

CHAPTER V

CONCLUSION

5.1 Conclusion

Research on the practice of earnings management is done on the manufacturing company listed on the Indonesia Stock Exchange in the 5 years period of time. The number of companies studied were 11 companies selected by purposive sampling method so that the total sample used is a total of 55 samples.

Independent variables that we want to know the effect on the dependent variable (earnings management) in this study was as much as 4 variables, company size, company age, leverage, and motivation bonus. By looking at the results of a statistical test, The main conclusion that can be drawn from the analysis of the companies doing earning management practices during 2010-2014 is the company size, company age, leverage, and motivation bonus mostly affect earnings management. The big contribution of independent variables in explaining the phenomenon of earnings management, indicating that investors in making investment less attention to the fundamental aspects of the company and the signs are there. Based on the analysis and discussion of the data undertaken on previous chapters, the author concluded as follows:

- i. Test results for the first hypothesis suggests that there is significant influence of company size on earnings management practices on companies listed in Indonesian Stock Exchange. the size of the company has a significance value of 0.001 is less than the level of significant 0.05,

which means that the size of the company has significantly affect earnings management practices.

ii. Test results for the second hypothesis suggests that there is significant influence of company age on the earnings management practices on companies listed in Indonesian Stock Exchange. the size of the company has a significance value of 0.004 is less than the level of significant 0.05, which means that the age of the firm has significantly affect earnings management practices.

iii. Test results for the third hypothesis suggests that there is significant influence of leverage on earnings management actions on companies listed in Indonesian Stock Exchange. leverage has a significant value of 0.003 which is less than the level of significant 0.05, which means that leverage has significantly affect earnings management practices.

iv. Test results for the third hypothesis suggests that there is significant influence of motivation bonus on earnings management actions on companies listed in Indonesian Stock Exchange. The motivation bonus has a significance value of 0.001 is less than the level of significant 0.05, which means that the motivation bonus significantly affect earnings management practices.

5.2 Limitations of Research

Limitations of this study are:

1. Companies that were sampled only Automotive and Component companies as many as 11 companies only, not the whole company listed companies on the Indonesia Stock Exchange.

2. This study only observed the period 2010-2014 (5 years) as samples in this study. Thus, it can not describe the long-term condition of the company observed.
3. This study only looked at the effect of company size, leverage, ownership structure, and age of the company by ignoring other factors that may be influential.

5.3 Suggestions of Research

Based on the conclusions and limitations of the study above, the suggestions of this research are:

1. The research about earnings management should use the other independent variables to increase the variety of research and find out the causes or other matters that could affect earnings management practices.
2. The researcher recommend to expand the study samples, not only observe financial companies but also other sectors in the IDX. So, future researchers can conduct the research in another sector rather than focusing in the same sector.
3. The research about earnings management companies should use more samples with longer timescales research. so that the results of the research obtained are more accurate.

