5.1. Conclusion

Based on the analysis and discussion in the previous chapter, this study has the objective to test the impact of conservatism principle to earnings quality. The earnings quality in this study is measured by accounting-based measurement for earnings quality, namely abnormal accruals or discretionary accruals. This study uses financial statements of 86 listed manufacturing companies in Indonesia from period 2010-2014 (5 years) as data. The total sample for this study is 430 samples.

The regression model used in this study is called multiple linear regression model. In order to meet the criteria of good regression model for parametric statistical hypothesis testing, the model should pass four classical assumption tests, which consist of normality, autocorrelation, multicollinearity, and heteroscedasticity. Based on the result of four classical assumption tests, the regression model used in this study meet the criteria of good regression model for parametric statistical hypothesis testing.

The result of the analysis shows that the hypothesis of this study is accepted. It means conservatism increase earnings quality of listed companies in Indonesia. In the context of earnings management as measurement for earnings quality, conservatism implementation will increase earnings quality by decreasing earnings management practice. From this result, the users of
financial statement can see that conservatism gives positive impact to the quality of information reported in financial statements, especially earnings information.

5.2. Limitations and Suggestions

The main objective of this study is to find answer along with empirical evidence whether conservatism gives impact to earnings quality of listed companies in Indonesia. Based on the result, it is proved that conservatism gives positive impact to earnings quality. However, this result is limited to one context of earnings quality, which is based on abnormal accruals. This measurement of earnings quality is one of accounting-based measurements of earnings quality. There are several other accounting-based measurements, such as accruals quality, persistence, predictability and smoothness. In addition, there are market-based measurements of earnings quality.

Some suggestion and idea that can be used by future researchers:

1. Subsequent studies may use other accounting-based measurement of earnings quality, such as accruals quality, persistence, predictability and smoothness. For more perspective, future researcher can combine two or more measurement to find the average result of accounting-based measurement.

2. For Conservatism variable, future research may use other measurement, such as Basu Asymmetric Timeliness and negative non-operating accruals.
3. The period of the research can be extended up to more than five years in order to achieve better result. The samples can be expanded to other type of company beyond manufacturing.
References


