

CHAPTER V CONCLUSION

5.1. Introduction

In Chapter 5, a summary and analysis of the impact of the existence of Corporate Social Responsibility (CSR) on companies' profitability will be provided, covering the period from the beginning of the study to the end of the research. This chapter will be divided into 4 sections. In section 5.2, important aspects from the beginning until the final part of this research and research findings on 63 Indonesian companies in the consumer non-cyclical products sector will be discussed in this part. In addition, the limitations faced during the process of this research will be provided in section 5.3. Finally, recommendations for future study, particularly for future research on the same field, will be addressed in section 5.4.

5.2. Research Conclusion

This study was carried out in order to determine the relationship between corporate social responsibility and the profitability of Indonesian business entities. In this study, 63 public listed Indonesian companies that operate in the non-cyclical consumer goods industry were selected as the sample. Two objectives were established at the outset of the investigation to limit the scope of this research examination. The first objective is to determine whether or not the existence of CSR in a company has an impact on the company's profitability in the short term, and the second objective is to determine whether or not the existence of CSR in a company has an impact on the company's profitability in the long term. Two hypotheses were developed as a result of this process. This research relied on a review of the literature, books, expert theories, and other past research undertaken by researchers in the same field as a source of information. In order to achieve the investigation's objectives, a quantitative approach as well as quantitative analysis were employed in this research. In addition, two models were created that would be processed throughout the statistical calculations. The computations were carried out with the use of SPSS, and the results are given and discussed in detail in Chapter 4.

According to the findings of this study, both hypotheses were shown to be rejected. It has been demonstrated that the existence of CSR has very little to no impact on the profitability of companies in the short term, nor does it have any impact on the rise of companies' profitability in the long term. According to the factors applied in this study, the existence of corporate social responsibility and the cumulative number of years that firms have practised CSR had the second-lowest impact on the profitability of the companies when compared to the control variables. The fact that there was a second-lowest effect does not imply that there was any substantial influence. According to chapter 4, tables 4.3.3 and 4.4.3, it can be shown that there was little to no amount of statistically significant effect on the result of the research.

5.3. Research Limitation

While conducting this research, there were various limitations that had to be overcome. There was a difficult time narrowing down which factors to consider and which ones to avoid because there were so many distinct literatures and research with varying outcomes in this topic. More specific variables were expected to be included in this research model. However, because only a few companies included detailed information such as CSR expenditure, research and development expenditure, gas, electricity, and water costs, it was not possible for the researcher to obtain such information. Furthermore, the profitability of businesses is affected by numerous of variables and measurements, which might vary depending on one's point of view. In this study, it was hoped that the results would help to close a few serious gaps in the literature. But then again, because the results of the previous study were already inconsistent, it was only possible to fill in a few gaps and provide some extra information.

Because of the time constraints, it was not possible to undertake a particularly deep examination of the bigger factors in this investigation. Most of the time spent for gaining and reading previous literature, moreover, all of the data were collected and calculated manually. Because of the time constraints too, sample was drawn from the same sector of companies in the same country of origin, it was discovered that they shared characteristics in common. If the sample

had been drawn from the same sector but from a different country of origin, or from different sectors but from the same country of origin, the results would have been more interesting. Lastly, the research first picked the ESG Score to assess each company's commitment to CSR. Unfortunately, less than five firms out of 66 earned an ESG Score. Using dummy variables alone was unable to provide more information other than the presence of CSR.

5.4. Recommendations for Future Research

Based on the findings and limitations of this study, a few recommendations for additional research may be made. These recommendations are given below. To begin, it would be beneficial to do the research with a greater number of samples and over a longer period of time, as described above. This will allow the study to expand more efficiently, and ideally, over a longer period, it will yield a more intriguing finding as the result. If possible, choose the sample where most of the companies have ESG score. Since ESG Score can measure the sustainability program done by the companies. Second, while developing the model, incorporate more numbers of specific variables such as spending on environmental, social, and governance programs, or research and development cost. The greater the number of variables included, and, in particular, the greater the number of variables with high degree of relevance, the greater the level of effect of the independent and control variables on the dependent variable. In this scenario, it can provide thorough information on the factors that truly impact the profitability of the company. Third, it will be preferable to mix both quantitative and qualitative approaches, resulting in findings that are representative of both perspectives. Because in this research, the results and discussion were based on quantitative approach and calculation only. If qualitative approach also included in the research, means there will be result coming from non-measurable component. Then, each of the outcomes from each approach will be complementary to the others.

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