

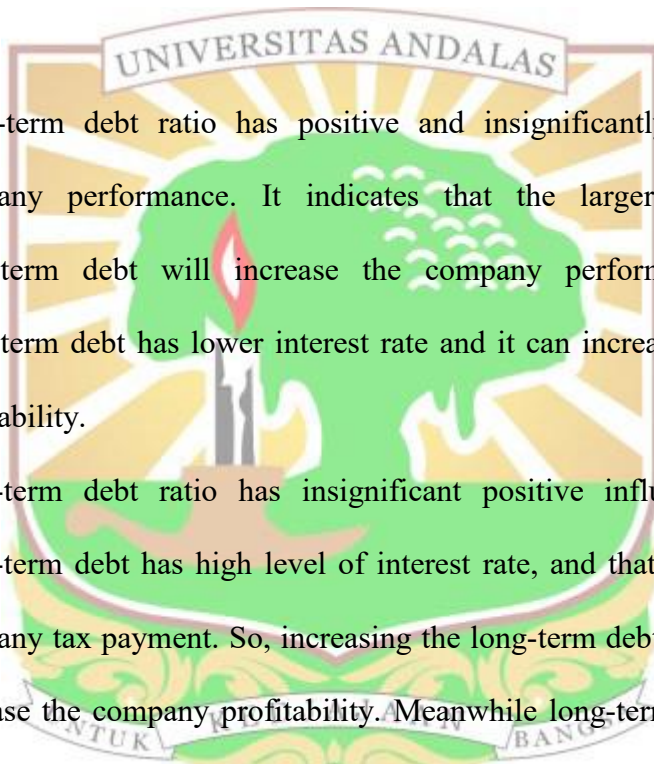
CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

The purpose of this study is to investigate the influence of capital structure on company performance among non-financial companies listed on Indonesia Stock Exchange from 2015-2017. Based on the results of the research and discussion presented in the previous chapters, the follows conclusions are obtained:

1. Short-term debt ratio has positive and insignificantly influence the company performance. It indicates that the larger proportion of short-term debt will increase the company performance. Because short-term debt has lower interest rate and it can increase the company profitability.
2. Long-term debt ratio has insignificant positive influence to ROA. Long-term debt has high level of interest rate, and that will reduce the company tax payment. So, increasing the long-term debt proportion will increase the company profitability. Meanwhile long-term debt ratio has significant negative influence to MBR.
3. Total debt ratio has negative and significantly influence the company performance. It means that long-term and short-term debt has inverse relationship with company performance. Increasing in profitability may reduce the external funding, because the company can use their own profit to finance the operation.

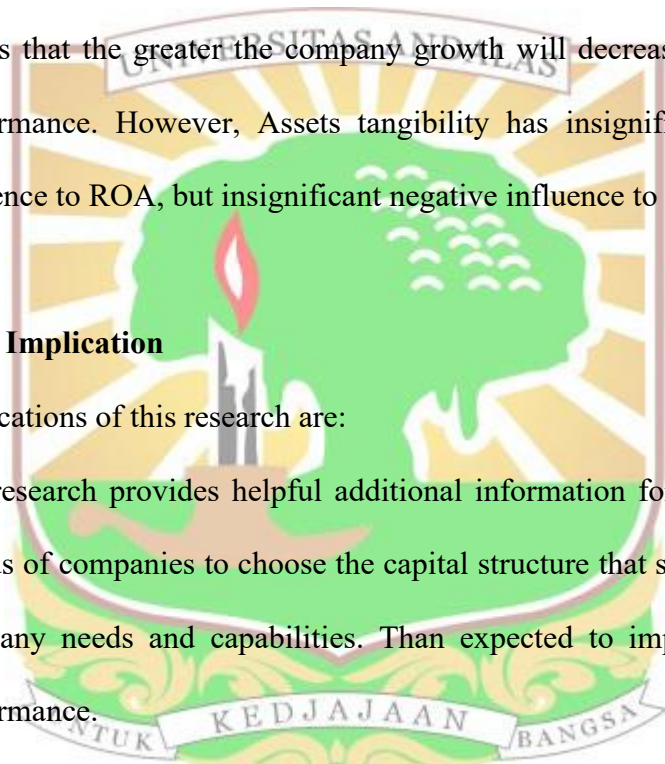


4. Company size, assets tangibility and company growth as control variable in this study have different impact on the company performance. Company size has significantly positive influence on company performance it means larger company tend to use debt more due to the company ability to transform the risk and increase the company value. Company growth has negative influence to company performance, but significant with ROA and insignificant with MBR. A negative influence means that the greater the company growth will decrease the company performance. However, Assets tangibility has insignificantly positive influence to ROA, but insignificant negative influence to MBR.

5.2. Research Implication

The implications of this research are:

1. The research provides helpful additional information for managers and boards of companies to choose the capital structure that suitable with the company needs and capabilities. Than expected to improve company performance.
2. The research provides the additional information to lenders in structuring the capital structure before making the investment decisions.
3. The research provides the additional information about the company debt level to the investors that can help in making investment decisions.
4. The research provides the helpful information for further research to develop the discussion about capital structure on company performance.



5.3. Research Limitation

While preparing this research, the limitation faced as follows:

1. This research only provide the general results of non-financial (manufacture and service) companies, there is no details comparison between manufacture and service sector result.
2. This research only takes three years (2015-2017) data, so the result cannot describe the long-term condition of the company.
3. The findings in this research cannot be generalized to another country, because each country has different characteristics and regulation.

5.4. Suggestion

There are some suggestions offered to further development research, include:

1. The further researcher can make the comparison between manufacture and service sector relates to the influence of capital structure to company performance, expected to get detail results between this two sectors.
2. The further researcher can make a comparison study relates to capital structure and company performance among family and non-family companies in Indonesia.
3. The further researcher can investigate the influence of capital structure to company performance using another indicator measurement. Such as liquidity ratio, and solvency ratio.