Business Sustainability Performance on Pandemic: Lesson from IDX ESG Leaders Company

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Abstract. The study aimed to determine the effect of the Covid-19 pandemic on company profitability on the IDX ESG Leaders index on the Indonesia Stock Exchange. The IDX ESG Leaders Index measures the stock price performance of companies that have sound ESG ratings. The constituents of the IDX ESG Leaders Index consist of 30 companies. The company's profitability measurement uses earnings per share (EPS), EPS data used in research based on the company's 2019 and 2022 financial statements. Data processing is done using SPSS statistics software. The study results concluded that during the Covid-19 pandemic, as many as 19 companies experienced an increase in profitability, and the remaining 11 companies experienced a decrease in profitability. The results of the ESG assessment show that as many as 14 companies are included in the medium risk score category; this provides an overview of the application of business sustainability practices in companies listed on the stock exchange is quite good. The Covid-19 pandemic has significantly affected companies' profitability on the IDX ESG Leaders index. During the Covid-19 pandemic, companies implementing ESG practices have resilience and generate good profits.

1 Introduction

The spread of the Covid-19 outbreak has made decision-makers in the company implement plans to reduce the impact of the pandemic on the company's business continuity. During the Covid-19 pandemic, various policies have been taken by the government, such as limiting people's mobility, maintaining distance, reducing crowds, implementing work from home, and so on. These various policies can reduce the rate of increase in the pandemic, and slowly the Covid-19 outbreak has begun to decrease. However, policies related to lowering community activities impact the performance of various companies.

Remote working methods such as working from home have long been used in various industrial sectors, but during the Covid-19 pandemic, remote work methods have become an inevitable way of working. Different forms of working before the pandemic have impacted the company's work and business [1]. The company's management implements various strategies to maintain the continuity of the company's business while maintaining harmony between economic goals, social impacts, and complying with government regulations.

In 2006 the United Nations Global Compact launched the Principles for Responsible Investment, which provides a framework within which investors can incorporate ESG issues into their decision-making and ownership practices so that they align with broader societal goals. The Principles for Responsible Investment reflect views on ESG that can affect investment portfolio performance and support the development of a sustainable global financial system.

Concerns about business sustainability development are increasing to financial turmoil due to the Covid-19 pandemic and how ESG performance affects the company's market value. In running its business, the company's activities have a lot to do with Environmental, Social, and Governance (ESG), for example, where the company operates, its organizational structure, and company performance. It is necessary to explore activities that impact the environment, social, and governance that can reduce operational risks and increase company value. Companies face the challenge of developing causality when focusing on ESG performance with corporate financial performance [2].

The value of global equities decreased during the Covid-19 pandemic, reflecting negative sentiment in the investment sector. The decline in the financial market then moved to various industries and affected the company's performance. The company maintains ESG performance as a valuable indicator to avoid systematic risks during the pandemic. By developing unique environmental and social potential, it has been shown that ESG performance positively impacts stocks' short-term returns. Companies with high ESG performance in times of financial market turmoil provide investors with views on the future performance of their shares [3].

Business sustainability provides a competitive advantage to companies that impact the company's business performance [4]. Research on ESG activities in companies listed on the Korean stock market conducted during the Covid-19 pandemic on financial performance...
[5] concluded that during the pandemic, companies experienced difficulties in carrying out business activities, and companies experienced declining financial performance. Companies with high ESG performance experience a slight decrease in revenue, which has implications during the pandemic; the implementation of ESG activities can be reflected in the company's financial performance due to the trust of stakeholders in the company.

Research related to the application of ESG in companies listed on the S&P 500 on exchanges in the US [6] provides findings that companies with ESG implementation have more minor stock price fluctuations than companies with poor ESG implementation. Good ESG performance can reduce stock price fluctuations due to the shock of the Covid-19 pandemic and provide stock price stability. The study results have implications for investors' attention to the durability of stocks with good ESG performance.

The trend of ESG-based investment in Indonesia has increased, supported by the Indonesia Stock Exchange launching a new IDX ESG Leaders index. The launch of the ESG-based index was carried out as a commitment to encouraging business sustainability in the Indonesian capital market. With the support of ESG implementation in the Indonesian capital market, it is expected that ESG implementation can become one of the main focuses that support company activities in Indonesia [7]. Research on the IDX ESG Leaders index and investment decisions on investors on the Indonesia Stock Exchange [8] shows that companies implementing good ESG practices can provide attention to attract more additional investors.

This research contributes to developing studies on the impact of the Covid-19 pandemic on companies that implement business sustainability. This research observes the outcome before and after the Covid-19 pandemic from the profitability of companies implementing ESG activities. The organization of paper begins with an introduction consisting of the phenomenon of the Covid-19 pandemic and its impact on the profitability of companies implementing ESG activities; In the literature review, discussions are presented about research and literature that discusses business sustainability and ESG activities. The methods section discusses the research methodology and statistical tools used to draw hypothetical conclusions. The results and discussion section discusses the results of data processing. In the conclusion section, provide recommendations and suggestions for the study's results.

2 Literature Review

The concept of ESG began to develop in the 1980s, then the idea of ESG was officially proposed in 2005 through research on Who Cares Wins. In the ESG concept, environment (E) focuses on the impact of a company's activities on the environment, for example, water management, emissions, environmental policy, and climate impact. For Social (S), consider company activities that impact social issues, such as consumer protection, labor relations, product safety, service quality, and labor diversity. Governance (G) relates to the management and internal operations of the company, for example, shareholder relations with stakeholders. In general, through the concept of ESG, investors can pay attention to and evaluate corporate governance carried out by management and the company's contribution to the environment and society better [9].

ESG principles are a framework of responsible investing that incorporates environmental, social, and governance factors in investment decisions and active ownership that standardizes strategies to evaluate a company's operations, financial performance, and long-term growth. ESG framework includes the following dimensions and factors [10]. The Environmental dimension (E) includes factors; Air pollutants; Energy consumption and efficiency; Water usage and recycling; Impact and dependence on biodiversity; Waste production and management; Impact and dependence on ecosystems; Innovation in environmentally friendly products and services. The Social dimension (S) includes; Workforce freedom of association factors; Forced and compulsive labor; Child labor; Workplace health and safety; Discrimination, diversity, and equality; Customer health and safety; Opportunity; Supply chain management; Training and education; Poverty and community impact; Customer privacy; Community impacts. The Governance (G) dimension includes factors; Codes of conduct and business principles; Transparency and disclosure; Executive pay; Accountability; Board diversity and structure; Stakeholder engagement; Bribery and corruption; Shareholder rights.

Investors, managers, and academics use different criteria to evaluate businesses related to sustainability and action on climate and social change. ESG scores are becoming the main criteria to assess a business to assess sustainability. Managers and academics use ESG scores to measure organizational and other sustainability. Sustainability assessment using ESG scores consists of several aspects, namely quantifiability, materiality, and transparency. The increasing popularity of ESG scores illustrates that responsible businesses are expected to have companies that will thrive in the future [11].

Research on the impact of ESG performance on company value [12] uses a combined ESG score, Governance score, Social score, and Environmental score. Its three pillars and themes are used in the formation of ESG scores for Environment (resource use, innovation, and emissions), Social (labor, product responsibility, human rights, community responsibility), and Governance (CSR strategy, management, and shareholders). The results found that the combined ESG, Social, and Governance scores positively correlated with company value. The Environment score has no relation to the company's score. Research on the effect of ESG performance on the market value of companies with financial performance as a mediating variable [13] showed that improving a company's ESG performance can increase a company's market value, and financial performance provides a noticeable mediating effect.

The Indonesia Stock Exchange is committed to achieving the Sustainable Development Goals (SDGs) launched by the United Nations. The Indonesia Stock
Exchange strives to create a capital market that has global competitiveness and supports a stable and sustainable Indonesian economy. The Indonesia Stock Exchange launched an ESG-focused IDX ESG Leaders index to support sustainability in the Indonesian capital market. Establishing an ESG-focused index aims to increase the transparency of ESG performance and encourage the implementation of sustainability targets in exchange-listed companies.

Stock indices are important to support the development of the capital market in Indonesia. Stock indices can be used as a benchmark for the performance of companies listed on the capital market. On the Indonesia Stock Exchange, a stock price index calculates the performance of stock prices with certain themes, such as the IDX ESG Leaders index, which is a sub-classification of indices based on the theme of Environment, Social, and Governance. The Indonesia Stock Exchange launched the IDX ESG Leaders Index in collaboration with Yayasan KEHATI (Yayasan Keanekaragaman Hayati Indonesia or The Indonesian Biodiversity Foundation). The IDX ESG Leaders Index is expected to be a reference for ESG investment in the Indonesian capital market.

The IDX ESG Leaders Index measures companies' share price performance with reasonable ESG valuation, good transaction liquidity, sound financial performance, and not significantly involved in controversy. The selection criteria for companies that are constituents of the IDX ESG Leaders index are companies engaged in controversies with specific categories that will be excluded. Companies with a high ESG risk rating will be banned. Companies have the lowest ESG risk rating selected, with a minimum of 15 companies and a maximum of 30 companies. The determination of controversy analysis and ESG ratings was developed by Sustainalytics. [14].

The profitability level shows the company's ability to generate profits, measuring the company's profitability using earnings per share (EPS) [15]. The profit value for each company share can be seen through EPS. The higher the EPS value, the greater the profit generated by the company. The EPS value can be calculated by the net income formula divided by the number of outstanding shares. The hypothesis proposed in the study is as follows.

Hypothesis 1 (H1): The Covid-19 pandemic has affected the profitability of IDX ESG Leaders companies.

### 3 Research Methods

This research uses the event study method. Event study methods are widely used in empirical studies to analyze the impact of a particular event in finance and economics [16]. The data used in the study is data on the profitability of constituent companies from the IDX ESG Leaders index. Profitability data is obtained from the company's financial statements listed on each company's website and the Indonesia Stock Exchange website. The financial report data used is 2019 as profitability data before the Covid-19 pandemic, while the 2022 financial statements are used for profitability data after the Covid-19 pandemic. The Indonesian government first established the Covid-19 pandemic in March 2020. The constituents of the IDX ESG Leaders index are listed in Table 1.

#### Table 1. IDX ESG Leaders index constituents

<table>
<thead>
<tr>
<th>No.</th>
<th>Code</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>ACES</td>
<td>Ace Hardware Indonesia Tbk.</td>
</tr>
<tr>
<td>2.</td>
<td>AKRA</td>
<td>AKR Corporindo Tbk.</td>
</tr>
<tr>
<td>3.</td>
<td>ASII</td>
<td>Astra International Tbk.</td>
</tr>
<tr>
<td>4.</td>
<td>BBAC</td>
<td>Bank Central Asia Tbk.</td>
</tr>
<tr>
<td>5.</td>
<td>BNNI</td>
<td>Bank Negara Indonesia (Persero) Tbk.</td>
</tr>
<tr>
<td>6.</td>
<td>BBTN</td>
<td>Bank Tabungan Negara (Persero) Tbk.</td>
</tr>
<tr>
<td>7.</td>
<td>BMRI</td>
<td>Bank Mandiri (Persero) Tbk.</td>
</tr>
<tr>
<td>8.</td>
<td>BSDE</td>
<td>Bumi Serpong Damai Tbk.</td>
</tr>
<tr>
<td>9.</td>
<td>CTRA</td>
<td>Ciputra Development Tbk.</td>
</tr>
<tr>
<td>10.</td>
<td>DMAS</td>
<td>Puradelta Lestari Tbk.</td>
</tr>
<tr>
<td>11.</td>
<td>ERAS</td>
<td>Era Swasembada Tbk.</td>
</tr>
<tr>
<td>12.</td>
<td>EXCL</td>
<td>XL Axiata Tbk.</td>
</tr>
<tr>
<td>13.</td>
<td>HMSP</td>
<td>H.M. Sampoerna Tbk.</td>
</tr>
<tr>
<td>14.</td>
<td>INTP</td>
<td>Indocement Tunggal Prakarsa Tbk.</td>
</tr>
<tr>
<td>15.</td>
<td>ISAT</td>
<td>Indoas Tbk.</td>
</tr>
<tr>
<td>16.</td>
<td>JSMR</td>
<td>Jasa Marga (Persero) Tbk.</td>
</tr>
<tr>
<td>17.</td>
<td>MAPI</td>
<td>Mitra Adiperkasa Tbk.</td>
</tr>
<tr>
<td>18.</td>
<td>MNCN</td>
<td>Media Nusantara Citra Tbk.</td>
</tr>
<tr>
<td>19.</td>
<td>PGAS</td>
<td>Perusahaan Gas Negara Tbk.</td>
</tr>
<tr>
<td>20.</td>
<td>PWON</td>
<td>Pakuwon Jati Tbk.</td>
</tr>
<tr>
<td>22.</td>
<td>SCMA</td>
<td>Surya Citra Media Tbk.</td>
</tr>
<tr>
<td>23.</td>
<td>SMRA</td>
<td>Summarecon Agung Tbk.</td>
</tr>
<tr>
<td>24.</td>
<td>SMSM</td>
<td>Selamat Sepupu Tbk.</td>
</tr>
<tr>
<td>25.</td>
<td>SRIL</td>
<td>Sri Rejeki Isman Tbk.</td>
</tr>
<tr>
<td>26.</td>
<td>TBIG</td>
<td>Tower Bersama Infrastructure Tbk.</td>
</tr>
<tr>
<td>27.</td>
<td>TLKM</td>
<td>Telkom Indonesia (Persero) Tbk.</td>
</tr>
<tr>
<td>28.</td>
<td>TOWR</td>
<td>Sarana Menara Nusantara Tbk.</td>
</tr>
<tr>
<td>29.</td>
<td>UNVR</td>
<td>Unilever Indonesia Tbk.</td>
</tr>
<tr>
<td>30.</td>
<td>WOOD</td>
<td>Integra Indocabinet Tbk.</td>
</tr>
</tbody>
</table>

The profitability data that has been collected is then processed using the help of SPSS statistical software by conducting normality tests and difference tests. The normality test is used to determine whether the data used in the study has a normal distribution or not. The difference test analyzes whether profitability data differs before and after the Covid-19 pandemic. The alpha value (α) used is 5%, so the conclusion for the hypothesis is to reject the null hypothesis (H0) if the significance value is less than 0.05.

Data normality testing using the Kolmogorov–Smirnov Test method, the basis for decision-making using a significance value of 5%, if the p-value is greater than 0.05, then H0 is accepted, or the data has a normal distribution. If the p-value is less than 0.05, H0 is rejected, or the data has an abnormal distribution. To determine whether there is a difference between two groups of dependent sample data if the data is normally distributed, statistically paired sample t-test data is processed; if the data is not normally distributed, then using Wilcoxon Signed-Rank Test statistical data [17]. Sample data for profitability for 2019 and 2022 are presented in Table 2.
Table 2. Profitability for the years 2019 and 2022

<table>
<thead>
<tr>
<th>No.</th>
<th>Code</th>
<th>EPS 2019</th>
<th>EPS 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ACES</td>
<td>60</td>
<td>39</td>
</tr>
<tr>
<td>2</td>
<td>AKRA</td>
<td>36</td>
<td>120</td>
</tr>
<tr>
<td>3</td>
<td>ASII</td>
<td>536</td>
<td>715</td>
</tr>
<tr>
<td>4</td>
<td>BBCA</td>
<td>232</td>
<td>330</td>
</tr>
<tr>
<td>5</td>
<td>BBNI</td>
<td>825</td>
<td>982</td>
</tr>
<tr>
<td>6</td>
<td>BBTN</td>
<td>20</td>
<td>237</td>
</tr>
<tr>
<td>7</td>
<td>BMRI</td>
<td>589</td>
<td>882</td>
</tr>
<tr>
<td>8</td>
<td>BSDE</td>
<td>145</td>
<td>115</td>
</tr>
<tr>
<td>9</td>
<td>CTRA</td>
<td>62</td>
<td>100</td>
</tr>
<tr>
<td>10</td>
<td>DMAS</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>11</td>
<td>ERAA</td>
<td>18</td>
<td>64</td>
</tr>
<tr>
<td>12</td>
<td>EXCL</td>
<td>67</td>
<td>89</td>
</tr>
<tr>
<td>13</td>
<td>HMSC</td>
<td>118</td>
<td>54</td>
</tr>
<tr>
<td>14</td>
<td>INTP</td>
<td>499</td>
<td>500</td>
</tr>
<tr>
<td>15</td>
<td>ISAT</td>
<td>289</td>
<td>586</td>
</tr>
<tr>
<td>16</td>
<td>JSMR</td>
<td>304</td>
<td>378</td>
</tr>
<tr>
<td>17</td>
<td>MAPI</td>
<td>56</td>
<td>127</td>
</tr>
<tr>
<td>18</td>
<td>MNCN</td>
<td>156</td>
<td>137</td>
</tr>
<tr>
<td>19</td>
<td>PGAS</td>
<td>39</td>
<td>260</td>
</tr>
<tr>
<td>20</td>
<td>PWON</td>
<td>56</td>
<td>32</td>
</tr>
<tr>
<td>21</td>
<td>RALS</td>
<td>91</td>
<td>50</td>
</tr>
<tr>
<td>22</td>
<td>SCMA</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>23</td>
<td>SMRA</td>
<td>36</td>
<td>38</td>
</tr>
<tr>
<td>24</td>
<td>SMSM</td>
<td>100</td>
<td>147</td>
</tr>
<tr>
<td>25</td>
<td>SRIK</td>
<td>60</td>
<td>-147</td>
</tr>
<tr>
<td>26</td>
<td>TBRG</td>
<td>36</td>
<td>72</td>
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<td>27</td>
<td>TLKM</td>
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<td>209</td>
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<td>TOWR</td>
<td>46</td>
<td>67</td>
</tr>
<tr>
<td>29</td>
<td>UNVR</td>
<td>194</td>
<td>141</td>
</tr>
<tr>
<td>30</td>
<td>WOOD</td>
<td>34</td>
<td>28</td>
</tr>
</tbody>
</table>

Note: EPS value in billion Indonesian Rupiah

4 Research Results

Profitability data in earnings per share (EPS) from ESG Leaders index constituents is then carried out through descriptive analysis, normality tests, and different tests. The results of descriptive data analysis are presented in Table 3. EPS data used in the study came from 30 companies; the average EPS before the Covid-19 pandemic was 164.47, then the average EPS increased after the pandemic to 212.93. The minimum and maximum values before the pandemic were 14.00 and 825.00, while after the pandemic, the minimum and maximum values were -147.00 and 982.00.

Table 3. Descriptive Statistics Analysis

<table>
<thead>
<tr>
<th></th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Mean</td>
<td>164.47</td>
<td>212.93</td>
</tr>
<tr>
<td>Std. Dev.</td>
<td>200.42</td>
<td>267.44</td>
</tr>
<tr>
<td>Min.</td>
<td>14.00</td>
<td>-147.00</td>
</tr>
<tr>
<td>Max.</td>
<td>825.00</td>
<td>982.00</td>
</tr>
</tbody>
</table>

The normality test results presented in Table 4 show a significance value of 0.00, smaller than 0.05. The conclusion for the normality test of EPS data before and after the Covid-19 pandemic is that the data does not have a normal distribution. Furthermore, data processing was carried out using the Wilcoxon Signed Rank Test to test the impact of the Covid-19 pandemic on the profitability of ESG Leaders index constituent companies.

Table 4. Tests of Normality Kolmogorov-Smirnov

<table>
<thead>
<tr>
<th></th>
<th>Statistic</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>0.23</td>
<td>30</td>
<td>0.00</td>
</tr>
<tr>
<td>After</td>
<td>0.26</td>
<td>30</td>
<td>0.00</td>
</tr>
</tbody>
</table>

The test results using the Wilcoxon Signed Rank Test presented in Table 5 concluded that 19 companies (63.33%) experienced an increase in profitability during the Covid-19 pandemic. In comparison, as many as 11 (36.67%) companies experienced decreased profitability. Companies with a strategy to implement ESG have increased profits more than the decline in earnings during the Covid-19 pandemic.

Table 5. Wilcoxon Signed Rank Test Result

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>11</td>
<td>11.55</td>
<td>127.00</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>19</td>
<td>17.79</td>
<td>338.00</td>
</tr>
<tr>
<td>Ties</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Hypothesis testing based on test statistics results is presented in Table 6. Asymp. Sig. value is 0.03 smaller than 0.05, the decision-making for the hypothesis is rejected H0, so it can be concluded that there is an influence of the Covid-19 pandemic on the company's profitability on the IDX ESG Leaders index. The constituents of the IDX ESG Leaders index experienced more profitability growth than decreased profitability during the Covid-19 pandemic. Companies that implemented ESG had good resilience in the face of shocks caused by the pandemic.

Table 6. Statistics Test Result

<table>
<thead>
<tr>
<th></th>
<th>Z</th>
<th>After - Before</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>0.03</td>
<td></td>
</tr>
</tbody>
</table>

Implementing business sustainability through ESG has built good business resilience during the Covid-19 pandemic. ESG implementation strategies through social and environmental risk management and good governance systems can absorb shocks during the crisis caused by the pandemic. The company can also maintain the reputation of the company's business through a strong commitment to implementing ESG practices in the company's strategic and operational management.

The Indonesia Stock Exchange supports sustainable investment and strives to improve ESG practices in the Indonesian capital market through ESG assessments on exchange-listed companies. The Indonesia Stock Exchange collaborates with ESG assessment agency Sustainalytics in the framework of ESG assessment. ESG assessment is an important part of the process of measuring ESG practices in companies. Based on the results of the ESG score assessment, the company is divided into 5 categories, namely Negligible (risk score 0 – 10), Low (risk score 10 – 20), Medium (risk score 20 – 30), High (risk score 30 – 40), and Severe (risk score > 40). ESG values on the ESG Leaders index constituents are presented in Table 7.
Table 7. ESG scores on IDX ESG Leaders index constituents

<table>
<thead>
<tr>
<th>No.</th>
<th>Code</th>
<th>ESG Score</th>
<th>Kategori Skor Risiko</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>ACES</td>
<td>18.95</td>
<td>Low</td>
</tr>
<tr>
<td>2.</td>
<td>AKRA</td>
<td>26.77</td>
<td>Medium</td>
</tr>
<tr>
<td>3.</td>
<td>ASII</td>
<td>34.37</td>
<td>High</td>
</tr>
<tr>
<td>4.</td>
<td>BBCA</td>
<td>25.96</td>
<td>Medium</td>
</tr>
<tr>
<td>5.</td>
<td>BBNI</td>
<td>25.70</td>
<td>Medium</td>
</tr>
<tr>
<td>6.</td>
<td>BBTN</td>
<td>28.44</td>
<td>Medium</td>
</tr>
<tr>
<td>7.</td>
<td>BMRI</td>
<td>28.18</td>
<td>Medium</td>
</tr>
<tr>
<td>8.</td>
<td>BSDE</td>
<td>15.09</td>
<td>Low</td>
</tr>
<tr>
<td>9.</td>
<td>CTRA</td>
<td>19.12</td>
<td>Low</td>
</tr>
<tr>
<td>10.</td>
<td>DMAS</td>
<td>n.a</td>
<td>n.a</td>
</tr>
<tr>
<td>11.</td>
<td>ERAA</td>
<td>12.67</td>
<td>Low</td>
</tr>
<tr>
<td>12.</td>
<td>EXCL</td>
<td>27.60</td>
<td>Medium</td>
</tr>
<tr>
<td>13.</td>
<td>HMSP</td>
<td>32.16</td>
<td>High</td>
</tr>
<tr>
<td>14.</td>
<td>INTP</td>
<td>29.56</td>
<td>Medium</td>
</tr>
<tr>
<td>15.</td>
<td>ISAT</td>
<td>33.29</td>
<td>High</td>
</tr>
<tr>
<td>16.</td>
<td>JSMR</td>
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<td>n.a</td>
</tr>
<tr>
<td>17.</td>
<td>MAPI</td>
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<td>18.</td>
<td>MNCN</td>
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</tr>
<tr>
<td>19.</td>
<td>PGAS</td>
<td>28.05</td>
<td>Medium</td>
</tr>
<tr>
<td>20.</td>
<td>PWON</td>
<td>20.41</td>
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<td>21.</td>
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<tr>
<td>22.</td>
<td>SCMA</td>
<td>15.55</td>
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<tr>
<td>23.</td>
<td>SMRA</td>
<td>25.72</td>
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<td>26.</td>
<td>TBIG</td>
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<td>29.</td>
<td>UNVR</td>
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<tr>
<td>30.</td>
<td>WOOD</td>
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Note: ESG Score dated April 5, 2023

ESG scores in the IDX ESG Leaders index constituents with low-risk score category as many as 7 companies, medium-risk score category as many as 14 companies, high-risk score category as many as 3 companies, and not available score data as many as 6 companies. The highest risk score category is medium, with almost half of the constituents of the IDX ESG Leaders index; this provides an overview of the application of business sustainability practices in companies listed on the stock exchange is quite good; it is expected that in the next few years, the category of score risk in companies listed on the stock exchange will mostly get a low rating.

5 Conclusion

Decision-makers are trying to reduce the impact of the Covid-19 pandemic on the company’s business sustainability while maintaining a balance between economic goals, social results, and complying with government regulations. Company management implements business activities that pay more attention to the environment, social, and governance (ESG) to reduce operational risks and increase company value. The implementation of Business sustainability provides a competitive advantage to the company through trust from stakeholders.

The Indonesia Stock Exchange supports the implementation of business sustainability in companies listed on the stock exchange by launching an index that focuses on applying ESG practices. The Indonesia Stock Exchange, in collaboration with the Yayasan KEHATI or The Indonesian Biodiversity Foundation, launched the IDX ESG Leaders stock index, which aims to increase the transparency of ESG performance and encourage the implementation of sustainability targets in companies listed on the stock exchange. In addition, ESG assessment is also used to measure ESG implementation practices in companies.

IDX ESG Leaders constituent companies experienced an increase in profitability by 19, or 63.33%, and the remaining 11, or 36.67%, experienced a decrease in profitability. The results of the ESG assessment show that the highest risk score category is medium, with a total of 14 companies; this number represents 46.67% of the constituents of the IDX ESG Leaders index. The results of the ESG assessment provide an overview of the application of business sustainability practices in companies listed on the stock exchange is quite good.

The Covid-19 pandemic has impacted the profitability of IDX ESG Leaders constituent companies. Companies that implement ESG practices have good resilience and have increased profits more throughout the Covid-19 pandemic. The strategy of implementing ESG practices can absorb shocks during the crisis caused by the pandemic. The study results provide recommendations for company management to improve the implementation of ESG practices further so that companies can be more resilient to crisis shocks and gain stakeholders’ trust. Limitation of the research is that companies with ESG scores still need to be more numerous. For further researchers, they can expand the range of research by using company data both listed on the stock exchange and not listed on the exchange.

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