

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

This study aims to investigate the effect of profitability, audit committee size, board of commissioner size and frequency meeting board of directors on readability of annual report on service company that listed on Indonesia Stock Exchange period 2016-2018. Based on the results of research and discussion presented in the previous chapters, the conclusions obtained are as follows:

1. Profitability is not influence significantly on the readability of annual report, because the readability level has to do with writing skills, as well as the rules under which the board of directors or chief accounting officers have built companies. This is indicated by the results of t value 0,710 is more than 0,05 , so that the H1 is rejected.
2. Audit Committee Size is not influence significantly on the readability of annual report, because audit committee is not only supervise the annual report but also carry out maximum supervision of what is done by managers and included in overseeing the preparation of annual reports. The more size of audit committe is not always affected the readability because it depends on the decisions that already made by each boards. This is indicated by the results of t value 0,870 is more than 0,05, so that the H2 is rejected.

3. Board of Commissioners Size is influence significantly on the readability of annual report, because board of commissioner is responsible to publish the information fairly and accountable. This is indicated by the results of t value 0,006 is less than 0,05, so that the H3 is accepted.
4. Frequency meeting of Board Directors is not influence significantly on the readability of annual report, because the meeting of Board of Directors is not only discussing about the annual report but also about the companies performance. This is indicated by the results of t value 0,213 is more than 0,05 , so that the H4 is rejected.

5.2 Research Limitations

This study has several limitations that can be references for the next researcher problem. These limitations are as follows:

1. In this study only using the service company's annual report as an object of research.
2. In this study corporate governance variables are only measured by using only three proxies, namely the size of the audit committee, size of board commissioners and meeting frequency of board directors.
3. In this study the variable readability of the annual report is only measured with the Gunning Fog Index. Research references specifically regarding the effect of corporate governance on the readability of annual reports has limitation specifically in Indonesia.

5.3 Suggestion

Suggestions to be given by the author for further research are as follows:

1. Future studies should use the research object of the report other annual industrial sectors.
2. Future studies in measuring corporate governance variables we recommend using other proxies such as institutional ownership, the size of the independent commissioners, risk management committee, and so on.
3. Future studies can use the other readability tools such as Flesch reading ease, SMOG index, Coleman Liau Index.

