

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Based on the research and data analysis done, this study has a number of conclusions as follows.

The practice of disclosure and implementation of CSR by textile companies in Taiwan shows the commitment of textile companies to carry out their CSR disclosures. The company that was used as sample in this study revealed CSR using GRI Standards even though the disclosure was not required for textile companies in Taiwan if the total common stock not reach NT\$ 5 billion. Only five companies out of 41 textile companies are listed on TWSE. On the other hand, in Indonesia the practice of disclosing CSR is still low. even though in Indonesia it has begun to adopt CSR Disclosure based on GRI Standard. However, from the results of this study, Indonesia textile companies only consider CSR as a charitable action and do not pay special attention to CSR disclosure.

CSR also does not have effect on company performance. In a large textile company such as the Far Eastern New Century even though it has revealed CSR indexes more than 60, it does not make the company better to utilizing total assets in sales. This is indicated by its ATO ratio from 2015 to 2017 than the industry averages. Similarity, CSR does not have a significant impact on company performance in the ROA ratio.

The financial performances after CSR disclosure has decreased as compared to the financial performance before CSR disclosure, it does not indicate CSR disclosure become a factor of decreasing the company's financial performance, but it yet also may be caused by several factors which affect financial performance in textile industry.

Futhermore, even though CSR disclosure does not have impact on the company's financial performance due several factors. CSR disclosure can be a factor in improving the company's image so that it can affect consumer recognition that will result in the increase in market share and revenue with positive growth in future sales and profits. For this process also takes time in achieving CSR support on financial performance. In return, companies can get better result in its financial performance can grow positively.

5.2 Research Limitations

Several limitations that the author have faced during this Final Year Project are this research only shows the difference practice of CSR Disclosure based on index that Taiwan and Indonesia textile companies have revealed. Then based on the calculation result of each aspect financial ratio, is done manually by the author, which resulted in different value compared to the published result from companies.

Researcher for this study used different CSR reports for both countries. For Taiwan textile companies, researcher used their own CSR data that has been provided by the company, and for Indonesia Textile companies, used CSR data in annual reports which are combined with financial position reports and other reports, because Indonesian textile companies only provide CSR reports in annual reports.

Also the author used different financial statements to find out net sales, net income and total assets. For Taiwan textile companies, the author used the company's individual financial statements because textile companies in Taiwan not only have the core business in textiles but also have other types of business in one company. While for Indonesia textile companies, using the consolidated report, because the financial statements for the sample companies only present consolidated financial statements but for the Indonesian companies sampled only have one core business, namely textile companies that produce needs in the textile industry, differences in financial segmentation the company is located in export and import activities. The author have to also experience difficulties in the language for the financial statements of Taiwan textile companies because almost all Taiwan textiles companies only report in Chinese.

Futhermore, during the process of determining the relationship between CSR to financial performance, the results are not tested using correlation test, multiple regression, multicollinearity test, autocorrelation test and heteroscedaticity test, therefore the result of this study is unable to show the magnitude of the multiple regression.

5.3 Recommendations

Recommendations from the author are as follows:

- 1) Textile companies in Taiwan are expected to continue to carry out activities and disclosure of optimal CSR even though it does not have a significant effect on ATO and ROA. Indonesian companies are expected to be more optimal in disclosing CSR even though the disclosure does not have a significant impact.

- 2) For the future researchers, it is recommended to broaden the scope of research on the effect of CSR Disclosure to financial performance by utilizing other financial ratio indicators, doing the correlation test or regression test to improve the result and using different types of companies and is better to using larger number of companies to examine variations of CSR disclosure.

