CHAPTER V

CONCLUSION

5.1 Conclusion

This study was conducted to examine the effect of environmental aspects, namely Carbon Emission Disclosure (CED) as measured by the percentage of total disclosure items regarding carbon emissions, environmental performance as measured by PROPER, ISO 14001 as measured by certificate ownership, and environmental cost on firm value projected through the value of Tobin's Q. And two control variables, namely firm size which is projected by the natural logarithm of total assets, and firm age which is projected through the natural logarithm of the research year and the year the company was founded. The object of analysis in this study is the basic and chemical industry sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period. During that period, there were 10 companies that met the criteria for this research sample.

Variable Carbon Emission Disclosure (CED) which in this study is measured by the percentage of the number of items regarding carbon emissions disclosed in a sampled company has a coefficient value of 0.007423 and a significance of 0.041. The significance value of this variable is less than 0.05 and the positive value of the variable coefficient indicates that CED has a significant positive effect on the dependent variable, namely firm value (Tobin's Q) for the 2017-2021 period. Carbon emission disclosure by companies is a form of corporate responsibility to the surrounding environment. This disclosure makes the company gain trust or legitimacy from the surrounding environment related to the company's operating activities. So that investors will not have any doubts about investing because the company has carried out its responsibilities. This is also a positive signal as a form of management's success and ability in managing the environmental impact of its business operations.

Environmental performance, which in this study was measured by the PROPER rating score of the sampled companies, has a coefficient value of 0.2724441 and a significance of 0.004. The significance value of this variable is less than 0.05 and the positive value of the variable coefficient indicates that environmental performance has a significant positive effect on the dependent variable, namely firm value (Tobin's Q) for the 2017-2021 period. Good environmental performance is a form of corporate responsibility to parties affected by the company's activities. Companies that take part in the PROPER assessment will try to manage their environment well, so that they can get a good rating in PROPER and gain legitimacy from the community around the company's environment. Where the PROPER rating is considered by investors as important information and is good news for investors to make investment decisions.

In this study, ISO 14001 variable measured from the ownership of the ISO 14001 certificate of the company sampled has a coefficient value of 0.0520369 and a significance of 0.660. The significance value of this variable is greater than 0.05 and the coefficient value of this variable is positive, indicating that ISO 14001 has insignificant positive effect on the dependent variable, namely firm value (Tobin's Q) for the period 2017-2021. To get certified requires a significant outlay of money, besides the many benefits of an environmental management system that are not easily converted into monetary gains. Therefore, although ISO 14001 can produce long-term performance results and fulfill legitimacy, investors seem to perceive such certification as contradicting the underlying objective of the business, namely to maximize shareholder wealth through reducing cost.

The environmental cost variable coefficient of the company that is used as a sample has a value of 0.1727911 and a significance of 0.926. The significance value of this variable is greater than 0.05 and the value of the variable coefficient which is positive indicates that the environmental cost has an insignificant positive effect on the dependent variable, namely the firm value (Tobin's Q) for the 2017-2021 period. Environmental costs are considered as compensation costs incurred by the company as a result of the loss or damage caused. Where the allocation of environmental costs can increase the company's burden and affect the company's profitability. The company's profitability affects the decision of the lender (investor) in making a decision to invest or not. This is because investors are worried that the cost will be greater than the return that will be obtained.

The insignificant result of the control variable of firm age as measured by the natural logarithm of the year of observation and the year the company was founded of the company that is used as a sample has a value of - 1.001749 and a significance of 0.226. The significance value of this variable is greater than 0.05 and the value of the variable coefficient which is negative indicates that the firm age has an insignificant negative effect on the dependent variable, namely the firm value (Tobin's Q) for the 2017-2021 period.

And the last, the insignificant result of the control variable of firm size as measured by the total asset log has the coefficient of the company that is used as a sample has a value of 0.2909559 and a significance of 0.068. The significance value of this variable is greater than 0.05 and the value of the variable coefficient which is positive indicates that the firm size has an insignificant positive effect on the dependent variable, namely the firm value (Tobin's Q) for the 2017-2021 period.

5.2 Implication

Based on the results of the research that has been done, the implications of this research are as follows:

1. For investors

   This study provides information to investors that several environmental aspects have different effects on firm value. The significant effect of the disclosure of carbon emissions on the firm value and the environmental performance has a significant influence on the firm value. However, ISO 14001 and environmental costs show an insignificant effect on firm value. This insignificant effect of ISO 14001 shows that the presence or absence of ownership of an ISO 14001 certificate does not affect the high and low value of the company as well as environmental costs, the amount and at least the environmental costs incurred also do not affect the value of the company. However, other environmental aspects as a whole are very important to do and pay attention to. This is because as a form of corporate responsibility to the environment and stakeholders.

2. For companies

   This study provides information to companies in the basic and chemical industry sectors that are listed on the Indonesia Stock Exchange that the environmental aspects that the author is trying to determine to have a significant impact on company value. However, two environmental aspects, namely ISO 14001 and environmental costs, do not significantly affect the value of the company. The sense that the company can use other ISO in accordance with the needs and circumstances of the company and pay attention to other costs that affect the high and low value of the company and pay attention to environmental aspects and other factors that can affect the value of the company.

3. For academics

   This study contributes to adding to the literature related to several aspects related to the environment that the author considers to have an effect on firm value. So that it can be a reference and consideration for further researchers to use other aspects that are more influential on firm value.

5.3 Research Limitations

This research did not escape from various limitations. This limitation is expected to be refined in subsequent studies that raise the same topic. The limitations contained in this study are as follows:

1. This study only uses the projected firm value with the value of Tobin's Q as a variable that will be seen to be influenced by other independent variables.
2. The companies used by the researchers are only a small part of the number of companies listed on the Indonesia Stock Exchange because they only use the population in the basic and chemical industrial sector companies, where there are only 10 companies that can be used as research samples
3. Many companies do not include the nominal cost of environmental development in their annual reports and/or sustainability reports.
4. This study only observed five years from 2017 to 2021.

5.4 Suggestion

The suggestions that can be given for future research are as follows:

1. Future research that has topics related to environmental aspects such as this research is expected to add other research variables that are also related to social and environmental responsibility such as Sustainable Responsible Investment (SRI), and other ISOs that appropriate, and so on.
2. The second suggestion is to add intervening variables, moderating or control variables, so that they can add variety in further research.
3. The third suggestion for future research is that it is expected to be able to conduct research by increasing the observation period so that more information can be obtained and the influence between CED,

environmental performance, ISO 14001, and environmental cost on company value is more visible.

4. The fourth suggestion is that further research is expected to be able to conduct research not only focusing on one sector but can compare with other sector groups.

5. The fifth suggestion is for further research to use alternative proxies to measure firm value such as (Price Book Value) PBV and (Price Earning Ratio) PER.