CHAPTER 5
CONCLUSION

5.1 CONCLUSION

This research leads to conclusion that the practicing of risk management that happens in retail companies listed in IDX is well implemented. Most of retail companies have good level risk management assessment:

- 40% of 22 Retail companies have risk define level. It means most of retail companies (40%) listed in IDX has relatively built risk management
- 31.82% of 22 Retail companies have risk managed level. It means the most of retail companies (31.82%) has built risk management and has applied it well.

Based on analyses of relationship between bankruptcy risk and risk management assessment, the results of bankruptcy risk in 22 retail companies listed in IDX shows: the more high level of risk management assessment, the companies expected to have potentially healthy (non-default of bankruptcy risk).

Otherwise, the more low level of risk management assessment, the companies has potentially unhealthy (default of bankruptcy risk).

In conclusion, the level of risk management assessment has good effect to avoid bankruptcy risk. Positive signal that shown in risk management assessment analyses stimulate retail companies to have potentially healthy (non-default bankruptcy risk).

5.2 LIMITATION

The research limitation is divided into 3 parts:

1) Data limitation

    Since the data that analyzed is limited in the last 2 years (related to new risk management), the research can't provide us a comparison result between the old (before risk management applied) and new risk management.

2) Tools limitation

Amongst three tools of bankruptcy analyses (Altmant, Fulmer, and Springate) that used in this research, financial ratios used to analyze the bankruptcy risk. However, financial ratios have several limitations:

- Both internal and external factors affecting ratios. Company's financial ratios affect by internal operations and external factors (economic events, industry, management policies, etc)
- The model used in this study only three. Though there are still several models more have been found.

3) Analyses limitation

Since this research is descriptive study and the goal is to investigate risk management implementation in retail companies listed in IDXand effect risk management implementation through bankruptcy risk. Analyses of risk management just uses secondary data of annual report without detail interview about risk management that applied in retail companies.

5.3 SUGGESTION

To improve the research is basically several items that should be done to overcome the limitation of this research.

1) Retail companies must evaluating and analyzing the factors that affect company's risks, so as to minimize financial difficulties which will have an impact on bankruptcy.
2) Retail companies must improve the quality risk management in order to avoid bankruptcy risk.
3) Detail research is needed, do some interview to management.
4) More number of samples and the period should be added more.
5) Use other predictive models available.