risks, especially in light of global events like the pandemic.

Lastly, it implies that managers should remain agile, recalibrating their operations in response to emerging ESG challenges. This might mean investing in green technologies or fostering a culture of continuous learning and adaptability amongst employees.

The study also offers several policy implications. First, it urges the need for robust regulatory frameworks. By providing clear guidelines and benchmarks, regulators can ensure uniform adoption of and adherence to the guidelines across industries by companies. Second, the study recommends that governments consider offering incentives to companies that demonstrate excellence in ESG practices. This could range from tax breaks to priority in government contracts. Third, given the global nature of ESG challenges, policymakers could actively collaborate with international bodies to align domestic policies with global best practices. This approach can ensure a consistent response to ESG challenges across borders.

In conclusion, the implications of the pandemic on ESG literature offer a strategic blueprint for both managers and policymakers. By heeding these insights, they can not only ensure the sustainable growth of businesses but also foster a more resilient, ethical, and sustainable socio-economic landscape.

5.2 Limitations

In addition to the limitations already mentioned in the manuscript, our study has several other limitations. First, due to space constraints, we cover a limited number of significant and related academic papers. We prioritize articles based on their cita-
tion frequency and relevance to specific topics.

Second, we base our classification on the World Health Organization (WHO)'s declaration of COVID-19 as a pandemic on March 13, 2019. Consequently, we categorize studies published before this date as pre-pandemic and those after as post-pandemic. It’s worth noting, however, that the publication timeline for studies can range from a few months to several years depending on the journal. Therefore, some works labeled as post-pandemic might have been initiated before the COVID-19 outbreak.8

Third, it was just a few months ago that the WHO declared the end of the pandemic era (i.e., May 5, 2023). Therefore, studies investigating ESG topics after the pandemic are relatively few in number. This is also why we believe a discussion of future research directions is important for the development of the ESG literature.

Lastly, while we spotlight certain areas for prospective research, studies investigating those areas may already exist. Our suggestions aim merely to steer researchers towards potentially significant topics to further enrich the literature.

5.3 Avenues for Future Research

The findings from the review of the articles provide valuable insights into the landscape of the ESG literature, particularly in the context of the COVID-19 pandemic. Pre-COVID-19 studies contribute to our understanding of the complex relationship between CSR and financial performance. While the evidence is mixed, it emphasizes the need for nuanced approaches that consider industry-specific factors and measurement methodologies. Integrated reporting has emerged as a comprehensive framework, encouraging organizations to go beyond financial reporting and disclose their non-financial impacts.

In the post-COVID-19 era, the pandemic has reaffirmed the importance of sustainable practices as a foundation for resilience and long-term success. Organizations must consider environmental, social, and governance factors as they navigate the uncertainties and vulnerabilities exposed by the crisis. Stakeholders’ expectations of responsible business practices and ethical decision-making have also evolved, calling for adaptability and responsiveness in CSR and marketing strategies.

Moving forward, it is essential for researchers, policymakers, and practitioners to build on these findings. For example, future research can explore the long-term impact of the pandemic on sustainability practices, the role of ESG factors in building

8) The study by Hartzmark and Sussman (2019) was published in August 2019 and Jang et al. (2020) in March 2020. Nonetheless, based on the periods covered by their sample data and others, it’s evident that the initial drafts of both studies were submitted before the pandemic. In such cases, we categorized both studies under the pre-pandemic literature.
resilience, and the integration of CSR into post-pandemic recovery strategies. Additionally, interdisciplinary collaborations and the development of robust measurement frameworks are necessary to advance our understanding of the complex interactions between ESG factors, financial performance, and societal well-being.

Finally, a notable avenue for future ESG research lies in the integration of innovative technologies such as artificial intelligence (AI) and machine learning (ML). Companies are now merging conventional ESG evaluation techniques with these advanced technologies. Despite the growing interest in the use of advanced technologies in ESG integration or evaluations, the literature is relatively sparse on the topic yet.9

For example, future studies can conduct the following investigations: (i) An investigation of whether companies can use such technologies to produce automated sustainability reports that are superior or complementary to the manually-prepared reports, (ii) a sentiment analysis of a company’s stakeholder feedback to gauge public sentiment towards the company’s ESG activities, (iii) an analysis of potential ESG risks using big data and AI in simulations, (iv) an investigation of the role of ML in detecting anomalies in ESG reporting, potentially identifying instances where companies might be “greenwashing” or otherwise misrepresenting their ESG performance, (v) or an investigation of the effect of combining AI and internet of things (IoT) to enable real-time monitoring of ESG metrics.

6. Conclusion

The unprecedented global crisis brought about by the COVID-19 pandemic has significantly shaped the narrative in various fields of study, not least in the realm of ESG literature. This transformative event has not only unearthed several challenges but has also ushered in an era of reevaluation and introspection. As businesses around the world grappled with the immediate challenges of the pandemic, the interconnectedness of sustainable operations, ethically driven business models, and morally sound decision-making processes became starkly evident.

The synthesis of findings from the articles reviewed in this paper offers a fresh perspective on the evolution of ESG literature in light of the pandemic. These articles

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9) Among a few studies on this topic is Amel-Zadeh et al. (2021) that found that textual analysis is valuable in deriving insights about a company’s non-financial performance from sustainability reports. Similarly, Goloshchapova et al. (2019) found that combining AI with big data provides a more exhaustive dataset for sustainability assessments. Kim et al. (2022) showed how even non-technology firms are incorporating AI and ML into their traditional strategies today. Research on their effective utilization in ESG integration can offer valuable insights and guidance for industry practitioners.
collectively signal a shift in the broader understanding of sustainability and responsible business conduct. They emphasize the need for a more integrated, holistic, and forward-thinking approach, especially in times of crisis.

However, a notable gap has been identified in this burgeoning literature, particularly in the context of Korea. Despite the global surge in interest and research on this topic, Korean-specific studies remain scant. This paucity underscores the pressing need for an in-depth exploration of ESG themes tailored to Korea’s unique socio-economic and business landscape. By addressing this gap, researchers can significantly contribute to streamlining the ESG integration process in Korean businesses, aligning them more closely with global best practices and leading standards.

The path forward necessitates a collaborative approach. It is paramount for scholars to bridge the existing knowledge gaps, for policymakers to craft informed strategies and frameworks, and for business practitioners to implement these insights to ensure robust, sustainable, and ethically grounded operations. The post-COVID-19 world presents an opportunity - a call to arms for all stakeholders to collectively drive the momentum towards a more responsible and sustainable future, using the learnings from this crisis as a catalyst.
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