

## CHAPTER V

### FINAL PART

This chapter consists of several parts which are the closing of this research. First, this chapter will describe the conclusions of the research. Then, this chapter will also explain the limitations contained in the research. Furthermore, this chapter also explains the implications of the research. Finally, this chapter contains suggestions for future research on similar topics.

#### 5.1 Conclusions

This study aims to look at the effect of compliance disclosure of economic, environmental, social performance on the financial performance of companies in Indonesia. Based on the above objectives, this study uses quantitative analysis which is carried out on companies that get bronze to platinum ratings on the Asia Sustainability Reporting Rating for the 2017-2021 period as well as listing on the Indonesia Stock Exchange for the period. During this period, there were 27 companies that met the criteria for this research sample. Based on the results of panel data regression analysis, there are three research results which will be explained below:

1. The first research result, namely economic disclosure has a negative and significant effect on the dependent variable of this study, namely financial performance as measured by Tobin's Q. This research has the same results as previous studies, namely Maskat (2018), Suwandi (2019),



and Bukhori (2017) where the Sustainability Report economic dimension has a significant negative effect on financial performance as measured by the company's market performance.

2. The second research result is that environmental disclosure has a negative and no significant effect on the dependent variable of this study, namely financial performance as measured by Tobins Q. This condition indicates that the company's ethical behavior in the form of social responsibility towards the surrounding environment has a negative impact and has no effect on improving financial performance. This result is certainly contrary to previous research, namely Bukhori (2017), Puspitandari and Septiani (2017), Saini and Sanghania (2018) states in their research that disclosure of environmental disclosure shows a significant positive effect on the company's financial performance.

3. The final research result is that social disclosure has a positive and significant effect on the dependent variable of this study, namely financial performance as measured by Tobin's Q. The results of this study are in accordance with the explanation of one of the theories used in this study , namely the legitimacy theory and according to previous researchers, namely Bukhori (2017), Puspitandari and Septiani (2017), and Saini and Sanghania (2018) stated that the disclosure of social performance aspects has a significant positive effect on financial performance in companies.

## 5.2 Research Limitations

Every study there are limitations that can be taken into consideration by researchers and this limitation is expected to be improved in subsequent studies that raise the same topic. The limitations contained in this study are as follows.

1. Research data were obtained from each company's website, the Indonesia Stock Exchange, and the National Center for Sustainability Reporting. The data is calculated and checked manually using Microsoft Excel. So it takes quite a long time and in-depth accuracy for this.
2. The research sample that used by researchers only engaged into companies that have received Bronze to Platinum ratings in the Asia Sustainability Reporting Rating for 2018-2021 and are listed on the Indonesia Stock Exchange. Other companies that also report the sustainability and listed on the Indonesia Stock Exchange are not known in this study.
3. The companies that the researcher used as samples were only small portion of the total study population because this research only focuses on Indonesia country that contribute Asia Sustainability Reporting Rating and get Bronze ranked until platinum also listed on the Indonesia Stock Exchange. As a result, this makes it difficult to process data because the sample is too small.



### 5.3 Implications

Based on the results and data analysis of this research that has been done, it was found that there is not simultaneous influence of sustainability report disclosure compliance on financial performance. But this shows that economic disclosure compliance has negative effect and significant, social disclosure compliance has positive effect and significant, while environmental disclosure has negative effect and insignificant to financial performance. This can be consideration for investors and companies to pay attention in implementation and reporting sustainability report disclosure of a company in running its business to support better financial performance. But other parties can also pay attention to other aspects that can affect the company's financial performance in assess a company. The results of this study are also expected to provide benefits to the academic world as additional references, especially regarding the effect of compliance with sustainability report disclosure (Economic disclosure, Environmental disclosure, Social disclosure) on the financial performance of companies in Indonesia.



### 5.4 Suggestion

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

1. Future research that has topics related to sustainability such as this research is expected to be able to add other research variables that are also related to sustainability such as Sustainable Responsible Investment (SRI), and others as well as financial performance such as ROA, ROE to see the difference in results.

2. For future research, it is expected to be able to conduct research in a longer or shorter period. This aims to determine whether there are differences in research results when measured with long or short periods.
3. Future research is expected to conduct research by classifying companies based on the company sector. Thus, this research can see a comparison of research results based on the company sectors studied.
4. Finally, future research can compare the effect of disclosure compliance from economic, environmental, social, disclosure on the financial performance of companies in various countries, so that they can see whether there are differences in results between countries that are used as research samples.

