

CHAPTER V

CONCLUSION AND SUGGESTION

5.1 Research Conclusion

Based on all research process had been done to test the hypothesis, the result can be concluded that sustainability report quality does not have significant relationship on market reaction as shown that probability value of significance is 0.321. which is higher than 5% and reject the hypothesis. Furthermore, the result showed the coefficient of determination is 0.021 which means that the change of market reaction can be only explained by sustainability report quality as 2.1%, meanwhile the another 97.9% can be caused by the other factors as consideration for investors in taking decision.

Therefore, those result indicates that investors in Indonesia do not react to information generated by sustainability reporting. Most likely this happens because investors in Indonesian do not have good understanding about the importance of managing the company sustainably. As a result, investors have no concern for the company's sustainability performance so they have no enthusiasm for information related to the company's sustainability aspect and also the quality reporting itself. It shows that there is a lot of other information besides sustainability reporting and its quality which is more effective as the investor's consideration such as such as stock split, dividend, rights issue, and others which are not explored in this research.

5.2 Research Suggestions and Implication

1. For researchers

- Since this research took 3 years period observation, it is expected that the future research can extend the period of the research. The longer period is expected giving the new perspective about this research
- It is expected that further research can divide the sample based on certain subject, so it can be known how the effect of sustainability report quality on market reaction more specifically. For example how the effect of sustainability report quality on market reaction in private and non private companies.
- Future researcher is expected to use abnormal return formula with other model or use all models at once. Since this reseach only use one model to determine abnormal return which is market adjusted model, The other two models are expected can give the difference perspective about this reseach. Those other models are market model and mean adjusted model.

2. For Government

Since the sustainability report is still voluntary for some companies, the government is expected to make a regulation about the publication of sustainability report and its assurance. So that, the company can give more concern about the publication of external assurance of sustainability reporting.

3. For Companies

Based on the regression equation, it is shown that sustainability report quality has positive effect on market reaction even though it is not really significant.

Therefore companies are expected to concern about sustainability report and the publication of external assurance to ensure its quality.

