CHAPTER V

CONCLUSION

A. Conclusion

According to research findings examining the effects of Corporate Social Responsibility (CSR) disclosure on financial performance and firm value of Indonesian and Japanese companies in the period of 2017-2021, the following conclusions can be drawn:

1. Corporate Social Responsibility (CSR) disclosure has a negative effect on financial performance in Indonesian companies.
2. Corporate Social Responsibility (CSR) disclosure has a positive effect on financial performance in Japanese companies.
3. Corporate Social Responsibility (CSR) disclosure has positive effect on firm value in Indonesian companies.
4. Corporate Social Responsibility (CSR) disclosure has no significant effect on firm value in Japanese companies.
5. There is a significant difference between CSR disclosure in Indonesia and Japan.

The coefficient determination test measures the ability of the model to explain the variance of variables. Low R^2 value indicates that the independent variables' capacity to explain the dependent variable is highly constrained. According to the findings, the independent variable (Corporate

Social Responsibility disclosure) has low R^2 value on financial performance and firm value. It can be concluded that CSR has a minor effect on financial performance and firm value.

Since CSR becomes an important element of a company and stakeholders are increasingly calling for high quality, transparent, reliable and comparable reporting by companies on climate and other environmental, social and governance matters, the author was expecting that CSR should have a significant effect on financial performance and firm value. Even though businesses have reported their CSR efforts, it is still difficult to determine a significant effect between CSR and financial performance and firm value.

B. Research Limitations and Suggestions

1. There are numerous additional factors that also affect financial performance and firm value. This study only utilizes one independent variable, which causes the regression model to indicate a weak association. Future studies are expected to include additional independent variables in order to strengthen the association between the variables.
2. Due to the use of a content analysis method in this study's calculations, which turns qualitative data into quantitative data, the independent variable CSR disclosure is subject to the researcher's subjective judgment. Future researchers are expected to calculate the value of CSR

disclosure using expenditures incurred by companies in order to be more objective.

3. The current set standard; GRI G4 doesn't have the power to oblige all companies to apply sustainability standards, which hinders some companies from disclosing their CSR efforts. The IFRS Foundation Trustees announced the creation of a new standard-setting board—the International Sustainability Standards Board (ISSB) to provide investors and other capital market participants with a thorough global baseline of sustainability-related disclosure standards that inform them about the sustainability-related risks and opportunities faced by companies so they may make informed decisions. By the creation of this new standard-setting, it is hoped that in the near future, researches with the same topic may have better data and detailed information. Moreover, enables researchers to have better analysis in finding stronger effect of Corporate Social Responsibility on financial performance and firm value.