

## CHAPTER V

### CONCLUSION AND IMPLICATION

#### A. Conclusion

The following conclusions can be made based on the data analysis that has been conducted:

1. The share price of companies indexed by ESG Sector Leaders IDX KEHATI on the Indonesia Stock Exchange in 2021-2023 is simultaneously influenced by Earning Per Share (EPS), Debt to Asset Ratio (DAR), and Return On Capital Employed (ROCE).
2. Partially, earnings per share (EPS) has no effect on share prices in companies indexed by ESG Sector Leaders IDX KEHATI on the Indonesia Stock Exchange in 2021 - 2023. In this study, earnings per share is not a strong or relevant signal for investors or other stakeholders in making decisions. This can happen because market trust in earning per share tends to decline, other factors are more dominant, or alternative signals are more relied on by the market.
3. Partially, the debt to asset ratio (DAR) has no effect on the share price of companies indexed by ESG Sector Leaders IDX KEHATI on the Indonesia Stock Exchange in 2021 - 2023. This is due to investors who do not consider DAR as an important component in making investment decisions. When information about corporate debt is fully known and understood by the market, changes in DAR may be reflected in the current

stock price, so that changes in stock prices are no longer significantly influenced by DAR.

4. Partially, return on capital employed (ROCE) has a positive and significant effect on stock prices in companies indexed by the ESG Sector Leaders IDX KEHATI index on the Indonesia Stock Exchange in 2021 - 2023. Higher ROCE can increase shareholder and investor confidence in company management. This can increase investor confidence that the company is a safe and profitable investment. In addition, the company will also find it easier to obtain capital from external parties.

## **B. Implication**

### **1. Theoretical Implications**

In the field of financial accounting related to companies listed on the Indonesia Stock Exchange, especially those included in the ESG Sector Leaders IDX KEHATI index, the relationship between the variables Earning Per Share (EPS), Debt to Asset Ratio (DAR), and Return On Capital Employed (ROCE) can be useful. This is shown by the fact that even though the earning per share provided by the company to investors is high, it does not always mean that the stock price is increasing. In addition, the inclusion of a company in the ESG Sector Leaders IDX KEHATI index does not guarantee an increase in the company's share price. Therefore, it is expected that the results of this study can provide theoretical and empirical studies on the development of signaling theory in relation to stock prices and the factors that influence them.

## 2. Practical Implications

### a. Benefits For Investor

The results of this study are expected to increase knowledge for investors on financial information and minimize the risks that may occur due to stock purchases in the capital market, especially investors who invest in IDX companies that are indexed in ESG Sector Leaders IDX KEHATI. Not only considering financial aspects, but by seeing whether the company is aware of climate change due to pollution caused by industrial activities and making the company more concerned about social and environmental issues around the company.

### b. Benefits For Companies

The results of this study are expected to help companies listed on the IDX, especially those included in ESG Sector Leaders IDX KEHATI index to manage company finances optimally. In addition, it is important to maximize existing resources while still paying attention to the pollution generated by the company and the impact of company activities on the environment. This can help companies maintain and improve company performance and value, both under normal conditions and during internal and external crises.

### c. Benefits For Society

The results of this study are expected to be used by other parties such as the community to be more concerned about environmental conditions both for the present and for the long term. The public is

also expected to be more concerned about the performance of company management in reducing pollution generated by company activities to prevent an increase in carbon dioxide emissions both in Indonesia and the world.

d. Benefits For Government

The results of this study are expected to be taken into consideration by the government to formulate regulations regarding pollution management activities caused by businesses and related environmental impacts. OJK can participate in supervising the activities of the entire financial and non-financial services sector so that its activities do not adversely affect the environment. The IDX can participate by issuing an index based on the principle of protecting the environment.

**C. Limitations and Research Suggestions**

**1. Research Limitations**

The limitation of this study come from the reduced number of samples from 26 companies to 21 companies. This reduction is because some sample companies did not publish quarterly financial reports in certain quarters during the data collection process. In addition, this study also reduced the number of data samples from 168 data to 109 data. This reduction is because during data processing, it was found that there were several data samples that were considered as extreme data (outlier data) from the independent and dependent variables. Thus, these data must be

removed from the sample because the data causes the data distribution to be abnormal. This occurs due to the limitations of statistical tools that require data to be normally distributed.

## **2. Research Suggestions**

- a. Decision-making users of financial statements need to consider additional factors and factors associated with stock price increases besides to EPS, DAR, and ROCE data. These factors include company size, economic factors, asset ratios (such as total asset turnover and receivable turnover), other profitability ratios (such as return on equity and gross profit margin), and other liquidity ratios.
- b. Only companies listed on the IDX and included in the ESG Sector Leaders IDX KEHATI Index in 2021-2023 are the focus of this research. It is recommended that future researchers try to examine companies in other indices or other sectors with a larger sample and a longer observation period.
- c. Future researchers can use other statistical tools such as PLS (Partial Least Square), which does not require data to be normally distributed.
- d. Future researchers can use more independent variables and can add moderating variables in their research so that the R Square test results have a larger percentage.