

Indonesian Market Response to Green Investment

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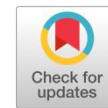
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ABSTRACT

This research aims to determine the response of the Indonesian market to the announcement of CSR information. The Indonesian government has issued regulations regarding the implementation of CSR for companies in Indonesia. The study explores whether the Indonesian market incorporates CSR information into investment decisions. This research examines the market response to CSR information by conducting an event study on company announcements in the SRI KEHATI Index. Investments in companies listed in the SRI KEHATI Index are known as Green Investment. The market response is measured using the abnormal return value of Green Investment. The estimation window used in this research is five days before the announcement and five days after the announcement. The research results show that the Indonesian market has not fully considered CSR activities in investment decisions. Company sustainability factors such as CSR activities have not become the primary concern for Indonesian investors. This study contributes to the existing literature by providing empirical evidence on the market's reaction to CSR announcements in Indonesia, where CSR is increasingly emphasized. By concentrating on SRI KEHATI index companies, the research offers valuable insights into the valuation of Green Investment.



KEYWORDS

Market response
CSR
SRI KEHATI index
Green investment
Sustainability



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Introduction

The business world is currently faced with market challenges that require business actors to prioritize business profits and non-economic aspects. The concept of corporate responsibility lies in the single bottom line (SBL). It has been replaced by a concept that requires companies to pay attention to the triple bottom line (TBL) so that it can continue to operate. TBL states that there are three factors for which the company is responsible, namely profit, people, and planet (3P). It does not guarantee that companies that only pay attention to financial conditions will be able to continue operating sustainably. This is by stakeholder theory, which states that companies must fulfill the interests of all parties who influence and are influenced by the company (Barney & Harrison, 2020; Freeman et al., 2020; Freeman et al., 2021). Legitimacy theory also states that to be able to continue operating, companies must gain legitimacy from the community.

Indonesia is one of the countries that has been interested in TBL for a long time. This can be seen in companies' Corporate Social Responsibility regulations. The Indonesian Government (2007) published Act Number 25 Year 2007 Regarding Capital Investment by Indonesian Government (2007). Another regulation was published by the Indonesian Government (2007) in Act Number 40 Year 2007 Regarding Limited Liability Company to regulate CSR in Indonesia. The CSR concept is considered the embodiment of TBL in Indonesia.

The awareness of the benefits of CSR for Indonesian companies has increased in recent years. Disclosure of a company's CSR activities positively affects company value (Hendratama & Huang, 2021;

Kamaliah, 2020). Previous research has proven that the wider the disclosure of CSR activities carried out by a company, the higher the company value and customer loyalty (Isnailita & Narsa, 2017). CSR has the highest impact on organizational commitment, company non-financial performance, and customer attraction (Santini et al., 2021). This increases Indonesian companies' awareness of economic, social, and environmental problems.

Awareness among Indonesian companies to engage in CSR activities is continuously increasing. Previous research has also demonstrated that CSR activities have a positive impact on companies (Ainy & Barokah, 2019; Ariesanti, 2017; Ariesanti et al., 2018; Kamaliah, 2020; Wardiwiyo, 2013). The next question is whether the Indonesian market responds to this CSR information. Do Indonesian investors consider CSR information relevant when making investment decisions? Previous studies have shown that the disclosure of CSR information affects a company's abnormal returns, indicating that the market responds to and considers CSR information in investment decisions (Daniel & Ratnasari, 2019; Putri & Budiasih, 2019). However, some other research presents different findings, suggesting that the Indonesian market does not respond to information on company CSR performance (Krisdiyanti et al., 2021; Yulinartati et al., 2019).

A previous study focused on companies whose operational activities are related to or have an impact on natural resources, often referred to as environmentally sensitive companies (Ainy & Barokah, 2019). Based on Indonesian Government (2007) in Act Number 40 Year 2007 Regarding Limited Liability Company, companies that are required to carry out CSR are environmentally sensitive companies. Previous research has not examined the market response to CSR information in non-environmentally sensitive companies.

In addition, most previous research measures a company's CSR performance using a CSR index based on the Global Reporting Initiative (GRI) Standard (Amelia et al., 2021; Nayenggita et al., 2019; Santoso et al., 2023; Shine & Atahau, 2023; Sreepriya et al., 2023). Current research develops previous research by Ainy & Ariesanti (2022) about the market response to the Indonesian companies receiving the Indonesia Sustainability Reporting Award (ISRA). The research revealed no significant difference in abnormal returns for companies receiving awards before and after the ISRA announcement. A limitation of previous research on market responses to CSR information is the inconsistency of ISRA announcements from year to year. This inconsistency may explain why the market did not react to the ISRA announcement.

This research aims to determine the response of the Indonesian market to the announcement of the SRI KEHATI market index. Current research addresses prior studies' limitations by utilizing the SRI KEHATI market index. The SRI KEHATI market index, announced biannually, is designed to reflect the Indonesian market's response to CSR information. SRI KEHATI is an index based on Environmental, Social, and Governance (ESG) criteria (Yayasan Kehati, 2009). Investment in companies listed in the SRI KEHATI market index is known as Green Investment. This study offers a substantive contribution to the body of knowledge concerning the interplay between CSR disclosure, market responsiveness, and investment behaviors within the Indonesian context. The findings of this study provide valuable insights for regulatory bodies, businesses, and investors, encouraging a closer examination of the factors influencing investment decisions in Indonesia. The results help to better understand how CSR objectives align with investment preferences within the country's financial system.

Literature Review

Stakeholder Theory

Stakeholder theory perceives organizations as complex entities that exist not solely to serve the interests of shareholders but also to bear responsibilities toward various stakeholder groups (Dmytriiev, 2021; Freudenreich et al., 2020; Langrafe et al., 2020). Stakeholder Theory states that a company is not an entity that only operates for its interests but must benefit stakeholders including shareholders, creditors, consumers, suppliers, government, society, analysts, and other parties (Ghozali, 2020). This theory serves as

a conceptual framework that acknowledges that companies should consider and manage the diverse interests of parties involved or affected by their activities. These interests may encompass economic, social, environmental, or ethical concerns. For this reason, the company's sustainability depends on these stakeholders' support. The company's survival depends on stakeholders' support, and that support must be sought by the company. CSR activities are part of the company's efforts to obtain this support.

Legitimacy Theory

Legitimacy Theory is based on companies having a social contract with society. Companies must carry out their operations according to the social contract to gain legitimacy from society (Akhter et al., 2023; Alda, 2021; Indriastuti & Chairiri, 2021; Silva, 2021). In the context of legitimacy theory, organizations require legitimacy from various parties or stakeholders, such as the general public, government, advocacy groups, and others (Patten, 2020). This legitimacy can be based on various elements, including compliance with regulations, business ethics, social contributions, and consistency with societal norms and values.

Legitimacy is a state in which an entity's value system aligns with the value system of the broader social system to which it belongs. If there are actual or potential discrepancies between these two value systems, the entity's legitimacy is at risk (Ghozali, 2020). CSR activities are considered one of the company's efforts to fulfill the social contract to gain legitimacy from society so that it can continue operating (Janang, et al., 2020; Velte, 2022).

Efficient Market Hypothesis (EMH)

An efficient market reacts quickly and accurately to reach a new equilibrium price that fully reflects the available information. The Efficient Market Hypothesis is a theory that posits that stock prices in the financial market reflect all publicly available information at any given time (Khan et al., 2021; Lu et al., 2021). Three main forms of EMH describe the extent to which the market is considered efficient. The three forms of market efficiency are weak, semi-strong, and strong (Fama, 1970).

The weak form of EMH posits that stock prices incorporate all historical data, including previous stock prices and trading volumes. Technical analysis attempting to predict price movements based on historical data will not yield consistent profits since this information is already reflected in current prices. The semi-strong form of EMH assumes that the market reflects all publicly available information, including historical and publicly disclosed information such as financial reports, news, and company events. In the semi-strong form, fundamental analysis, which attempts to assess the intrinsic value of a stock based on financial reports and other publicly available information, is also considered incapable of generating consistent profits because the market has already reflected all this information. The strong form of EMH assumes that the market reflects all information, including non-public information, such as insider information or information known only to insiders. In the strong form of EMH, even insiders or those within the organization cannot consistently earn profits because all information, including private and insider knowledge, is already factored into stock prices.

Corporate Social Responsibility (CSR)

The definition of CSR based on Indonesian Government (2007) in Act Number 40 Year 2007 Regarding Limited Liability Company:

"CSR is the company's commitment to participate in sustainable economic development to improve the quality of life and the environment which is beneficial, both for the company itself, the local community and society in general."

In addition, companies that are obliged to implement CSR are companies that carry out their business activities in the field of natural resources or companies whose business activities are related to natural resources. Companies that carry out their business in the field of natural resources are companies whose business activities utilize and/or manage natural resources. Companies whose business activities are related

to natural resources do not directly utilize and/or manage natural resources but whose business activities impact natural resources.

The concept of CSR was first introduced by Howard Bowen in 1953 as company activities and decisions that follow the goals and values of society. John Elkington, in 1987, formulated that companies focus on three things: profit, people, and planet (3P). CSR is a business commitment to act ethically, operate legally, and contribute to improving the quality of life of employees and their families, local communities, and the wider community (Carroll, 2021; Fatima & Elbanna, 2023; Nayenggita et al., 2019).

This research examines the Indonesian market's response to CSR information. Drawing upon the EMH, CSR information is considered publicly available information that is relevant for immediate response by the market, as reflected in market price fluctuations. Indonesian companies disclose CSR information in their annual reports and/or sustainability reports. The Indonesian capital market also provides public information regarding groups of companies perceived to have good social and environmental performance. One such group of companies is listed in the SRI KEHATI market index, recognized as a cluster of green companies.

Under legitimacy theory, CSR activities are seen as a means for companies to secure legitimacy from the market. Similarly, stakeholder theory suggests that companies engage in CSR to address the interests of their stakeholders. Companies classified as green investments are believed to have successfully enhanced their legitimacy and met stakeholder expectations. Consequently, information about these green investments is expected to provoke a response from the Indonesian market

Research Method

The research sample consists of companies that are constituents of the SRI KEHATI index. The sampling approach employed in this investigation is purposive sampling, guided by specific criteria: companies registered on the Indonesia Stock Exchange (IDX) for the 2019-2021 period and companies included in the 2019-2021 SRI KEHATI index. SRI KEHATI is a market index developed and published by Yayasan Kehati. Yayasan Kehati was established in 1994 to collect and manage resources from the community, which are then used sustainably for the benefit of Indonesia's biodiversity conservation program. Over the years, this foundation has continued to develop and look for innovative ways to preserve biodiversity in Indonesia. To accomplish this goal, SRI KEHATI market index was introduced in 2009, which is grounded in Environmental, Social, and Governance principles (Yayasan Kehati, 2009).

The SRI KEHATI Index is published twice a year at the end of April and October. This index consists of 25 publicly traded companies across various sectors. There are three stages in determining the companies included in this index each year: screening of financial and liquidity aspects, core business screening, and assessment of the company's ESG aspects (Yayasan Kehati, 2009).

The data utilized in this study is classified as secondary data. The requisite secondary data comprises the list of companies encompassed within the SRI KEHATI index that can be sourced from the official website of the Yayasan Kehati (<https://kehati.or.id/>). This study also required financial data about individual companies to be acquired from their respective financial reports, which are made publicly available. These published corporate financial reports are accessible through the official website of the Indonesia Stock Exchange (idx.co.id).

Research Design

This research aims to determine the response of the Indonesian market to green investment. Green investment is a term used by Yayasan Kehati for the ESG-based market index products they develop. This research uses an event study to determine the Indonesian market response. Event study is a method used to test the impact of an event on a dependent variable. The event in this research is the announcement of the SRI KEHATI Index, and the dependent variable in this research is the response of the Indonesian market, measured by the abnormal returns of the companies.

Implementation of research using event study generally uses the concept of event window and estimation period. The event window used to test market reactions before and after the event with $t = 0$ is the date of occurrence of the event (Ngoc et al., 2021). The date of the event in this research is the announcement date of the SRI KEHATI Index. The duration of the event window in this study was eleven days, namely five days before the date of occurrence event ($t = -5$) and five days after the occurrence event ($t = +5$).

The estimation period is used to estimate market coefficients in determining abnormal return companies (Ngoc et al., 2021). The estimation period in this study is fifty days (calculated from $t = -55$ to $t = -5$). The estimation period must be long enough to be able to estimate expected stock returns more accurately and reduce the impact of short-term fluctuations (Ngoc et al., 2021).

Research Procedures and Data Analysis

The first stage is calculating the value of abnormal returns (AR) for each stock on each day during the time series event study. $AR_{i,t}$ in the first equation represents the abnormal return of stock i in period t . $R_{i,t}$ denotes the realized return of stock i in period t . $E(R_{i,t})$ refers to the expected return of stock i in period t . The realized return value for each stock using period t and period $t-1$ can be done using the second equation.

$$AR_{i,t} = R_{i,t} - E(R_{i,t}) \quad (1)$$

$$R_{i,t} = \frac{P_{i,t} - P_{i,t-1}}{P_{i,t-1}} \quad (2)$$

$$E(R_{i,t}) = \alpha_i + \beta_i R_{m,t} + \varepsilon_{i,t} \quad (3)$$

$R_{i,t}$ represents the realized return of share i in period t . $P_{i,t}$ denotes the price of share i in period t . $P_{i,t-1}$ refers to the price of share i in period $t-1$. To calculate the expected return value, Market Model is employed. Under the Market Model, the return of stock i on day t is influenced solely by the market return on day t (Ngoc et al., 2021).

$R_{m,t}$ in the third equation represents the market return in period t , while α_i and β_i are the market model coefficients. The term ε_i accounts for the residual or error term in the model. The market model coefficients are estimated using linear regression between the company's stock price and the market stock price index. This research uses the Composite Stock Price Index (*Indeks Harga Saham Gabungan*, IHSG) as the market stock price index.

The second stage is to calculate Cumulative Abnormal Return (CAR). The third stage is to t-test the significance of the value's abnormal return. If the results of the difference t-test show that the CAR value is different from 0 and significant, it means that the market responded to the Green Investment announcement.

Results and Discussion

SRI KEHATI is one of the stock indexes in Indonesia, consisting of 25 companies that are considered to have good performance in conducting sustainable business operations and demonstrate high environmental concern and awareness of good corporate governance. This research examines the market response (CAR) to the announcement of the SRI KEHATI. The test results are shown in Table 1. This research does not assess the ranking of companies in the SRI KEHATI Index during the observation period, so the order of the companies does not reflect their ranking at the time of the announcement of the SRI KEHATI Index. Table 1 shows the p-value on the announcement date of the SRI KEHATI Index. The results indicate that there was a market response to the companies Kalbe Farma Tbk., Pembangunan Jaya Ancol Tbk., and Unilever Indonesia Tbk. following the announcement of the SRI KEHATI Index on April 26, 2019. Additionally, there was a market response to United Tractors Tbk. at the SRI KEHATI Index

announcement on November 26, 2019, Telekomunikasi Indonesia (Persero) Tbk. on November 26, 2020, and Astra International Tbk. and Jasa Marga Tbk. on June 26, 2021.

Table 1. Abnormal Return on SRI KEHATI Index Announcement Day

Company	Apr19	Nov19	Apr20	Nov20	Jun21	Nov21
ADHI	0.81	0.24				
ASSA						0.94
AKRA						0.63
ASRI	0.12					
AALI	0.43	0.71	0.38			
ASII	0.49	0.24	0.47	0.84	0.05**	0.12
AUTO				0.73	0.98	
BBCA	1.00	0.20	0.81	0.76	0.44	0.97
BDMN	0.30					
BMRI	0.71	0.99	0.25	0.33	0.15	0.31
BBNI	0.94	0.64	0.88	0.10	0.15	0.21
NISP				0.74	0.15	
BBRI	0.59	0.35	0.78	0.22	0.94	0.57
BBTN		0.18	0.62	0.99	0.34	0.82
BSDE	0.60	0.22	0.37	0.85	0.21	0.10*
POWR					0.88	0.39
DSNG				0.25	0.64	0.59
INTP				0.98		0.35
INDF	0.33	0.61	0.80	0.79	0.72	0.92
SIDO	0.33	0.18	0.39	0.31	1.00	0.29
JPFA	0.95	0.61	0.49			
JSMR	0.67	0.47	1.00	0.99	0.01**	0.71
KLBF	0.02**	0.15	0.12	0.97	0.14	0.90
PJAA	0.08*	0.80	0.94	0.43		
PGAS	0.83	0.86	0.65	0.88	0.23	0.40
PTPP				0.46	0.11	0.23
LSIP			0.78	0.50	0.26	0.11
PPPRO		0.11	0.92			
SMGR	0.35	0.96	0.17	0.59	0.15	0.71
TLKM	0.16	0.18	0.46	0.04**	0.47	0.17
TINS	0.92	0.97			0.53	
UNVR	0.03**	0.62	0.89	0.44	0.29	0.94
UNTR	0.69	0.08*	0.84	0.90	0.16	0.31
INCO			0.72	0.76	0.79	0.39
WSKT	0.57	0.69	0.91			
WIKA	0.55	0.19	0.42	0.96	0.28	0.27
WTON	0.72	0.66	0.54			

***: significance at 1%; **: significance at 5%; *: significance at 10%

Source: Primary Data Processed, 2024

Table 2 shows additional test results on anticipation and adjustment period. The anticipation and adjustment periods are 5 days before and after SRI KEHATI Index announcement.

Table 2. Abnormal Return on Anticipation and Adjustment Period

Company	Anticipation Period					Adjustment Period						
	Apr-19	Nov-19	Apr-20	Nov-20	June-21	Nov-21	Apr-19	Nov-19	Apr-20	Nov-20	June-21	Nov-21
ADHI	0.61	0.51					0.23	0.02**				
ASSA						0.69						0.92
AKRA						0.74						0.71
ASRI	0.83						0.98					
AALI	0.02**	0.16	0.35				0.36	0.56	0.92			
ASII	0.64	0.86	0.88	0.30	0.64	0.92	0.65	0.80	0.60	0.82	0.35	0.71
AUTO				0.00***	0.71					0.95	0.43	
BBCA	0.39	0.65	0.41	0.29	0.42	0.87	0.21	0.84	0.62	0.75	0.95	0.62
BDMN	0.86						0.00***					
BMRI	0.97	0.82	0.94	0.92	0.19	0.69	0.94	0.65	0.99	0.58	0.69	0.78
BBNI	0.89	0.78	0.57	0.56	0.38	0.58	0.37	0.85	0.92	0.98	0.66	0.72
NISP				0.41	0.93					0.39	0.85	
BBRI	0.69	0.77	0.70	0.44	0.68	0.99	0.28	0.75	0.74	0.79	0.68	0.85
BBTN		0.83	0.29	0.93	0.21	0.72		0.24	0.70	0.73	0.93	0.55
BSDE	0.78	0.51	0.24	0.49	0.93	0.39	0.28	0.03**	0.71	0.91	0.91	0.86
POWER					0.73	0.18					0.71	0.90
DSNG				0.71	0.95	0.99				0.18	0.21	0.03**
INTP				0.76		0.12				0.61		0.33
INDF	0.74	0.86	0.68	0.20	0.78	0.50	0.14	0.56	0.92	0.36	0.10*	0.51
SIDO	0.79	0.64	0.93	0.56	0.43	0.86	0.85	0.91	0.60	0.78	0.27	0.86
JPFA	0.11	0.75	0.97				0.79	0.88	0.98			
JSMR	0.64	0.85	0.37	0.54	0.02**	0.96	0.47	0.52	0.08*	0.88	0.63	0.65
KLBF	0.88	0.71	0.45	0.33	0.98	0.85	0.99	0.37	0.99	0.54	1.00	0.64
PJAA	0.31	0.37	0.15	0.01**			0.30	0.46	0.80	0.90		
PGAS	0.77	0.73	0.69	0.83	0.67	0.23	0.42	0.37	0.90	0.89	0.70	0.50
PTPP				0.19	0.49	0.61				0.01**	0.97	0.04**

Company	Anticipation Period					Adjustment Period						
	Apr-19	Nov-19	Apr-20	Nov-20	June-21	Nov-21	Apr-19	Nov-19	Apr-20	Nov-20	June-21	Nov-21
LSIP			0.22	0.79	0.16	0.71			0.42	0.06*	0.10*	0.31
PPPRO		0.64	0.60				0.00***		0.66			
SMGR	0.93	0.62	0.57	0.45	0.68	0.30	0.11	0.41	0.84	0.94	0.62	0.46
TLKM	0.65	0.91	0.88	0.87	0.38	0.04**	0.72	0.95	0.73	0.33	0.15	0.65
TINS	0.72	0.97			0.61		0.81	0.18			0.78	
UNVR	0.15	0.81	0.24	0.26	0.66	0.32	0.83	0.72	0.44	0.18	0.57	0.12
UNTR	0.07*	0.56	0.75	0.04	0.19	0.92	0.60	0.60	0.37	0.33	0.69	0.45
INCO			0.81	0.59	0.45	0.32			0.43	0.37	0.55	0.96
WSKT	0.72	0.23	0.54				0.45	0.05**	0.70			
WIKA	0.65	0.59	0.22	0.53	0.06*	0.73	0.91	0.12	0.50	0.04	0.86	0.12
WTON	0.86	0.23	0.58				0.40	0.98	0.73			

***: significance at 1%; **: significance at 5%; *: significance at 10%

Source: Primary Data Processed, 2024

The results reveal that the market responded to only 4% to 12% of the companies during the six periods of the SRI KEHATI Index announcements, with 25 companies in each announcement. This suggests that the Indonesian market has not fully responded to the Green Investment announcements. The large number of companies that did not receive a market response, and the diversity of their sectors, suggest that other factors may be influencing this market response. Future research could consider the sector of the company when examining market responses to green investment.

Researchers conducted additional tests, taking into account the imperfections of the Indonesian stock market. A difference t-test was performed during the anticipation period ($t=-5$ to $t=0$) to examine the market response prior to the index announcement date, accounting for potential information leakage. A similar test was conducted during the adjustment period ($t=0$ to $t=5$) to assess the market response following the index announcement date, given that the market may not immediately react on the announcement date. The test results were presented in Table 2. The additional test results are no different from the previous test results.

The difference test of t-test on the announcement date, anticipation period, and on adjustment period shows the same results, the response of the Indonesian market to the announcement of Green Investment has not been optimal. These results are in accordance with previous research that examined the response of the Indonesian market to corporate CSR activities (Ainy & Ariesanti, 2022; Astuti & Nugrahanti, 2015).

Several factors can explain the limited market response to announcements about green investment. One key determinant of investment in sustainable finance is knowledge on such investment (Aisa, 2021; Aisa et al., 2023). A lack of understanding about the long-term benefits of green investment can result in a muted market reaction. Green ecosystem Indonesia investors also experience lack of experience on sustainable finance. Despite the increasing demand for green investment, the supporting ecosystem for green finance in Indonesia is still in its developmental stages. In addition, there is an unreliable regulatory environment that hinders public interest in participating in green investments (Guild, 2020).

Conclusion

Indonesia stands out as a nation that places considerable emphasis on Corporate Social Responsibility (CSR) practices, as evidenced by the regulatory framework mandating publicly listed companies to disclose their CSR initiatives. Furthermore, Indonesia Stock Exchange has introduced various indices designed to assess corporate sustainability with SRI KEHATI Index as a notable example. However, the findings of this study highlight a noteworthy observation: the Indonesian market does not appear to be significantly responsive to information related to Green Investment. Remarkably, factors associated with corporate sustainability, such as CSR activities, have not emerged as primary determinants influencing investment decisions among Indonesian investors.

The market may fail to acknowledge the company's value due to a lack of anticipation regarding growth and profitability improvements following this announcement. In this context, it is pertinent to consider the broader societal implications, and the value derived from this announcement. If society does not recognize the social benefits associated with the company's inclusion in this index, the announcement may not enhance the company's social value. Consequently, this lack of societal recognition and value could result in a market not reflecting a higher valuation. In essence, the market's undervaluation may stem from society's failure to appreciate or be cognizant of the announcement's social significance. In this context, future research could explore the following questions: How does the company communicate the social-added value of its Corporate Social Responsibility (CSR) activities to society? Additionally, does the company leverage its CSR activities as a means to differentiate itself from competitors and thereby enhance its value?

This study contributes valuable insights into the dynamics of sustainable investing within the Indonesian context. By empirically demonstrating that CSR activities and corporate sustainability factors, as represented by the Green Investment, do not hold a prominent position in influencing investment choices among Indonesian investors, it sheds light on the nuanced relationship between sustainability initiatives and

investment behaviors in this market. These findings have implications for policymakers, businesses, and investors, urging a deeper examination of the factors that shape investment decisions in Indonesia and the potential avenues for fostering greater alignment between sustainability goals and investment preferences.

The study's findings may be constrained by the quality and availability of data on CSR activities and Green Investments in Indonesia, particularly since the research relies solely on the SRI KEHATI Index as a measure. Incomplete or inaccurate data could affect the accuracy and reliability of the analysis. Another limitation is that this study might be confined to a specific time frame, potentially overlooking long-term trends or changes in investor behavior toward sustainability. A longer-term analysis could provide more comprehensive insights into the dynamics of sustainable investing in Indonesia. Future research could also use qualitative research methods such as interviews, focus groups, or case studies to gain deeper insights into the underlying reasons for investor behavior toward sustainability.

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Appendix 1. List of Companies

Code	Name of Company
ADHI	Adhi Karya (Persero) Tbk.
ASSA	Adi Sarana Armada Tbk.
AKRA	AKR Corporindo Tbk.
ASRI	Alam Sutera Realty Tbk.
AALI	Astra Agro Lestari Tbk.
ASII	Astra Internasional Tbk.
AUTO	Astra Oteparts Tbk.
BBCA	Bank Central Asia Tbk.
BDMN	Bank Danamon Indonesia Tbk.
BMRI	Bank Mandiri (Persero) Tbk.
BBNI	Bank Negara Indonesia (Persero) Tbk.
NISP	Bank OCBC NISP Tbk.
BBRI	Bank Rakyat Indonesia (Persero) Tbk.
BBTN	Bank tabungan Negara (Persero) Tbk.
BSDE	Bumi Serpong Damai Tbk.
POWR	Cikarang Listrindo Tbk.
DSNG	Dharma Satya Nusantara Tbk.
INTP	Indocement Tunggul Prakarsa Tbk.
INDF	Indofod Sukses Makmur Tbk.
SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk.
JPFA	Japfa Comfeed Indonesia Tbk.
JSMR	Jasa Marga (Persero) Tbk.
KLBF	Kalbe Farma Tbk.
PJAA	Pembangunan Jaya Ancol Tbk.
PGAS	Perusahaan Gas Negara (Persero) Tbk.
PTPP	PP (Persero) Tbk.
LSIP	PP London Sumatra Indonesia Tbk.
PPPRO	PP Properti Tbk.
SMGR	Semen Indonesia (Persero) Tbk.
TLKM	Telekomunikasi Indonesia (Persero) Tbk.
TINS	Timah Tbk.
UNVR	Unilever Indonesia Tbk.
UNTR	United Tractors Tbk.
INCO	Vale Indonesia Tbk.
WSKT	Wakista Karya (Persero) Tbk.
WIKA	Wijaya Karya (Persero) Tbk.
WTON	Wijaya Karya Beton Tbk.