

CHAPTER 5

CONCLUSION, LIMITATION, AND SUGGESTIONS

5.1. Conclusions

According to the research, then the conclusion that can be made for each research problem formulation are as follow:

1. Intellectual capital did not affect earnings quality. This is resulted from whether the higher the intellectual capital owned by the company; it will not affect the quality of financial statements published. There are several reason why intellectual capitals did not have effect to quality of earnings such as issues for sustainability, covid 19, investors perspective, and technological improvement.
2. Intellectual capital has positive effects to earnings management. This is resulted by the higher the intellectual capital owned by the entity did not prevent earnings management and thus the management entity will still enacts earnings management to attract investors. The reason for this result is due to entity's management will try their best to find a way to state as high earnings as possible to attract investors for investments.
3. Earnings management did not affect earnings quality. This is resulted from whether the company enacts earnings management, it will not affect earnings quality of the entity. Therefore, manipulation of financial statement that did not reflects the accuracy of earnings will not lower earnings quality. The reason for the result is that while facing economic turmoil due to covid 19 pandemic, the entity's management will have to maintain entity's economic performance to meet investors expectation.
4. Intellectual capital did not affect earnings quality through earnings management. This is resulted from whether the intellectual capital of the entity is high, it will not prevent entity's management to enact earnings management that lowers earnings quality. The reason for this result is due investors many considerations other than the entity's quality such as sustainability, investments risks, and technological advancement

5.2. Limitation

There is limitation exist within this research found by the author which are:

1. Limited to 121 samples due to the criteria of maintaining samples that having positive net income in 2020 and 2021
2. The measurement for earnings management is using *Discretionary Accrual*, while there is other measurement for earnings management

5.3. Suggestion

Based on existing limitations that has been found and the conclusion for this research, the suggestion that the author gave to the next researcher are as follow:

3. Academic suggestion
 - a. The next researcher is to be expected to add independent variable such as profitability and increasing the period of the research
 - b. Future research is expected to use research period before or/and after covid 19 pandemic as a comparison due to unstable economic condition that affects manufacturing companies
4. Practical Suggestion
 - b. This research could be a reference for related party such as company, managers, and investors to take economic decisions

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