# CHAPTER V
# CONCLUSIONS AND RECOMMENDATION

## 5.1 Conclusion

Based on the results of the tests that have been conducted regarding the influence of Profitability Ratio, Leverage Ratio, and Company Size on Bond Rating Performance with the problems formulated in the research hypothesis using multiple linear regression analysis tests, the following conclusions were obtained:

1. Profitability with Return On Asset (ROA) has a significant effect on Bond Rating. When viewed from the Multiple Regression Analysis, it can be concluded that Profitability has a positive regression coefficient of 0.186, which means that if there is a 1% increase in Profitability, there will be an increase in Bond Rating of 18.6% and if Profitability decreases by 1%, the Bond Rating will decrease by 18.6%. This shows that profitability is the most important factor in determining bond ratings. In addition, Profitability has a positive regression value of 0.186, which shows that the effect of Profitability, as proxied by ROA, is quite positive on Bond Rating.

   This happens because the amount of increasing profits or earnings obtained by the company will be assessed and reviewed by investors, management, society and government as well as external parties and bond rating companies as an achievement, an excellence that can be proud of. The company is considered successful in running the company's performance to achieve the greatest and highest possible profit so that it has an impact on the amount of profit sharing on the profits given to investors as buyers and bond owners with large profits that are shared.
2. Based on the test results, Leverage (DER) has a negative regression coefficient of -0.175%, which means that if there is an increase in

Leverage of 1%, there will be a decrease in the Bond Rating of 17.5% and if Profitability decreases by 1% then the Bond Rating will increase by 17.5%.The explanation of the minimal effect on leverage measured by DER is that the increase in DER is caused by the increase in the company's debt to equity. The growth of the company's debt will increase the company's responsibility while increasing investor awareness.

This is because the higher the leverage, the lower the company's bond rating is likely to be. This explains that companies with high leverage levels are actually considered bad by investors and bond rating companies because they have a high cost burden for interest payments, thus reducing the company's profit and debt repayment capacity, especially for bonds.

3. From the Multiple Regression Analysis, it can be concluded that Company Size has a positive regression coefficient of 0.823, which means that if there is a 1% increase in Company Size, there will be an increase in Bond Rating of 82.3% and if Company Size decreases by 1%, Bond Rating will decrease by 82.3%. The results of statistical testing using multiple regression indicate that Company Size has a significant impact on bond ratings.

   Company Size shows how big or small a company is. In this study, the total assets owned by the company show its size. Companies with large assets are considered established and able to manage their finances well. Thus, they are expected to be able to pay off their loans.

## 5.2 Suggestion

Suggestions for further research are to expand the population and sample of Property, Real Estate, and Building Construction companies, allowing them to evaluate other elements that may affect the company's success. Further research can include control variables and extend the study period. Further research is intended to be able to examine many elements that may affect bond ratings, helping investors, policy makers, and industry stakeholders in making decisions.

Based on the research results obtained from field data, basically this research went well. However, it is not a mistake if the researcher wants to put forward some suggestions that are hopefully useful for the progress of education in general. The suggestions that the researcher puts forward are as follows:

1. Further research should be able to further explore the factors that can influence the performance of a company's bond rating.
2. Further researchers should further develop the scope of the research, considering that the research conducted has not been able to fully describe the fulfillment of satisfaction obtained. In the data collection process, techniques should be used that are estimated to be more optimal in obtaining the required data.