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FINANCIAL SUSTAINABILITY OF SMALL AND MEDIUM SCALE ISSUERS, CASE STUDY OF FIVE ISSUERS ON THE FIRST ACCELERATION BOARD ON THE INDONESIAN STOCK EXCHANGE

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ABSTRACT

Financial sustainability is an increasingly strong issue, at least in public companies and companies supervised by the Financial Services Authority. There is a broader emphasis on risk management, corporate governance, and sustainable methods that strike a balance between short-term financial performance and long-term stability safeguarding tactics. With the facilitation of small and medium scale issuers on the acceleration board, it is necessary to prove whether these small and medium scale issuersve also considered financial sustainability in decision making. The first five issuers listed on the acceleration board have their financial performance calculated using the fundamental indicators regulated in SEOJK No. 16/SEOJK.04/2021 to find out aspects of profitability, liquidity and solvency. The results of the study show that there is a need for decision making that is more insightful into financial sustainability.

Keywords: Financial sustainability, risk management, corporate governance, profitability, liquidity and solvency.

1. Introduction

The focus on financial sustainability of publicly traded companies is growing as investors, markets and policymakers demand greater resilience and transparency in business operations. There is increasing pressure on publicly traded companies to demonstrate long-term financial stability that can withstand economic changes and demands from stakeholders while maximizing profits. This has resulted in a broader emphasis on risk management, corporate governance, and sustainable methods that strike a balance between short-term financial performance and long-term stability-securing tactics.

For many businesses, financial sustainability is more than just consistent cash flow. To support sustainable growth, it includes a comprehensive approach to financial resource management, which includes careful debt management, responsible capital allocation and reinvestment in core activities. Publicly traded companies often adopt strong sustainability practices, strengthening their foundation to survive economic downturns, increasing investor confidence, and ultimately generating consistent profits. These ideas are not just theoretical; shareholders who value long-term profits over immediate gains are starting to demand it.

Issuers at various business scales are required to maintain business continuity, which is demonstrated in sustainable finance. Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services

Institutions, Issuers and Public Companies, defines sustainable finance as comprehensive support from the financial services sector to create sustainable economic growth by aligning economic interests, social, and environmental. There are at least two of the eight principles of implementing sustainable finance that must be considered in this provision, namely the principles of responsible investment and the principles of sustainable business strategies and practices.

One form of implementation of the Acceleration Board on the Indonesian Stock Exchange (BEI) was introduced as part of an initiative to support the growth of start-up companies and small-medium enterprises (SMEs) that have great potential but may not yet meet the requirements for listing on the main board or development board. By providing this acceleration board, IDX hopes to provide wider opportunities for companies with high growth potential to access funds from the capital market. This helps them strengthen their capital structure, accelerate business expansion, and increase competitiveness in the market. Accelerated boards also have more flexible terms, allowing early-stage companies to list on the exchange and leverage public capital earlier in their business journey.

The presence of this acceleration board is important for the Indonesian capital market because it provides opportunities for more local companies to grow and contribute to the national economy. With this board, the Indonesian capital market will become more inclusive and able to reflect the potential of the domestic market more broadly. Additionally, acceleration boards provide diversified investment opportunities for investors interested in the high return potential of growing companies. For the Indonesian startup ecosystem, this is a strategic step, because it not only opens up access to larger funding sources, but also improves accountability and corporate governance through listing standards on the IDX.

The Acceleration Board on the Indonesia Stock Exchange (BEI) was formed in accordance with Regulation Number I-V concerning Special Provisions for the Listing of Shares and Equity Securities Other than Shares on the Acceleration Board which was issued by Listed Companies on 22 July 2019. This is BEI's effort to encourage small companies, especially startups and MSMEs, to be listed with lighter requirements than the main board or development board (Indonesia, 2019). Thus, companies that are in the early stages of growth or that do not yet have a long track record also have the opportunity to obtain funding from the capital market. The Acceleration Board is also in accordance with POJK No. 53/POJK.04/2017 concerning Registration Statements for Public Offerings and Capital Increases by Granting Pre-emptive Rights to Issuers with Small Scale Assets or Issuers with Medium Scale Assets

In the first year five companies were successfully listed on the BEI acceleration board. Among these companies is PT Tourindo Guide Indonesia Tbk (PGJO), which operates in the field of providing digital travel marketplace services. Next is PT Cashlez Worldwide Indonesia Tbk (CASH), which operates in the Financial Technology Services and Digital Payments business. PT Planet Properindo Jaya Tbk (PLAN), which runs businesses in the fields of Three Star Hotels, Restaurants, Tourism Consulting Activities and Corporate Activities. PT Prima Globalindo Logistik Tbk (PPGL), which operates in the field of Transportation Management Services. As well as PT Boston Furniture Industries Tbk (SOFA), which is engaged in the processing of wood-based furniture and other wood products, metal-based as well as distribution and sales of furniture through subsidiary companies. These companies are pioneers who are paving the way for other small and medium businesses to utilize the capital market as a source of funding to support business expansion and long-term growth.

Research Purpose

The five issuers on the Acceleration Board experienced strong challenges during the COVID-19 pandemic. For this reason, it is necessary to know to what extent the aspects of financial sustainability in these public companies have been achieved, and at the same time answer the following questions:

1. What is the short-term and long-term financial performance of the companies listed on the Acceleration Board?
2. Do companies on the Acceleration Board experience increased profitability and operational efficiency after listing?

The first question aims to understand whether the companies on the acceleration board have stable financial performance and are able to grow sustainably in the capital market, even though they are generally small or medium scale companies. Meanwhile, the second question is to find out whether listing on the acceleration board has a positive impact on profitability and efficiency, which are important components in maintaining financial sustainability in the capital market. Each of these questions can be a basis for evaluating and analyzing the extent to which companies on the Acceleration Board are able to survive and develop in the capital market ecosystem in Indonesia.

Research Scope

In this study, the researcher determined the limits of the problem so that this study could be discussed in more depth and could achieve the intended objectives. The variables used in this research are include the ratio of profit (loss) to total assets, the ratio of profit (loss) to equity, the ratio of profit (loss) to income/ sales, current ratio, liabilities to equity ratio, and liabilities to total assets ratio.

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2. Literature Review

Financial sustainability generally refers to the ability of an organization, government, or individual to maintain financial health over the long term. OECD (2023) defines financial sustainability by highlighting the importance of balancing current financial demands with future obligations. Meanwhile, according to the World Bank (2020), financial sustainability is the capacity of a system, organization or individual to generate sufficient resources to meet its current and future obligations without incurring unsustainable levels of debt or requiring excessive external support. These definitions underscore a common theme: the need to maintain financial viability without sacrificing future resources or relying too heavily on external assistance. Each highlights a different aspect—long-term balance, debt avoidance, self-reliance, and alignment with environmental or social goals.

Technically, Zabolotnyy (2019) stated that the majority of researchers agree about the complexity and multifaceted nature of financial sustainability, because this is related to the profitability, solvency and efficiency of a company. Measuring company performance is a core issue in strategic management. According to Arbelo (2021), measuring company performance is very important for researchers and managers because it allows them to evaluate the effectiveness of the strategies they have implemented.

3. Research Methodology

Research Design

Type of Research

This type research used in this research is Quantitative Research
To analyze a company's operational performance by looking at changes over the last four years, we can use horizontal analysis of several financial indicators. The indicators used refer to OJK Circular Letter No. 16/SEOJK.04/2021 concerning the Form and Content of Annual Reports of Issuers or Public Companies which includes 6 financial ratio indicators which include the ratio of profit (loss) to total assets, the ratio of profit (loss) to equity, the ratio of profit (loss) to income/ sales, current ratio, liabilities to equity ratio, and liabilities to total assets ratio. Descriptively, this research uses all indicators as a reference for looking at the financial sustainability of all issuers who are the subjects of the research

Research Subject

The subjects of this research are PT Tourindo Guide Indonesia Tbk (PGJO), which operates in the field of providing digital travel marketplace services. Next is PT Cashlez Worldwide Indonesia Tbk (CASH), which operates in the Financial Technology Services and Digital Payments business. PT Planet Properindo Jaya Tbk (PLAN), which runs businesses in the fields of Three Star Hotels, Restaurants, Tourism Consulting Activities and Corporate Activities. PT Prima Globalindo Logistik Tbk (PPGL), which operates in the field of Transportation Management Services. As well as PT Boston Furniture Industries Tbk (SOFA), which is engaged in the processing of wood-based furniture and other wood products, metal-based as well as distribution and sales of furniture through subsidiary companies.

Research object

The objects in this research are: Financial Services Authority Regulation (POJK) Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies, defines sustainable finance as comprehensive support from the financial services sector to create sustainable economic growth by aligning economic interests, social, and environmental. There are at least two of the eight principles for implementing sustainable finance that must be considered in this provision, namely the principles of responsible investment and the principles of sustainable business strategies and practices.

Population and Sampling

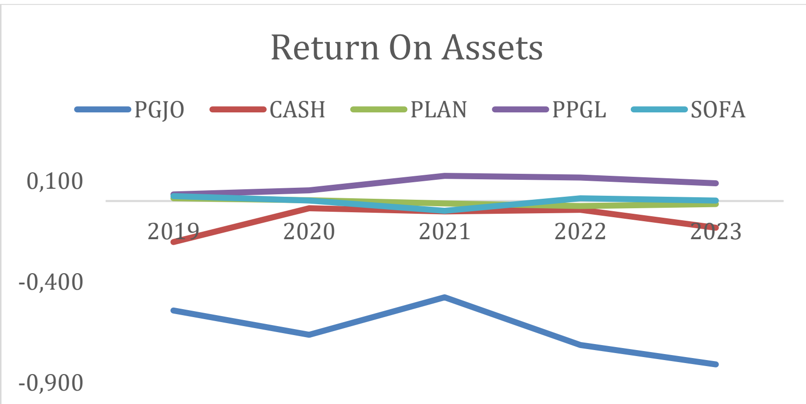
The population of this research consist 5 five companies were successfully listed on the BEI acceleration board

4. Results

In this analysis, we will assess how the company has performed over the past four years by looking at several key financial ratios. These ratios reflect the company's liquidity, profitability, and valuation which will give investors an idea of the financial condition and investment prospects.
Table 1. Net Income Statement to Assets Ratios

2019	2020	2021	2022	2023

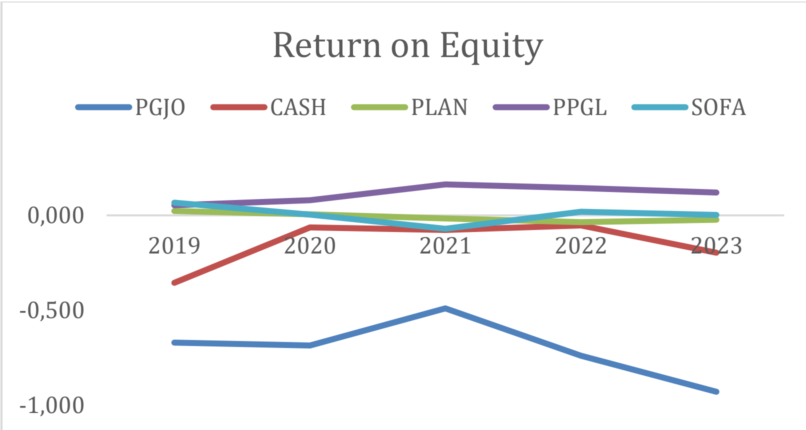
PGJO	-0,541	-0,662	-0,476	-0,713	-0,808
CASH	-0,203	-0,036	-0,052	-0,043	-0,132
PLAN	0,014	0,005	-0,011	-0,025	-0,015
PPGL	0,033	0,053	0,125	0,115	0,088
SOFA	0,024	0,003	-0,048	0,014	0,002



Referring to Return On Assets, only PPGL and SOFA have managed to maintain a positive level in the five years since they were listed on the acceleration board. Even though 2021 experienced a decline, SOFA managed to return its rate of return to positive levels. PLAN experienced a decline in performance, while PGJO and CASH failed to maintain their returns. PGJO has not even succeeded in improving its performance in the last five years.

Table. 2 Net Income to Equity Ratio

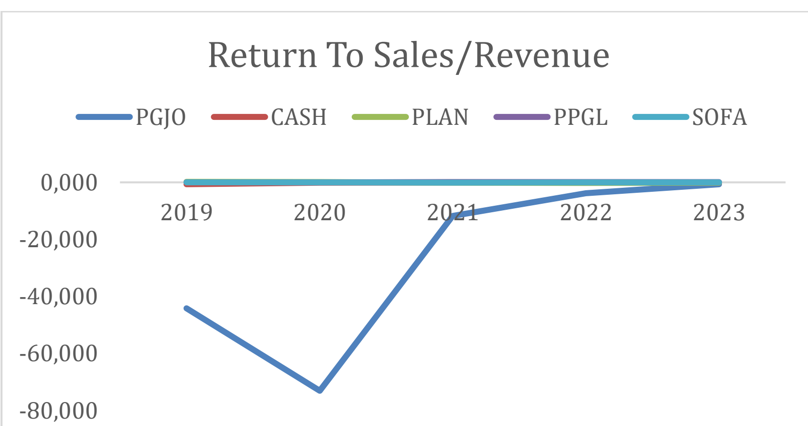
	2019	2020	2021	2022	2023
PGJO	-0,671	-0,685	-0,490	-0,740	-0,930
CASH	-0,355	-0,063	-0,077	-0,053	-0,196
PLAN	0,023	0,006	-0,016	-0,036	-0,022
PPGL	0,053	0,079	0,163	0,143	0,120
SOFA	0,067	0,004	-0,071	0,019	0,002



Referring to Return On Equity, only PPGL and SOFA have managed to maintain a positive level in the five years since they were listed on the acceleration board. Even though 2021 experienced a decline, SOFA managed to return its rate of return to positive levels. PLAN experienced a decline in performance, while PGJO and CASH failed to maintain their returns. PGJO has not even succeeded in improving its performance in the last five years.

Tabel. 3 Return to Sales or Revenue Ratios

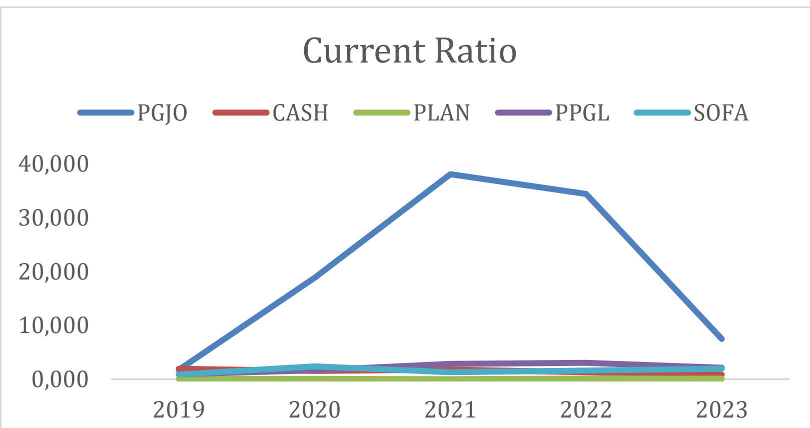
	2019	2020	2021	2022	2023
PGJO	-44,115	-73,092	-11,726	-3,818	-0,671
CASH	-0,654	-0,085	-0,042	-0,076	-0,156
PLAN	0,179	0,106	-0,151	-0,200	-0,107
PPGL	0,035	0,050	0,078	0,070	0,095
SOFA	0,026	0,009	-0,082	0,018	0,002



Referring to Return On Revenue/Sales, only PPGL and SOFA have managed to maintain a positive level in the five years since they were listed on the acceleration board. Even though 2021 experienced a decline, SOFA managed to return its rate of return to positive levels. PLAN experienced a decline in performance, while PGJO and CASH failed to maintain their returns. PGJO has not even succeeded in improving its performance in the last five years.

Table 4. Current Ratios

	2019	2020	2021	2022	2023
PGJO	1,739	18,810	38,076	34,397	7,454
CASH	1,932	1,548	1,801	1,283	0,838
PLAN	0,040	0,035	0,007	0,081	0,089
PPGL	0,914	1,665	2,821	3,038	2,148
SOFA	0,872	2,381	1,299	1,590	1,961

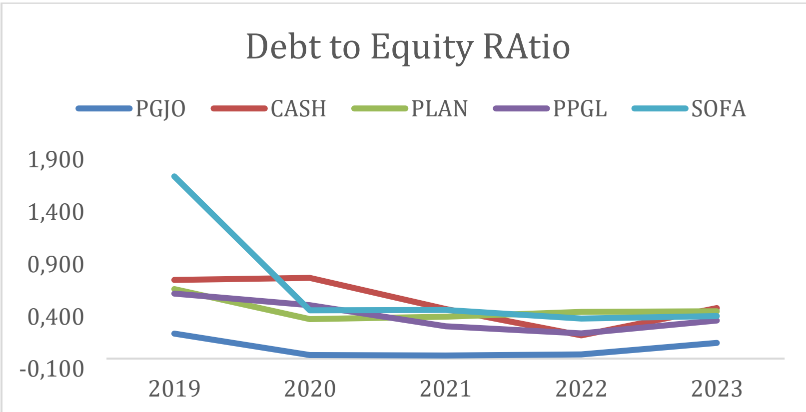


Referring to the Current Ratio, PPGL and SOFA carry out their business activities well by maintaining proper asset management. PGJO on the other hand appears to be restraining the use of excess current assets in 2020 to 2022, it appears that the public offering funds obtained will only be maximized in 2023. CASH on the other hand succeeded in managing its current assets in 2019 to 2022, but experienced potential working capital difficulties in 2020. 2023. Meanwhile, PLAN, which should have benefited from public offering funds in 2020, is experiencing prolonged working capital difficulties.

Table 5. Debt to Equity Ratios

	2019	2020	2021	2022	2023
PGJO	0,239	0,035	0,030	0,039	0,151
CASH	0,751	0,771	0,474	0,222	0,484

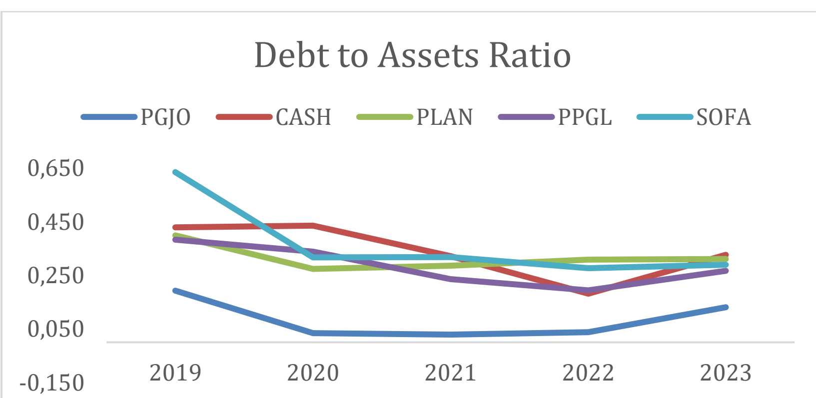
PLAN	0,664	0,377	0,401	0,447	0,451
PPGL	0,621	0,511	0,309	0,241	0,364
SOFA	1,740	0,463	0,465	0,382	0,408



All issuers maximize the use of public offering funds to complete their obligations. It can be seen that all research subjects experienced a decrease in the Debt-to-Equity Ratio, except for PLAN which tends to increase in 2021 to 2023 although it is still at a safe level.

Table 6.Debt to Asset Ratios

	2019	2020	2021	2022	2023
PGJO	0,193	0,034	0,029	0,037	0,131
CASH	0,429	0,435	0,321	0,182	0,326
PLAN	0,399	0,274	0,286	0,309	0,311
PPGL	0,383	0,338	0,236	0,194	0,267
SOFA	0,635	0,316	0,318	0,277	0,290



All issuers maximize the use of public offering funds to complete their obligations. It can be seen that all research subjects experienced a decrease in the Debt to Asset Ratio, except for PLAN which tends to increase in 2021 to 2023 although it is still at a safe level.

6. Conclusion

It is too early to make a statement that the five issuers that were the subject of the research have or do not have sustainable financial aspects. From the analysis above, with the trends occurring in profitability, liquidity and solvency ratios, the company can be judged to still have the potential to be healthy and promising in the future. However, management needs to remain vigilant if there is a negative trend in development, management needs to identify the causes and find solutions to overcome these challenges. Inappropriate market entry is another reason that aspects of financial sustainability cannot be concluded directly. The character of the five issuers, which are highly dependent on social movements and public consumption, was greatly disrupted by the COVID-19 pandemic which took place from 2020 to 2022, and continued with an increase in interest rates which also disrupted the level of public consumption of non-core products such as clothing, food and shelter. This four-year horizontal analysis is very useful for investors and management to monitor the company's financial health, evaluate the success of business strategies, and determine the steps needed for future improvements or improvements.

Implications

Further research is needed to find out more detailed aspects related to various aspects of financial sustainability. At least more than 50 issuers have been listed on the acceleration board, so deeper research can help issuers remap decision making not only for short-term business aspects but for sustainable growth and increasing shareholder value. This research aims to analyze and find out in more depth on whether Capital Structure has an effect on Financial Performance in Construction Sub-Sector Companies with Agency Costs as a moderating variable. The sample in this research was 11 construction companies in Indonesia. Sample selection used a deliberate sampling method with criteria. Secondary data was collected from the official website of the Indonesian Stock Exchange and companies. Data were analyzed using the EViews software program with the moderated regression method.

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