

CHAPTER V

CONCLUSION, LIMITATION, AND RECOMMENDATION

5.1 Conclusion

This research was conducted to observe International Financial Reporting Standard (IFRS), board size and board independent towards earnings management and also earnings per share and book value per share towards value relevance. The control variables of earnings management are firm size and leverage, while the control variable of value relevance is audit quality. This research used 242 companies listed in IDX with timeline of 2009 until 2014. Based on the analysis result and discussion from the previous chapter, this research can be summarized as follows:

1. IFRS implementation has no significant influence on earnings management (H_1 is not proven).
2. Board size has significant positive influence on earnings management (H_2 is proven).
3. Board independent has significant positive influence on earnings management (H_3 is proven).
4. Earnings per share has significant positive influence on value relevance (H_4 is proven).
5. Book value per share has significant positive influence on value relevance (H_5 is proven).

5.2 Limitation

In this earning management and value relevance research there are some limitation as follows:

1. The samples used in this research only limited on non-financial companies listed in IDX, because the financial companies have other guidelines in the financial reporting standard.
2. Some firms which registered in Indonesia Stock Exchange during the period of 2009 until 2014 didn't publish their financial statements fully and completely. This caused the number of samples data used in this research decreased.
3. This research only observe the effect of IFRS adoption, board size, board independent, earning per share and book value per share that reported. Other board characteristics or accounting number can be considered in further research for the future.
4. Limitation on variable using in this research, where the research only use earning management and value relevance as the dependent variable, so the match percentage value on this research is not too high, only around 13.72% and 86.28%.

5.3 Recommendation

Below is some of the recommendation which can be used as calculation material in next research are as follows:

1. The next research can enlarge the research sample, by addition of number of sample of the firms, expanding the scope of research such as conducting research in several Asian countries as well as by adding years of research in order to better reflect the situation in Indonesia and the world.
2. In further research can be done by observing the latest data to know the current level of earning management and review the reason why some firms in this research becomes outlier.
3. The next research can add several other independent variables that are estimated to have an influence on dependent variables, such as board meeting, return on equity, net assets, and cash flow from operation.
4. The next research can add several other dependent variables related to quality of financial information, such as recognition of timely loss, income smoothing and accrual quality.