# CHAPTER V

# FINAL PART

## 5.1 Conclusion

The research was conducted to examine the pillars of Corporate Governance which were categorized based on the Refinitiv and Thomson Reuters Eikon, among these pillars are Management, Shareholders, CSR Strategy which are used as independent variables in this study. Where is the management score, shareholders score, and CSR strategy score obtained from Thomson Reuters Eikon. Tested on the company's Environmental Performance as the dependent variable in this study which was also obtained from the Thomson Reuters Eikon. To ensure that the research results remain constant, several control variables are used that reflect company characteristics, namely Firm Size, Firm Age, Leverage, and Profitability in energy and mining sector companies listed in China, Japan, South Korea, Indonesia, Malaysia, Thailand period 2012-2021.

Based on the previous chapter which discussed the results of the analysis and discussion, it can be seen that the independent corporate governance variables are categorized into three, the first being management as measured by the management score obtained from the Thomson Reuters Eikon. MSCORE shows a significant influence in influencing Environmental Performance. Proof of this conclusion can be seen in the MSCORE significance value which is less than 0.05, namely 0.000. The results obtained indicate that the management score that the company produces affects the environmental performance of the company in a period. In this case the influence shown by MSCORE is positive. This means that the better the company's management in managing the company's operating and investment activities, especially related to environmental awareness, will be able to improve the company's Environmental Performance. Company management here is carried out by the board of directors as a party representing the interests of shareholders.

The independent variable Shareholders as measured by the shareholders score obtained from the Thomson Reuters Eikon showed insignificant results, this can be seen from the SSCORE significance value of 0.103 which means greater than 0.05. Therefore, the results show that Shareholders have no effect on Environmental Performance. Where ownership does not directly affect environmental performance, but indirectly affects environmental performance by being influenced by financial performance. This indicates that the purpose of shareholders in general is related to increasing wealth, and not all shareholders consider non-financial performance.



Furthermore, the CSR Strategy as measured by the CSR Strategy score obtained from the Thomson Reuters Eikon shows significant results, this can be seen from the CSRSCORE significance value of 0.000 which means less than 0.05. Therefore the results show that CSR Strategy has an effect on Environmental Performance. Where the influence shown by CSRSCORE is positive. This means that CSR Strategy which includes activities related to transparency, compliance with CSR policies can improve the company's Environmental Performance. The company's commitment to sustainability is also seen through the formation of a special division that carries out CSR strategy. The division are called CSR committees or ESG committees, sometimes also called environmental committees. This is support business commitments to behave ethically and contribute to economic development and communities.

As for the control variables in this study, the results showed various significance, where Firm Size as measured by the natural logarithm of the company's Total Assets and Profitability as measured by Return on Assets did not have a significant effect on Environmental Performance. This can be indicated by the low average net profit generated by the company on operating and investment activities from the total assets owned by the company. So that the activity for financial performance is not so good, so that the activity of the company's assets related to the environment has not significantly affected the environmental performance produced by the company.

Meanwhile, the control variable leverage also has no significant effect on Environmental Performance at a significance level of 5%, but leverage can have a significant effect on Environmental Performance at a significance level of 10%. In this case the resulting influence is positive. Where company assets are funded through debt requires companies to pay more attention to environmental performance, because creditors as providers of funds are very careful in providing loans to companies and demand companies to be more transparent in order to get support from creditors. For the control variable Firm Age has a significant effect on Environmental Performance.

Where the influence shown by Firm Age is positive. This means that the older the company will improve the company's Environmental Performance, partly because the older companies have experience in carrying out activities that will have a negative impact on the environment, so they will understand how to mitigate the risks that will arise from the operating activities carried out.

## 5.2 Implications of Research

Based on data analysis it was found that there was a simultaneous influence of corporate governance pillars on environmental performance. This shows that corporate governance plays an important role in improving the environmental performance of a company. This can be a consideration for investors and companies to pay attention to the implementation of corporate governance principles of a company in running its business to support better environmental performance, such as good management practices, implementing CSR programs, and using voting rights as a shareholder to support greater adoption of green practices in corporate governance. But all parties can also pay attention to other aspects that can affect the company's environmental performance in assess a company. This research also can contribute to adding to the literature related to the factors that the authors consider in the corporate governance component to have an effect on the company's Environmental Performance, so that it can be taken into consideration for future researchers to use other aspects that also and have more influence on Environmental Performance.

### 5.3 Limitations of Research

In every study, of course, there are limitations that can be taken into consideration by researchers and can be useful for further research. The limitations of this study are that the companies used by the researchers are only engaged in the energy and mining sectors because the majority of companies that produce the largest carbon emissions are in China, Japan, South Korea, Indonesia, Malaysia, and Thailand. Other sectors that also contribute to carbon emissions are not known in this study. This research only focuses on the six countries that contribute the majority of carbon emissions from East Asia and Southeast Asia, namely China, Japan, South Korea, Indonesia, Malaysia, and Thailand. The companies that the researchers used as samples were only a small portion of the total study population because only a small portion had a complete score on the Thomson Reuters Eikon based on this study period. The company uses the score issued by Thomson Reuters Eikon for measuring each direct variable in this study. So the detailed components contained in the issued score are not known. Because this study only looks at the corporate governance component whose effect on the dependent variable is of interest, factors other than corporate governance that affect the company's environmental performance are unknown.

## 5.4 Suggestion

The suggestions for this study are based on previous conclusions, as follows:

1. Future researchers can involve companies in other sectors that also contribute to producing carbon emissions, such as the manufacturing, transportation, agriculture, and other sectors.
2. Future researchers can also use other data related to Corporate Governance and Environmental Performance besides those used by researchers in this study, such as directly assessing Corporate Governance and Environmental Performance using annual reports, sustainability reports, and the company's website.
3. This research can be an illustration for academics, investors, and companies that the influence exerted by Corporate Governance which is categorized into Management, Shareholders, and CSR Strategy has not maximally increased the company's Environmental Performance in energy and mining sector companies.
4. By incorporating additional components of corporate governance, such as those found in internal and external governance, it is intended that this research can be developed more generally.