

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter will conclude all the chapters that we have previously worked on in this chapter. We will discuss the main findings of this study and share our thoughts on the implications of this study, recommendations for future research and finally, the conclusion of this entire chapter.

5.2 Conclusion

The results of this study is to examine firms spesific determinant on capital structures of firm in Indonesia. whether tangible assets, size, profitability, market-to-book ratio and macroeconomic factors such as GDP and inflation affect the capital structure decisions of listed firms period 2008 until 2016. Based on the results of research on the factors that influence bank capital structure, and empirical results that have been carried out, some conclusions can be drawn from this research:

1. Tangibility is positively and significantly influence to firm leverage.
2. Profitability is negatively and significantly influence to firm leverage.
3. Size is positively and significantly influence to firm leverage
4. Market to book ratio is negatively and significantly to firm leverage
5. GDP is positively and insignificantly influence to firm leverage
6. Inflation is positively and insignificantly influence to firm leverage.

5.3 Recommendations

This study only examined the factors that affect corporate debt in Indonesia. Therefore, future researchers are advised to base their studies on a broader basis, e.g. at the country level. Future research can also compare Indonesian companies with banks in China, Singapore, Thailand, Japan and other countries. The comparison can help Indonesian companies improve as the management knows their weaknesses.

In addition, future researchers are recommended to use different time levels

to conduct the empirical tests. This recommendation is that some independent variables are more or less sensitive in different periods. In addition, researchers are encouraged to consider more macroeconomic variables because most previous researchers have found that macroeconomic variables significantly impact corporate debt. At the same time, the results of this study show that macroeconomic variables do not have a significant impact on corporate debt in Indonesia.

5.4 Limitations of Study

Based on the investigation conducted, it can be stated that this investigation has limitations, including the existence of a firm that does not distribute total assets. The bank also does not have the complete data needed for further investigation, and the bank has 0 data. All these banks need to remove whole years by cleaning the data and cannot be used as a sample in this study. After removing the outlier, the sample consists of only 279 out of 537 firms in Indonesia. When selecting the sample for this study, it is essential to consider that data availability is not limited to the analysis.