CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

The research overview and study summary are fully explained to the reader in this chapter. The goal of this chapter is to provide a introduction, summary of research findings, contribution of the study, limitation, recommendations for future research, and a summary.

5.2 Summary of Research Findings

There are two (2) research questions in the study that are discussed a s follows.

5.2.1 The Effect on Changes in Account Receivables and Total Investment

This study's findings indicated that the Account Receivables (AR) variable partially has a significant effect on Total Investment (TI). The first research question is "What is the impact of changes in account receivables and total investment?". Hypothesis 1 is formed to determine the effect on changes in account receivables and total investment.

The result is found that there is a significant effect on changes in account receivables and total investment. The result are similar to the literature in that it can be said that higher the quality of financial statement, lower value of deviations from the investment model, lower discretionary income, and higher investment efficiency all correlate to reduced discretionary revenue in businesses, it can be concluded that effective financial statements can increase investment performance (Pranata & Fitriyah, 2020). Accounts receivable are included in the current assets section of the financial statements. These findings are consistent with earlier studies by Sakti and Septiani (2015) and Rahmawati and Harto (2014). These findings also corroborate earlier studies by Chen et al. (2011), Gomariz and Ballesta (2013), Biddle et al. (2009), and Sari and Suaryana (2014).

5.2.2 The Effect on Changes in Sales Revenue and Total Investment

This study’s findings indicated that the Sales Revenue (SR) variable partially does not have a significant effect on Total Investment (TI). The second research question is “What is the impact of changes in sales revenue and total investment?”. Hypothesis 2 is formed to determine the effect on changes in sales revenue and total investment.

The result is found that there is no significant effect on changes in sales revenue and total investment. This conclusion can be justified on the basis that the sales revenue does not increase in the company's capital structure, the available funds will be lower. When making investments that will benefit the company, managers should take into account the accessibility of these money. As the results say in the literature that companies that have high quality financial statements will have an impact on investment efficiency, the hypothesis is supported by Vitriani and Budiasih (2019) that the increased quality of financial statements will show if financial information is presented properly and helps companies make investment decision. In addition, companies can be trusted by investors to invest in companies because the quality of financial statements affects investor confidence to invest.

5.3 Contribution of Study

The contribution of this study consists of body of knowledge, explanation of theory that used in this study, and practical using of this study

5.3.1 Body of Knowledge

This study is not materially different from previous research paper on this subject, based on the evaluation of various previous research who have made several studies on investment efficiency. This research paper examines the significance of the relationship between the quality of financial statements (changes in account receivables and changes in sales revenue) and investment efficiency (total investment). In addition, future researchers can simultaneously use this research as a literature review and a point of reference for their own relevant topics.

5.3.2 Theory

These studies aim to contribute to existing knowledge by investigating the impact of the quality of financial statements (change in receivables and change in sales revenue) and investment efficiency (total investment). This study uses agency theory in charge of running the company and producing financial statements as a form of management accountability. The financial situation of the business will be shown in the financial accounts, which the principal will use as a basis for decisions in the future. In order to choose an investment that will be beneficial for the business, the principle makes a selection.

5.3.3 Practical

This research can provide insight and information to investors about financial management, especially with regard to debt and investment efficiency as a useful benchmark regarding financial management related to of the quality of financial statements (change in receivables and change in sales revenue) and investment efficiency (total investment) and can provide information about the importance of the quality of financial statement. In addition, it is expected to be used as an important factor in choosing an investment strategy to maximize returns.

5.4 Limitation

There were several difficulties in conducting this research. First of all, research uses secondary data in which the data is facts that cannot be changed by origin. Second, the limitation of this research is the time given to do the research. It is difficult to do research followed by seven courses that divide the focus of researchers. Third, this research was conducted starting from 2019 - 2021 which was during the pandemic era which really made the global economy very bad, followed by an uneven recovery in every company.

5.5 Future Research

This study investigates the impact the impact of quality of financial statements towards investment efficiency of company in Indonesia. This study only applies two independent variables in determining the results, further studies can be able to use or add other research variables because it is extremely possible that other factors that were not considered in this study would affect investment efficiency. Future researchers will also likely be able to extend their study period and incorporate samples from different industry sectors to improve the accuracy of their findings.

5.6 Concluding Remarks

The main objective of this study is to analyze the impact of the quality of financial reports on the efficiency of company investments in Indonesia. Based on the results of an analysis of 119 manufacturing companies listed on the IDX in the period 2019-2021 several conclusions can be drawn, namely:

First, researchers found that there is a positive correlation and influence between changes in accounts receivable on total investment, meaning that the company is able to manage receivables well because the company's sales level is high or the average receivables made by the company are low every year. Second, the results of the study also show that changes in sales revenue have no significant effect on total investment because the company is unable to manage sales revenue properly because the inability to find a target market greatly impacts sales prospects, especially during a pandemic and also because sales can fail if the company doesn't know what targets to achieve.