

CHAPTER V

CONCLUSION

5.1 Conclusion

The research specified on studying the impact of return on assets, asset tangibility, and firm size on leverage, comparing IDXENERGY and LQ45. According to the research, the conclusions are as following:

1. H1A is rejected and H1B is accepted. Return on assets has negative impacts on both IDXENERGY and LQ45. Return on assets on IDXENERGY has insignificant relationship, whereas it shows the p-value of 0.687 which is more than the value 0.05. This result is in line to the arguments by Ab Wahab and Ramli (2014). Return on assets on LQ45 has significant relationship, whereas it shows the p-value of 0.000 which is less than the value 0.05. This result is in line to the arguments by Neves et al. (2020), Alipour et al. (2015), Acarravci (2014) and Ramjee & Gwatidzo (2012)
2. H2A is accepted and H2B is rejected. Asset tangibility has negative impacts on both IDXENERGY and LQ45. Asset Tangibility on IDXENERGY has significant relationship, whereas it shows the p-value of 0.000 which is less than the value 0.05. This result is in line with the arguments by Acarravci (2014). Asset tangibility on LQ45 has insignificant relationship, whereas it shows the p-value of 0.164 which is more than the value 0.05. This result is in line with the arguments by Serrasqueiro et al (2016)
3. H3A and H3B are accepted. Firm size has negative positive and significant effect on both IDXENERGY and LQ45. The result shows 0.000 as p-value for both tests which is less than the value 0.000. The research is in line with the arguments by Ramjee & Gwatidzo (2012).

5.2 Recommendation

According to the result of the research, these are some inputs which are detailed as followings:

1. For future research, the writer suggests on detailed studies regarding the energy sector in Indonesia, considering this sector relates heavily to the capital structure. Until the extend of this research, only a few research regarding the energy sector.
2. The variables could be added to verify more on the research. According to R Square data on both field, there are many variables that could possibly give more optimal results. For example, leverage could be divided to long term leverage and short term leverage as the research suggested by Neves et al (2020). There are also growth opportunities, business risk, company age, liquidity which is proxied by current ratio and inflation rate
3. Companies in IDXENERGY should be shifting to external funding to be able to withhold the drastic changes in the future. LQ45 has shown favoritism for the investors during COVID with higher leverage, which has proven in this research that external financing is a better solution for companies in IDXENERGY

