CHAPTER V
CONCLUSION AND IMPLICATIONS

A. Conclusion

Based on the results of the tests and discussions that have been carried out, the following conclusions can be drawn:

1. Managerial ownership does not have a relationship with financial performance in consumer goods industries.
2. Institutional ownership does not have a relationship with financial performance in consumer goods industries.
3. Financial performance has a correlation with earnings management in consumer goods industries.

B. Implication

Based on the findings of this research, it is expected that the influence of good corporate governance on consumer goods companies in Indonesia can be better understood. In this study, the agency theory results demonstrate that both managerial and institutional ownership are insufficient in enhancing a company's profitability. Furthermore, the study reveals the significant role of financial performance in the practice of earnings management within a company. Additionally, the research highlights that companies tend to merely comply with stock exchange regulations to maintain their legitimacy in the eyes of the public and stakeholders.

Companies are encouraged to reevaluate their objectives and principles that underpin corporate governance. Ensure that the company's adoption of corporate governance aims to enhance efficiency, transparency, and accountability, rather than solely preserving reputation. It's imperative to ensure that the board of commissioners is genuinely independent and capable of functioning as effective overseers. Diversity and stakeholder representation within the board are crucial to minimizing conflicts ofinterest and ensuring unbiased decision-making. Moreover, involving external stakeholders such as independent auditors and regulators is vital for overseeing and providing feedback regarding corporate governance practices. Opinions and suggestions from competent external parties can assist companies in refining their practices to be more suitable. Additionally, companies need to enhance their transparency and accountability. They should be open and willing to provide explanations about their accounting policies to stakeholders. This is crucial for maintaining stakeholder trust.

C. Research Limitation and Suggestion

This study utilized financial data from two years prior to the pandemic and two years during the pandemic. Consequently, there are notable disparities in certain acquired data owing to the impact of the pandemic, which has complicated data processing. Recommendations for future research include selecting a data timeframe encompassing two years preceding the pandemic and two years during the pandemic. This approach aims to facilitate a balanced comparison, allowing for an assessment of whether the pandemic also contributes as a factor in earnings management. The limitations of the indicators in measuring share ownership and the influence of the Covid-19 pandemic period on the sample data have led to results that are less accurate.

Given these constraints, it is advisable for future studies to refine the sample selection process. Rather than solely contrasting pre-pandemic and pandemic period samples, it is recommended to include data from both the pre-pandemic and pandemic periods independently. Additionally, the forthcoming research should aim to diversify the sample scope, moving beyond a narrow focus on the consumer goods sector. While the sample pool within the consumer goods industry is restricted, exploring other sectors will offer a more varied set of findings. Subsequent investigations intend to unravel the nuanced impact of the Covid-19 pandemic on earningsmanagement practices within companies operating in the consumer goods sector.