

CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. Conclusions

1. Average days of receivable has negative and significant effect on retail firms' performance listed in Indonesian Stock Exchange Period 2016-2021
2. Average days of inventory has positive and significant effect on retail firms' performance listed in Indonesian Stock Exchange Period 2016-2021
3. Average days of payable has negative and significant effect on retail firms' performance listed in Indonesian Stock Exchange Period 2016-2021
4. Leverage as the control variable has negative and significant effect on retail firms' performance listed in Indonesian Stock Exchange Period 2016-2021

B. Implications

- a. To increase firms' performance, companies should rationally and efficiently manage their working capital. Such as efficiently manage the inventory management, receivable collection management, debt management. Also, the efficiency of managing the leverage level of the company as it controls the relation of average days of receivable, average days of inventory and average days of payable on firms' performance.
- b. From the table below, it can be seen the leverage value of retail companies listed on Indonesian Stock Exchange Period 2016-2021. The leverage values in period 2016-2021 are 0.51, 0.47, 0.50, 0.52, 0.54, 0.76 which indicates that the percentage of company funding between liabilities and equity is balanced as total assets equals

liabilities plus equity. The negative and significant effect of leverage as control variable indicates that the lower the ratio, the more balanced the firms' funding to operate the firms' operation which will lead to better performance.

Table 5.1 Leverage of Retail Companies Listed on Indonesian Stock Exchange Period 2016-2021

Years	Leverage (%)
2016	0,51
2017	0,47
2018	0,50
2019	0,52
2020	0,54
2021	0,76

Source: processed by researcher

- c. Before making a decision to invest in a company, investor could consider how effectively a company in managing the working capital and the efficiency of managing the leverage level of the company as it controls the relation of average days of receivable, average days of inventory and average days of payable on firms' performance. Because the way companies manage their working capital and leverage affect to their firms' performance which could lead to optimal level return for the investors.

C. Research Limitations

- a. Further research should add and explore some other independent variables which might have effect on firm performance
- b. Further research should add more period to obtain the maximum result
- c. The research uses Eviews-10 as the analysis tool for the research, the future research might use any other analysis tools to obtain more accurate result of the research.