CHAPTER V
CLOSING

5.1 Conclusion

This study aims to investigate the impact of capital structure on business growth under IFRS adoption in non-financial companies listed on the Indonesia Stock Exchange from 2010 to 2024. Based on the study's findings and previous discussions, the following conclusions can be drawn.

Based on the research findings, it can be concluded that the use of debt, as reflected in the Debt to Capital Ratio (DCR), has not been a major determinant of the growth of non-financial companies listed on the Indonesia Stock Exchange. Although debt-based funding structures show a positive correlation with growth, this role is not strong enough to consistently increase business expansion. This indicates that the effectiveness of debt in supporting growth is highly dependent on a company's ability to optimally manage its capital structure, as uncontrolled use of debt has the potential to create financial pressures that limit growth capacity.

Meanwhile, the long-term debt to capital ratio (LTC) plays a greater role in increasing profitability than in driving asset expansion and sales for non-financial companies listed on the Indonesia Stock Exchange. This shows that the use of long-term debt tends to be more effective when directed at activities that improve profit performance. However, this contribution still depends on the company's ability to maintain leverage at an optimal level, as uncontrolled increases in debt can create financial pressure that hampers overall business growth.

The Debt to total asset ratio (DTA) has various implications for the growth of non-financial companies listed on the Indonesia Stock Exchange. The higher a company's dependence on debt-based financing, the greater the potential limitations on asset expansion. Although debt can support investment financing, excessive use tends to increase financial burdens and the risk of financial pressure, which can hinder overall business growth.

The debt to equity ratio (DTR) plays a role in driving the business expansion of non-financial companies listed on the Indonesia Stock Exchange, particularly through increased asset and sales activity. This shows that an increase in leverage relative to equity can support a company's operational growth. However, higher debt usage does not automatically increase profitability, so the effectiveness of the capital structure remains highly dependent on the company's ability to manage leverage carefully in order to maintain financial performance.

On the other hand, the adoption of IFRS has not been a direct driver of business growth for non-financial companies listed on the Indonesia Stock Exchange. Although increased transparency and quality in financial reporting have the potential to benefit, the impact on asset growth, sales, and profits has not been significant. This indicates that the benefits of implementing IFRS tend to be long-term and will be optimal only after companies have fully adapted to the standards and can utilize the improved quality of financial information to support strategic decision-making.

5.2 Research Implication

This study provides clear empirical evidence of the impact of capital structure and IFRS adoption on business growth, as measured by asset growth, sales, and profits, in non-financial companies in Indonesia, thereby expanding the literature on the impact of financial reporting standards on corporate financial decisions in developing countries. These findings have practical implications for management in optimizing capital structure to drive sustainable business growth while managing debt risk, and for investors and analysts in assessing business risk and growth prospects through a more transparent understanding of financial statements.

For regulators, the results of this study can serve as a basis for designing policies that strengthen transparency, support the implementation of IFRS, and minimize risks from unexpected external conditions, such as pandemics, thereby making business growth more stable and sustainable. Overall, this research strengthens academics' and practitioners' understanding of how capital structure and accounting standards shape businesses' growth paths and supports the strengthening of the real sector after the adoption of IFRS.

5.3 Research Limitation

This study has several limitations to consider. The study used only the 2010–2024 period and a sample of non-financial companies listed on the Indonesia Stock Exchange with complete data for the entire period. As a result, the sample size was relatively small and dominated by certain sectors, making it difficult to represent all companies in Indonesia. On the other hand, this topic is still relatively new and has received little research attention, as prior literature has emphasized the impact of capital structure on profitability or firm value, leaving empirical evidence to support the findings limited. In addition, the research period covers the transition and adjustment phase following the adoption of IFRS, which affects business growth dynamics, and considers only the main external factor, namely the Covid-19 pandemic, so the influence of other economic factors on business growth is not fully controlled.

5.4 Suggestion for Further Research

Based on the limitations described above, further research should extend the observation period to capture the dynamics of the relationship between capital structure and business growth more comprehensively, while comparing the impact of IFRS adoption before and after its mandatory implementation in greater depth. In addition, future research is advised to add other control variables derived from external factors, such as interest rates, inflation, and economic growth (GDP), which are closely related to business growth. The addition of these variables is expected to provide a more representative picture of the economic conditions affecting companies and to minimize potential bias in estimating the impact on business growth.