

## **CHAPTER V**

### **CONCLUSIONS AND IMPLICATION**

#### **5.1. Conclusion**

Based on the results of data analysis and discussion in the previous chapter, researchers separated the tests in this study into 3 models, namely (1) A combined model where, in this combined model, researchers tested the financial statements of smelter companies from 2012 - 2021, (2) Pre-pandemic Model, where in the pre-pandemic model, researchers tested the financial statements of smelter companies from 2012 - 2019, namely right before the pandemic, (3) during pandemic model, where in this pandemic model, researchers test the smelter company's financial statements from 2020 to 2021, which is right when the pandemic occurs. The results of testing 3 models in this study are as follows:

5.1.1 Profitability affects earnings management in smelter companies listed on the Indonesia Stock Exchange for the period 2012 - 2021, but according to the results of research conducted by researchers, in pre pandemic and combined model, profitability does not affect earnings management, but in during pandemic, profitability have positive effects on earnings management so it can be concluded that in combined model and pre pandemic, the positive accounting theory are unproven and in during pandemic the results same with the research hypothesis is profitability

affect earnings management, and the positive accounting theory in during pandemic are proven and this proves that this research is inconsistent.

The results of the study are supported by research conducted by Agustia and Suryani (2018) and Amelia and Hernawati (2016) who say that profitability has no effect on earnings management.

5.1.2 Company size affects the earnings management of smelter companies listed on the Indonesia Stock Exchange for the period 2012 - 2021, but according to the results of research conducted by researchers, in model 1 and 2, the size of the company have positively significant effect on earnings management, so it can be concluded that the positive accounting theory used in the company size is declared proven. In model 3 the size of company does not affect earnings management, so it can be concluded that the positive accounting theory used in company size are proven and this research proves that this research are inconsistent.

The results of the study are supported by research conducted by Astriah et.al., (2021) and Agustia Suryani (2018) who said that the size of the company has no effect on earnings management.

5.1.3 Leverage affects earnings management in smelter companies listed on the Indonesia Stock Exchange for the period 2012 - 2021, but according to the results of research conducted by researchers, leverage does not affect earnings management, so it can be concluded that these results are consistent and the positive accounting theory used in leverage variable is declared unproven.

The results of the study are supported by research conducted by Gunawan et.al., (2015) and Purnama, D (2017) who say that leverage has no effect on earnings management.

5.1.4 Audit quality affects earnings management in smelter companies listed on the Indonesia Stock Exchange for the period 2012 – 2021, but according to the results of research conducted by researchers, audit quality does not affect earnings management, so it can be concluded that these results are consistent and agency theory used in audit quality variable is declared unproven.

The results of this study are supported by research conducted by Lidiawati and Asyik (2016) and Wiryadi and Sebrina (2013) which state that audit quality has no effect on earnings management.

The results of this study show that in three models, combined model, pre pandemic, and during pandemic, variable profitability, company size, leverage and audit quality have no effect on earnings management in Smelter Companies listed on the Indonesia Stock Exchange for the period 2012 - 2021, this is due to several factors, in the search conducted by researchers, the factors that cause it are in the company's net profit section, there are several companies that have scored minus profits in the past 7 years, and there is one company that has no operating income for 3 years.

## **5.2. Implication**

### 5.2.1. Theoretical Implication

**Table 19. Test Result Table**

No	Variable	Model 1	Model 2	Model 3	Consistency
1	Profitability	Not affect	Not affect	Positively affect	inconsistent
2.	Company Size	Positively affect	Positively affect	Not affect	inconsistent
3.	Leverage	Not affect	Not affect	Not affect	consistent
4.	Audit Quality	Not affect	Not affect	Not affect	consistent

Based on the table above, through the variables profitability and company size it can be seen that these variables have inconsistent regression results, this happens because the regression results show that profitability in the combined model and before the pandemic has no effect on earnings management, the opposite is in profitability in the model during pandemic, regression results show that profitability in the model during the pandemic, has a positive influence on earnings management and in addition to the profitability variable, the company variable also has inconsistent regression results this happens because the regression results in the company size variable in the combined model and the pre-pandemic model show that the combined company size model and the pre-pandemic model have a positive influence on earnings management, and vice versa, in the company size model variable during the pandemic, The regression results show that the company's size model during the pandemic has no influence on earnings management.

This happens because in the combined model, pre-pandemic, and during pandemic could not be tripped in the same way because there were inconsistencies

in the data, it was a concern for companies to conduct a careful analysis in the combined model, before the pandemic, and during the pandemic.

Based on the table above, leverage variable and audit quality variable have consistent results, namely in the third model, the regression results show that leverage variable has no effect on earnings management and the audit quality variable has no effect on earnings management, this happens because there is a similarity in analysis for the three models.

### 5.2.2 Practical Implication

Thus, during a pandemic, company management needs to pay attention to the level of company profitability, this greatly affects the level of earnings management practice in the company, this is evidenced by the results of this study, where during pandemic, profitability proxied by return on assets has a significant positive effect on company earnings management practices, it is expected for companies to maintain the company's profitability level so that there are no management practices company profit, looking at the companies sampled in this study, there are several companies that produce minus profits and companies that have not operated for 3 years, this can be a trigger factor for the motivation of company management to carry out earnings management practices in the company, this is done in order to maintain the stability of the company's stock price and maintain investor confidence in the company.

### **.5.3. Limitation of Research**

This research still needs further development so that the results are more accurate and depth, this research also has some limitations that researchers hope can be corrected and developed by subsequent researchers.

Researchers admit that it is still difficult to determine the research sample, namely nickel smelter companies in Indonesia, due to the small number of companies based on nickel smelters in Indonesia, researchers suggest to subsequent researchers to further expand the scope of samples such as smelter companies, which include all smelter companies in various fields, namely nickel smelters, bauxite smelters, coal smelters etc., this can be done to multiply existing samples.

