

CHAPTER V

CONCLUSION

5.1 Conclusion

This research studies the impact of long-term leverage, short-term leverage, and firm size on firm performance, comparing IDX Energy and NYSE Energy. Based on the research, it can be concluded as follows:

1. Long-term leverage has a significant positive impact on firm performance in IDX Energy and NYSE Energy. This result is shown as the p-value of 0.003 and 0.000 for IDX Energy and NYSE Energy, which is less than 0.05 significant. This result is supported by Egbunike & Okerekeoti (2018), Ibhagui & Olokoyo's (2018), A et al. (2018), Bawazir et al. (2019), Angkasajaya et al. (2020), and Bhattarai (2020), Iqbal and Usman (2018) research. Thus, H_{1a} and H_{1b} are accepted.
2. Short-term leverage does not impact significantly on firm performance for IDX Energy. This result is displayed by the p-value of 0.063 higher than 0.05 significant—contrary short-term leverage has a significant positive impact on firm performance in NYSE Energy with a p-value of 0.000 lower than 0.05. Rahman, Kakuli, Parvin, & Sultana (2020) support IDX Energy's result that short-term leverage does not significantly impact the firm's performance. On the other hand, Ibhagui & Olokoyo (2018), A et al. (2018), Bhattarai (2020), Iqbal and Usman (2018), Egbunike & Okerekeoti (2018), Bawazir et al. (2019) and Haslinda et al. (2020) support that short-term leverage has a significant positive impact on firm performance. Thus, H_{2a} is rejected but H_{2b} is accepted.
3. Firm Size has a significant negative impact on firm performance in IDX Energy and NYSE Energy. This result is shown as the p-value of 0.000 for both IDX Energy and NYSE Energy, which is less than 0.05. This finding

aligns with the past research by Danson, Lartey, Gyimah, & Adu-Ameyaw (2020), and Mishra & Dasgupta (2019). Thus, H_{3a} and H_{3b} is accepted.

5.2 Recommendation

The author hopes to give some recommendations regarding this topic. Here are some inputs that the author can deliver as follows:

1. For future research, the authors recommend that more studies regarding the energy industry from a different object be conducted because there has not been much research regarding the variable affecting firm performance that focused on the energy sector.
2. Future research could also study more variables related to firm performance in the energy sector because the adjusted R square of IDX Energy and NYSE Energy is 32.2% and 21.7%. Conclusion This result means that 67,8% and 78.3% of variables haven't been tested in this research.
3. For IDX Energy, companies should increase the long-term leverage as it effectively increases the firm's performance. IDX Energy companies could use NYSE Energy's average long-term leverage to benchmark the optimum capital structure.
4. As the firm size has harmed the firm's performance, the companies in IDX Energy and NYSE Energy. The principal should increase the monitoring and build a bond with the agents. Furthermore, the agents should be given appropriate compensation to encourage agents to act in the principal's best interest.