

CHAPTER V

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

5.1 Conclusions

The purposes of this study is to find out the influence of independent variable leverage 1, leverage 2, liquidity, capital turnover, asset composition 1, asset composition 2, asset composition 3 and profitability to the dependent variable fraudulent company. The conclusion bases on the analysis from the previous chapter is the variable of leverage 1 and capital turnover have a negative correlation effect to fraudulent company. So, the lower of these financial ratio, the higher indication of the entity to act the fraud.

Furthermore, the variable of leverage 2, profitability and liquidity have a positive correlation effect to fraudulent company. So the conclusion is the higher of these financial ratio, the higher of indication for the management of company to act the fraud. On the contrary, the variable of asset composition 1, asset composition 2 and asset composition 3 didn't have any significant effect to the fraudulent company. So the conclusion is the lower or the higher of these financial ratio, will have no influence in detecting the fraudulent company.

5.2 Limitations

The limitations in this research are as follows:

1. There are several of the companies do not publication the annual reports during the period of 2014 – 2018 because of that these companies cannot be used in this research.
2. The lack of information about fraudulent company in Indonesian because of that it's difficult to compare or detect the fraudulent company.

5.3 Recommendations

For further research there are some of the recommendation that can be considered:

1. Expanding the period of sampling in order to get more sample in the research.

2. For the future study is expected to change the type of data used in this study, from the secondary data to primary data like questionnaire or interview so that the data will more accurate.
3. For the future research is expected to add more independent variable in the potential to detect the fraudulent company like fraud triangle.