

BAB V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

Based on the results of this study, investors did not respond to the disclosure of ESG in non-financial companies as a consideration in investing. Investors pay more attention to the company's financial reporting quality to be considered when making investment decisions. This can happen because this research was conducted in Indonesia, where based on the sample data used in this study, it appears that many Indonesian companies still do not disclose ESG, and the level of financial reporting quality in Indonesia is quite good. This can be seen from the division of companies based on the financial reporting quality. More companies are above the average compared to companies whose financial reporting quality is below the average, namely 145 companies and 72 companies below the average. Because investors and stakeholders in Indonesia place more emphasis on making investment decisions on the financial aspect, not yet on the ESG disclosure aspect, and the quality of financial reporting Indonesia is fairly good, the contribution of ESG disclosure is weakened, so it does not affect investment efficiency.

5.2 Limitations

Based on the results of the analysis and conclusions, this study has several limitations that required improvement and development for future researchers to obtain better research results on the same topic. In general, these limitations are described as follows:

1. This study uses the ESG disclosure variable measured by the ESG score in non-financial companies. The sample of non-financial companies is too small for companies that make ESG disclosures.
2. Lack of references related to the effect of ESG disclosure on investment efficiency because not many have researched it in Indonesia.

5.3 Suggestions

Based on the conclusions and limitations of the research that have been described, the researchers suggest further research as follow: First, future research can extend the sample to companies that disclose ESG when more data becomes available or in the context of countries where there is already more data. Second, future researchers can conduct more in-depth research regarding the variables by separating companies with high and low financial reporting quality and companies with conditions of underinvestment and overinvestment. Researchers can carry out separate analyzes related to this relationship.

