

CHAPTER V

CONCLUSION

5.1 Conclusions

This research aims to analyze the effect of CSR disclosures on profitability (ROA, ROE, and EPS) in agricultural companies. Based on analysis and discussion, the result of this research have following conclusions:

- a. CSR disclosures has no significant effect to ROA.
- b. CSR disclosures has no significant effect to ROE.
- c. CSR disclosures has significant effect to EPS.

Statistical test performed showed that in general CSR disclosures does not have significant effect to profitability. The result is consistent with previous research by Aras et al. (2010), Oeyono et al. (2011), Luethge and Guohong Han (2012), and Usman and Amran (2015). However, Waworuntu et al. (2014) showed different result by stated CSR has positive and significant correlation to financial performance.

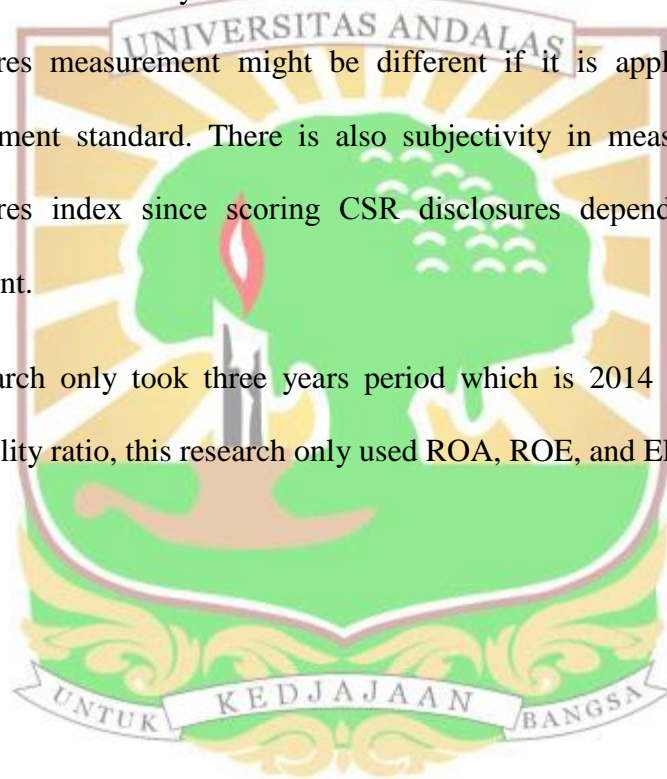
CSR disclosures and profitability studies somehow resulted into inconsistency and different result due to lack of uniformity in CSR disclosures measurement method application, and leads to debate and discussion among researchers. This research shows the result does not support stakeholder theory and legitimacy theory. Some previous research also found stakeholder theory and legitimacy theory is not applicable to CSR and CSR disclosures due to large number of studies still reject these theories and show

lack of guidance on theories. Therefore, this research can not solve CSR disclosures and profitability studies' issue, but this research at least show condition of CSR disclosures and gain understanding on CSR disclosures in developing countries specially in Indonesia.

5.2 Limitations

a. Since there are many measurement standards for CSR disclosures, result of disclosures measurement might be different if it is applied with another measurement standard. There is also subjectivity in measurement of CSR disclosures index since scoring CSR disclosures depend on researchers' judgement.

b. Research only took three years period which is 2014 until 2016. From profitability ratio, this research only used ROA, ROE, and EPS.



5.3 Suggestions

a. Based on this research, agricultural companies in Indonesia are already aware with CSR disclosures. Therefore companies is expected to improve their CSR disclosures, specially in human right indicators since it is the most least indicator disclosed in Indonesia. By improving CSR disclosures, companies will also improve their sustainability value.

b. For future research, it should be widen research object to other industry sectors in Indonesia. To create better result, research period should be longer than three years.

c. Research can use influencing variables such as companies' size, value, or leverage in control variable. Other profitability ratios can be used to measure companies' profitability.

e. Future research should use other theories in analyzing effect CSR disclosures on profitability such as slack resources theory, good management theory, signal theory, and positive accounting theory.

