

CHAPTER V

CONCLUSION

5.1 Conclusion

The purpose of this study is to examine the effect of the independent variable Cash Holding (X1), Investment Opportunity Set (X2), and Leverage (X3), on Firm Value (Y) as the dependent variable. This study's sample amounted to 435 companies listed on the Indonesia Stock Exchange in 2021. Based on the hypothesis testing that has been done, it can be concluded that the research results are as follows:

1. Cash Holding has insignificant effect on Firm Value. It means even though companies have high cash holdings cannot minimize risks from external financing or from high debt costs.
2. Investment Opportunity Set has a significant effect on firm value. It means, if company increases the firm value, need to be increasing the investment opportunity set because the higher opportunity for companies to invest and expect to get higher returns.
3. Leverage significant effect on firm value. It means the size of the debt of the company is overly considered by investors, for investors to see how the company's management uses these funds effectively and efficiently to enhance the worth of the company's value.

5.2 Research Limitation

In this study, there are research limitations, and further researchers can improve on this, as following:

1. The variables used for this study still limited, such as, one dependent variable, and also does not have intervening variable.
2. The observation period in this study was only one year of observation.

5.3 Suggestion

Based on the conclusions above, examiner suggests to companies need to pay attention to the investment opportunity set because the higher the investment opportunity set, the firm value will also increase due to the level of investment opportunities in the future comes and the investment opportunity set shows the company's growth potential so, it becomes investor attractiveness because it will benefit investors in the future and also need to pay attention to the company's debt because investors need to see how company management uses these funds effectively and efficiently to achieve value to the company.

For their next study suggested to add the intervening or moderating variable and also increase the range of time of research observations.