CHAPTER 5

CONCLUSION

5.1 Conclusion

Based on statistical tests, analyzes, and discussions that have been carried out in the previous chapter, the results obtained that social disclosure does not significantly affect bank profitability, concluded as follow:

1. Social Disclosure Index (X) have a positive significant effect on Banks' profitability measured by Return on Assets (ROA) is rejected.
2. Social Disclosure Index (X) have a positive significant effect on Banks' profitability measured by Return on Equity (ROE) is rejected.
3. Social Disclosure Index (X) have a positive significant effect on Banks' profitability measured by Operating Margin is also rejected.

5.2 Limitation

The limitation of this study are:

1. The existence of an element of subjectivity in measuring the level of disclosure on items disclosed in the sustainability report.
2. The limitations of this study are as follows: - this research only utilized data for three years, 2017, 2018, and 2019, because to pandemic covid-19 in recent years, which may have influenced the data and considered it invalid for the study due to the unstable condition.
3. The relatively small number of samples, only 11 of the 46 banks listed in IDX were sampled. Because not all banks produce sustainability reports in accordance with the 2016 GRI requirements, only 33 banks listed on

IDX may be processed during a three-year period. So the results cannot be generalized.

5.3 Implication

1. Investors with this research results in deciding whether to invest or not, not only from the standpoint of social disclosure, but also by paying attention to other criteria in the sustainability report; in other words, social disclosure cannot be used as the primary benchmark for investors in making decision.

2. The GRI standards board should examine its social disclosures, as indicated by the findings of this study and other prior studies that found little effect.

5.4 Suggestion

1. In the future, research on related topic, is expected to provide higher quality results by including a longer observation period and a few other variables as factors that could influence bank profitability by sustainability report, such as economic and environmental disclosures.
2. Social disclosure index seems unappropriated as social measure since GRI Standard obligates to disclose only material topics. This is proven by the result of the Descriptive Statistical Analysis above which shows an average value of 23.6% for the social disclosure index that is disclosed by banks in Indonesia.