

## **CHAPTER V**

### **CONCLUSIONS, LIMITATION, AND SUGGESTIONS**

#### **5.1 Conclusions**

Based on the results of this study, it can be concluded that the researcher attempts to empirically examine the effect of corporate governance towards the company's risk-taking. The corporate governance's indicators in this study are managerial compensations, ownership concentration, audit committee size, and board of director size. The population in this study are all manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the period of 2013-2017. The sampling in this study was using purposive sample and the result showed that there are 69 manufacturing companies being analysed and total of 345 observations of 5 years' annual reports. The results of the study are as follows:

1. There is a positive and significant association between managerial compensations and company's risk-taking. It means that the higher the compensations that the managerial get, it will lead to higher company's risk-taking.
2. There is a positive and significant association between ownership concentration and company's risk-taking. It means that the higher the ownership concentration will lead to the higher company's risk-taking.
3. There is a negative and insignificant association between audit committee size and company's risk-taking. It means that the total members of audit committee did not affect the risk-taking that the company had.

4. There is a negative and significant association between the board of director size and company's risk taking. It means that the higher the total members of board of directors, the lower the company's risk-taking will be.

## **5.2 Limitation**

After conducted the study, the researcher found a limitation in this study that might give an impact to the result of the study, which is the information of annual report of some companies cannot be collected due to the data was not available on the website (IDX and company's website).

## **5.3 Suggestions**

The researcher gives suggestions after conducting the study, which are:

1. The future research should consider other sectors of company, especially financial companies since it is more relatable to risk-taking behaviour.
2. The future research should add more factors in the study to explain more on the effect of corporate governance towards company's risk-taking.
3. The corporate governance is influencing the risk-taking that company had, so the company should consider their good corporate governance mechanism, especially the indicators that is used in this research in managing the risks.