

CHAPTER V CLOSING

5.1 Conclusion

Following multiple phases, including data collection, processing, and analysis of carbon emissions disclosures as delineated by GRI 305 with seven indicators, ESG scores sourced from Refinitiv Eikon, and international environmental certifications represented by ISO 14001 at firms listed in IDX ESG Leaders for the 2021-2024 period, it was determined that ESG scores exert a significant positive influence on stock prices. Companies exhibiting superior ESG performance generally possess elevated stock values.

This is succeeded by the disclosure of carbon emissions, which has been demonstrated to exert a considerable adverse effect. A greater amount of carbon emissions disclosure by a corporation correlates with an increased likelihood of a decrease in its stock price. This conclusion indicates that the capital market continues to perceive carbon emissions data as a risk indicator, especially about the potential rise in environmental compliance expenses, the necessity for investments in green technology, and the likelihood of a decrease in short-term profitability.

Unlike international environmental credentials, this variable was determined to have no meaningful impact on stock prices. In summary, possessing ISO 14001 certification, which reflects a firm's commitment to environmental preservation does not inherently serve as a significant determinant in directly enhancing the company's stock price.

5.2 Research Limitations

The author acknowledges the existing limits of this study and aspires that future researchers will enhance it. This study has several limitations:

1. The quantity of companies included in the IDX ESG Leaders index is restricted, perhaps rendering the sample size insufficient for generating statistically significant results.
2. The quantity of enterprises inside the IDX ESG Leaders index that report GRI 305 and possess ISO 14001 certification is relatively limited, rendering the study's breadth insufficient to yield statistically significant results.

5.3 Suggestions

The researchers acknowledge various constraints in this paper and propose that subsequent investigations on this subject should:

1. Future study should incorporate moderating elements, such as intellectual capital, which can transform environmental challenges into economic benefits, ensuring that organisations do not solely participate in symbolic environmental disclosure.
2. Establish carbon emissions disclosures adhering to the Task Force on Climate-related Financial Disclosures (TCFD) and IFRS 2, which encompass a wider scope for evaluating carbon emissions disclosure.
3. In this study, stock prices were only recorded at the end of the year, specifically on December 31, as reported in the financial accounts. It is anticipated that subsequent studies will employ alternative methodologies for gathering stock prices, including those following the publication of sustainability reports on the IDX.
4. Future research could examine firms within the SRI-Kehati index, which assesses the stock performance of 25 companies leading in sustainable business practices and governance awareness. This index was inaugurated on June 8, 2009, allowing future researchers to prolong their research term to five years or more.

5.4 Research Implications

5.4.1 Theoretical Implications

This study elucidates and enhances the academic literature concerning the correlation between carbon emissions disclosure, ESG scores, and international environmental certifications and the stock prices of firms listed in the IDX ESG Leaders. These findings are anticipated to provide a foundation for additional research into the many elements influencing stock prices concerning sustainability and environmental performance.

5.4.2 Practical Implications

1. For Companies

This study can assist companies in identifying factors that affect environmental performance on stock prices, thereby bolstering the company's resilience against global market dynamics, enhancing investor confidence, and improving the company's legitimacy in the public sphere.

2. For Investors

This study can inform investment decisions, alongside evaluating the company's financial performance, particularly for investors aiming to support sustainable development. Investors may evaluate ESG scores while making investing decisions. ESG scores indicate the calibre of management, governance, and the company's capacity to address sustainability concerns pertinent to long-term performance.

3. For Future Researchers

This study offers future researchers a comprehensive overview of non-financial information influencing stock prices, allowing them to enhance their research by widening the scope of their analysis and incorporating additional non-financial data.

4. For Academics

This study offers insights for scholars that not all sustainability efforts inherently influence stock prices. This study's results indicate disparities in

reactions to different types of sustainability information. Scholars may utilise the results of this study as supplementary resources in the instruction of accounting and sustainability. The variations in the impact of sustainability variables illustrate the intricate relationship between sustainability disclosure and stock prices through empirical examples.

