CHAPTER V
CLOSING

5.1 Conclusion

This study aims to examine the effect of board characteristics in improving sustainable corporate governance and non-financial disclosure practices in manufacturing companies listed on the IDX 2018-2023. Based on the results of the research and discussion that has been presented previously, the following conclusions can be obtained:

1. Companies with larger board sizes tend to have higher ESG combined scores. This suggests that a large board size is able to bring a diversity of perspectives and improve the quality of oversight of sustainability issues. Meanwhile, board independence, board attendance, and board background do not show a significant influence on ESG combined score.
2. Board size, board independence, and board background have a significant effect on environmental performance. Companies with larger, more independent boards and relevant educational backgrounds are able to improve their environmental performance. However, board attendance does not have a significant effect on environmental performance.
3. The company's social performance is significantly influenced only by board size. This means that the larger the board size, the better the company's social performance. Meanwhile, board independence, board attendance, and board background do not significantly affect social performance.
4. The company's governance performance is significantly influenced by board size and board background. Boards with optimal size and good educational background can strengthen corporate governance. Board independence and board attendance do not show a significant effect on governance performance.

5.2 Implications

This study has implications for the characteristics of the supervisory boards (board size, board independence, board attendance and board background) on firm value and ESG performance in the future (long term). This research is expected to provide benefits for companies, investors, and the government. For companies, it is hoped that it can be a material for designing and developing companies to be better and have careful preparation in long-term business management. For investors, it is hoped that it can provide insight and knowledge in determining investment decisions in a company by paying detailed attention to how the company's condition is apart from short-term financial aspects which will affect long-term business development. And for the government, the results of this study are expected to reinforce and strengthen regulations or policies regarding disclosure of environmental and social responsibility by providing strict sanctions so that companies realize the importance of this.

5.3 Research Limitations

After conducting the research, there are several limitations in this study, namely:

1. This study is limited to the period 2018-2023, which may not fully reflect the long-term dynamics in the relationship between ESG and board characteristics. Changes in government policies, market trends, or global economic conditions that may affect company performance and ESG implementation may differ if the research period is longer or shorter.
2. This research relies on ESG measurements based on scores available from various sources, which could have variations in data collection methodologies and ESG assessments between rating agencies. Differences in ESG assessments between data providers may affect results and interpretations, as not all companies have complete or consistently accessible ESG data. This may lead to limitations in the validity of the data used.

3. This study only focuses on environmentally sensitive industries in six specific sectors, thus excluding companies in other sectors that may also have a significant relationship between ESG and firm performance. This limits the generalizability of the findings to broader industries or sectors that are less impacted by regulation or ESG issues.
4. This study was only conducted in Indonesia, which may have different regulations, policies and ESG awareness levels compared to other regions of the world. Therefore, the results of this study may not be fully generalizable to countries outside Indonesia or to industries not included in the six sectors studied.

5.4 Suggestions

Based on the limitations of the research above, the researcher provides suggestions:

1. Future research can include other companies listed in other developing countries so that research can be generalized.
2. Future researchers can use ESG performance data or supervisory boards data in a different year (t-1) from the observation period, because it is assumed that ESG performance or supervisory boards data will affect company performance after ESG performance disclosure by the company throughout the observation period (t).
3. For further research, there will be a significant increase and research can be carried out by grouping or sorting based on certain sectors so that it can be seen how the differences in the results of each sector and how the future steps that must be prepared by each company.