Implementation of IFRS Convergence and Corporate Supply Chain Management on Earnings Quality (Study on Oil Plantations Companies in Indonesia and Malaysia)

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Abstract—The purpose of this paper is to examine the correlations of IFRS implementation and corporate social responsibility on Earnings quality of Indonesia and Malaysia Oil Plantations companies, during the full convergences of IFRS period (2012-2016). The logistics industry is becoming increasingly competitive, and supply chains becoming increasingly complex. This research is using data from the annual financial report issued by the company that is registered at the Indonesian stock exchange and Malaysia stock exchange, from 2012 to 2016. The population of this research is plantation companies that are listed on the Indonesian stock, as much as 15 company and exchange Malaysia, as much as 40 companies. To examine the impact of IFRS convergence and CSR on the quality of earnings of companies listed on Oil Palm Company in Indonesia and Malaysian Stock Exchange, it was tested using SPSS with Canonical Test.Main Findings: The main findings of this study indicate that the convergence of IFRS and CSR has a significant effect on the value of Indonesia and Malaysia Oil Plantation Companies. Implications: This study has two implications: First, when IFRS implementation shows an important role in improving the quality of earnings, the policymakers should encourage companies to fully adopt the IFRS. Second, taking into account that CSR is an important factor in increasing earnings quality, policy makers need to increase the role of disclosure of CSR information from voluntary to mandatory. Novelty/Originality: As far as the knowledge of the authors, research that has been conducted specifically on plantations that have certain characteristics in the application of IAS 41 and CSR problems in two countries are quite complicated and have not been done by many researchers.

Keywords— *IFRS, Corporate Social Supply chain strategy, Responsibility, Persistence, Accrual Quality, CSR.*

1. Introduction

International Financial Reporting Standards (IFRS) is issued by the International Accounting Standards Board (IASB). Financial accounting standards are used as guidance in measurement, assessment, recognition, and presentation of financial statements. IFRS is a popular issue discussed today by accountants, auditors, and market participants because it is associated with a fundamental change in the financial reporting system for companies that are publicly trading their shares in global stock markets. IFRS is the dynamics of the financial reporting system, especially for companies that are publicly trading their shares in the stock. The development of the financial reporting system is the answer to the globalization that has penetrated into the field of financial markets characterized by the establishment of regional capital markets and global scale in several countries in the world.

The main objectives of IFRS are to develop a set of accounting standards of high quality that can be imposed, providing information in the financial statements which are transparent and comparable, assist capital markets to make economic decisions, and achieving convergence between national and international accounting standards. IFRS convergence issues have attracted the attention of some researchers to analyze the impact of IFRS convergence on the quality of accounting numbers and examine the economic consequences for the adoption of IFRS. Previous studies in several countries have shown inconsistent results. **Iatridis** who examined the impact of the IFRS implementation on financial reporting information quality and its effect on profit management and relevant value. Results show that the implementation of IFRS is proven to reduce the scope of profit management, faster recognition of its loss and has a better relevancy score [3, 7, 8].

Furthermore, **Gordon et al** examined comparative quality attributes, showed that there was no significant difference between quality attributes earnings (accrual quality, earning persistence, cash persistence, cash predictability, earning predictability, smoothness, timelines, and conservatism*)* under US GAAP and IFRS, except

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for the value relevance [31]. **Gassen and Sellhorn**, examined the application of IFRS in the stock market of Germany, documented evidence of a significant difference between quality attributes of such profits after the adoption of IFRS namely the companies that adopt IFRS have the higher profits persistence, lower predictability earnings and more conservative. In addition adopters of IFRS have a lower information asymmetry or experiencing decreased bid ask spread and more liquid [27]. **Kim** has examined the impact of IFRS adoption on the quality of accounting numbers (quality accrual) and the value of companies in South Korea stock market [40, 43].

Research results show that there is no increase in the value of the company (measured by Tobins' Q) after the adoption of IFRS. On the other hand, **Loureiro and Taboada** documented the evidence of stock prices increasing on companies that adopt IFRS voluntarily [44]. Likewise, **Landsman, et al.** documented the increasing evidence of abnormal stock returns and stock trading volume after the adoption of IFRS in the 16 countries that have adopted IFRS. This study aimed to examine and obtain empirical evidence about the impact of IFRS accounting standards apply based on the quality of earnings and corporate value for oil plantation companies listed on Indonesia and Malaysia [42].

Corporate Social Responsibility **(CSR)** is a global concept and currently quite popular in the business world. CSR is growing into a warm topic when the offense on business ethics by companies keep on increasing. Cases of environmental vandalism conducted by **Chernobyl ,1986**, **Exxon Valdez ,1989**, **Toyota , 2010** and also cases of social offense conducted by **Nike ,1997**, **Enron I,2001 and Peanut Co ,2009** opened the eyes of the world to the importance of CSR. Currently, the issue of CSR continues to grow and become required information by customers, investors, and stakeholders who want transparency to all aspects of the business activities of the company [33]. **Gelb and Strawser in** stated that the company that performs CSR will give the disclosure widely to their operations [28].

The implementation of CSR in a company will have a good relationship in the long term with stakeholders [33, 34]. **Castelo et al** disclosed that CSR is closely related to moral and ethical issues that include maintaining environmental conservation, human resource management, occupational safety and health, relationships with local communities and maintain good relations with suppliers and customers. When examined, this business ethics position above because of the expectations between stakeholders and companies [10]. According to the theory of legitimacy, the gap expectation impacted weaken the support legitimacy to corporate survival [51, 57]. The existence of legitimacy from stakeholders will ensure the credibility and operational support for the company's survival in the long term. CSR is a mean of communication for a company to keep, improve and regain legitimacy from its stakeholders. CSR is able to exert positive financial performance on the company [9, 41, 49]. **Flammer,** This proved that support legitimacy and positive CSR reputation will provide positive economic benefits for the company [4].

ASEAN as an association of countries in Southeast Asia did not show much effort to increase and distribute CSR among its members. Based on a study done by Acca in 2010, among the 10 ASEAN member countries, it turns out only five countries, namely Indonesia, Malaysia, Singapore, Philippines, and Thailand were considered to have a better CSR growth. While the rest, namely Cambodia, Myanmar, Vietnam, Brunei Darussalam, and Laos; were considered to have the least CSR development. So far, CSR-related research in ASEAN as a region is still relatively minimal [5, 63]. CSR research in this area is also supported by sporadic or per country only [32].

Based on an analysis of data from the Organization of Agriculture and United Nation Food, Lian Pin Koh and David S. Wilcove of Princeton University found that 55-59 percent expansion of palm oil in Malaysia and 56 percent in Indonesia victimize forest. Because palm oil plantations biologically afflict woods, the researchers recommend prohibiting expansion in the future if the companies are not attentive to their problems. This is why this research analyses CSR in palm oil plantation companies in Malaysia and Indonesia. The poll shows that Malaysia and Indonesia are regarded to be the best implementation and disclosure of CSR compare to other ASEAN countries [52, 54, 62]. As expected, CSR practice in Oil Plantation Company and its disclosure has become a common thing and needed in the business climate in each country. Which will support this research which is the disclosure of character CSR, the implementation of IFRS and its effect on earning quality?

2. Literature Review

2.1. The convergence of IFRS and Quality of Earnings

The terminology of earnings quality has different attributes of measurements coming from various researchers. Suwardjono (explains that the quality of the accounting profit is shown by the "proximity or correlation between accounting profit and economic profit" [58]. Francis et al. divide the earnings quality attributes into seven attributes into two groups namely attributes of earnings quality of the market (market-based attributes) and accounting-based earnings quality attributes (accounting based attribute) [24]. The quality of accounting-based profit consists of *Accrual quality, predictability, persistency, and smoothness*. While the quality of market-based earnings consists of value relevance, timeliness, and conservatism. In this study, earnings quality was measured by accruals quality attributes. Accrual provides information about cash flows that will come [45, 46, 48].

Francis et al. use accruals quality as one measure of earnings quality by connecting between the accrual of cash flows [24, 29]. Therefore, the concept of quality of accruals examines the extent of closeness between the accrual of cash flows. If its proximity growing distant would cause major distortion of cash recognition making earnings do not reflect the actual reality (low accrual quality), and vice versa the closer it gets then it would show the reality of the actual cash. The higher the value of accruals quality will show low earnings quality, conversely the lower the value of accruals quality will generate high earnings quality. Research on the relationship between the convergences of IFRS with accruals quality has been documented by several researchers [30, 45, 46].

Iatridis found evidence of declining earnings management scope (measured by the quality of accrual) after the adoption of IFRS in the UK [3, 11]. Correspondingly, **Ward (2009)** found evidence of a significant and negative impact between IFRS convergence towards discretionary accruals, which means that the convergence of IFRS can lower discretionary accruals of the company. Similarly, Gassen and Sellhorn who examined the application of IFRS adoption in Germany, found evidence that IFRS is lower than the GAAP coming from the quality aspects of accrual [27]. Further research by Gordon et al., who examined the comparison of earnings quality attributes based on IFRS and GAAP in the US stock market did not find evidence of differences between IFRS and GAAP from accrual quality aspects [17, 18, 31].

Based on the theoretical framework mentioned above, the hypothesis proposed in this study is as follows: Hypothesis 1: There is a significant difference between the quality of earnings (as measured by the quality of accrual) before and after the convergence of IFRS in Indonesia. Adoption of IFRS can reduce absolute discretionary accruals. The value of the company is often associated with the share price meaning that if the stock price is higher, then the value of the company was also higher due to the increased value of the company, it can deliver prosperity to the shareholders to the maximum. The impact of the enactment of IFRS accounting standards based on the value of the company has been documented by several previous investigators. Kim has examined the impact of IFRS adoption on the quality of accounting numbers (the quality of accrual) and the value of companies in South Korea stock market. Research results show that there is no increase in the value of the company (measured by Tobins' Q) after the adoption of IFRS [25, 40]. On the other hand, Loureiro and Taboada (2012**)** documented evidence of rising stock prices for companies that voluntarily adopt IFRS in the EU. Correspondingly **Landsman, et al.** documented the increased evidence of abnormal stock returns and stock trading volume after the adoption of IFRS in the 16 countries that have adopted IFRS. Thus in this study, it is presumed that the convergence of IFRS influence on the value of the company [42]. Based on the theoretical framework mentioned above, the hypothesis proposed in this study is as follows:

Hypothesis 1: Earnings quality is positively associated with IFRS implementation

2.2. Corporate Social Responsibility and Quality of Earnings

The impact of corporate social responsibility on firms overall performance has been a topic of debate between different researchers and scholars. Different researches have been conducted to explore the impact of corporate social responsibility on the firm's performance. Techniques and Methodologies used by different researchers were different and there have been different opinions about the results. Some researchers find that there is a positive impact of CSR on FP where others pointed out negatively impact and neutral also. Due to the performing of these practices, firms have a positive impression not only to the interested parties but also to the whole economy. Stakeholders like supplier, lenders, banks, the general public, and all other affiliated parties must be affected through these practices and a positive image created in the mind about the firm. The result of these consequence's in the shape of financial property and improving financial performance and growth [19-23].

Corporate social responsibility has a positive impact firms performance as indicated by the pervious researchers conducted by Uadiale and Fegbemi, Tsoutsoura, Weshash et all and Waddock and Graves [59, 60, 61, 65]. It means firms who apply CSR practices in their long term corporate planning and decision are identified as socially responsible. In spite of these researchers, Yang Lin and Chang found that the impact of corporate social responsibility on firms' performance to be negative. This means that the use of idle and huge financial resources on corporate social responsibility practices does not give a positive impact. Firms need to put these slack financial resources in some productive projects in spite of performing such type of social responsibilities practices. Firms that perform these practices are more financial distress

compared to those who do not perform these practices but pay a little attention to it [12, 13, 67].
Zhao et al, and other researches claim that firms' main objective is to operate according to the benefits of their stakeholders, not for the whole society so they are liable to not invest their idle resources in these social and moral practices [6, 14]. They claim that companies performing these practices weaken their financial position. In spite these positive and negative impact of corporate social responsibility on firm performance, some researchers Khanifar et al. and Orlitzky et al. found that the impact of corporate social responsibility on financial performance is neutral. This was pointed out on the behalf of Meta-analysis executed through previous empirical researches [39, 50].
An entity in operating its business is inseparable from the community and the surrounding environment, resulting in a mutual relationship between the community and the company. Therefore, the company needs positive respond from the community gained from what the company did to its stakeholders, including the community and the surrounding environment. [38].
This responsibility is communicated to stakeholders through the disclosure of corporate social responsibility (CSR). The disclosure of CSR good economic dimension, social environment, human rights, the community, or responsibility products based on Global Reporting Initiative (GRI) used as a signal from management to all stakeholders including investor, pertaining to the company's prospects in the future, that the company provides a positive signal of the company's survival in the future. The signal tries to inform that the company is more valuable than any other company because of the concern of economic impact, environmental and social that is manifested through the activity of the company.
Besides legitimacy, the literature review also shows the formation of reputation which is positive a reason for the company to do CSR [56]. According to literature ethics of business, CSR reflects the implementation of the ethics of good business from the company [1, 2]. CSR also shows the ability to manage relationships with the stakeholders from a company (Good Management Theory) [61]. Regarding the approach theory resources (Resource Based-view Theory), CSR is a company resource that will increase the company's competitive advantage (Branco and Rodriquez, 2006; Porter and Kramer, 2006). Empirical evidence shows the community regarding the company with CSR as an ethical, transparent and obedient corporate [40, 66].
There has been a lot of research conducted to understand the importance of corporate social responsibility and quality of earnings. Different researches have a different opinion about the impact of corporate social responsibility and corporate financial performance, some say a positive impact whereas some pointed out negative or neutral impact [26]. Researchers suggest that these variations in the result of impact CSR on CFP and resolved by adopting the theory of contingency [37, 47, 62]. Orlitzky et al, said that the power of the relationship between corporate social responsibility and corporate financial performance depends upon the reputation of firms and operation performed in society [50]. Some other researcher also claimed that the relationship between CSR and CFP was positive by using resource base view [15, 35]. Rowley and Berman expressed the greatest interest of researchers in the field of CSR is to know how the influence of CSR on financial performance, relationship patterns exist, and what factors affect the relationship of both [53]. But until now there has been no definite conclusion about the relationship. Depend upon basic review of strategic management the finding is that corporate financial performance relates with business environments, business strategy, control system and ethical practices of the firms . The relationship between corporate social responsibility and corporate financial performance was identified to be negative in a research conducted by Zhao et al, [6]. The hypothesis is as follows:
Hypothesis 2: There is a significant positive association between CSR with Quality of Earnings

3. Methodology

3.1. Data and Sample Selection

This research is using data from the annual financial report issued by the company that is registered at the Indonesian stock exchange and Malaysia stock exchange, from 2012 to 2016. The data's source is obtained from www.idx.co.id and www.bursamalaysia.com/market. The population of this research is plantation companies that are listed on the Indonesian stock, as much as 15 company and exchange Malaysia, as much as 40 companies.
Samples of plantation companies listed on BEI and Bursa Malaysia have the following criteria:
a. Plantation companies listed on the Indonesia Stock Exchange and Bursa Malaysia from 2012 to 2016.
b. Each company has a financial report or annual report that is disclosed to the public at the end of each year from 2012 to 2016
c. Companies that provide data related to CSR.
After sampling according to the criteria above, a sample of research as many as 6 plantation companies listed on the Indonesia Stock Exchange and 21 plantation companies listed in Bursa Malaysia were obtained. The total sample of this study amounted to 27companies where the observation period of research for 5 years, so the total observation is 135.

3.2. The Measurement of Variable

3.2.1. IFRS Convergence

To examine the impact of IFRS convergence implementation on the quality of earnings and the companies' value listed on Indonesia and Malaysia Stock Exchange, it was tested using modifications from Wardani's research. IFRS implementation is viewed from the companies' application that has been activated by IFAC from 2012 to 2016.There are 9 standards that are chosen by viewing the aspect of the closeness of their relationship to plantation company are Financial Instruments, Consolidated, Join Arrangement, Disclosure of Interest Entity, Fair Value, Investment Property, Employee Benefit, Impairment of Assets and The effect Change in Foreign Exchange Rate.

3.2.2. Corporate Social Responsibility

For measuring the disclosure of corporate social responsibility uses a CSR application to measure, namely indicators variable usage referring to the instrument consisting of some dimensions: economic dimension, social environment, human rights, the community or responsibility products based on global reporting initiative (GRI) the measurement will be based on index the disclosure of each of the enterprises calculated through dividing the total number of items that actually expressed by company with the number of items expected to be disclosed by the company. The calculation:

CSRD = V/M

CSRD: Corporate disclosure index

V: The number of items actually revealed by the company

M: The number of goods expected to be disclosed by the company

3.2.3. Earning Quality

There are 2 earning quality measurement:

a. Discretionary Accrual

In this study, the author uses the estimation error in the accruals process as measured by discretionary accruals. Operationally in accounting research, discretionary accruals are accruals derived from management discretion while non-discretionary accruals are accruals whose amounts depend on the company's operational activities [55]; Givoly et al identifying earnings management using expected accruals or non-discretionary accruals modified by the Jones model [16]. Discretionary accruals can be calculated as follows [36]:

Discretionary accruals = [total accruals] – [non-discretionary accruals]

Total accruals = (Revenue– operating of cash flow / total aset$_{t-1}$..........(i)

Current accruals = Δ [total current assets - cash and cash equivalents -treasury stock is shown as current assets] - Δ [total current liabilities – the total amount of debt in current liabilities – pro....(ii)

Non discretionary accruals = {[sales in year $_t$ * (current accruals in year $_{t-1}$ /sales in year $_{t-1}$)] + [gross PPE in year $_t$ * (depreciation in year $_{t-1}$ / gross PPE in year $_{t-1}$)]} /total assets ....(iii)

Profit Persistence based on accrual quality is as follows (Dechow and Dechiev, 2002):

TCA_t = $((\Delta CA/ Asset_t) - (\Delta CL/ Asset_t) - (\Delta Cash/ Asset_t) + (\Delta STD/ Asset_t))$

TCA_t : Total Current Accrual t period;

$Asset_t$: Total Asset t period;

ΔCA : Current Assets Difference (Current $Asset_t$ – Current $Asset_{t-1}$);

ΔCL : Current Liabilities Difference (CL_t – CL_{t-1});

ΔCash : Cash Difference ($Cash_t$ – $Cash_{t-1}$);

ΔSTD : Short Term Debt Difference (STD_t – STD_{t-1})

3.2.4. Data analysis technique

To examine the impact of IFRS convergence and CSR on the quality of earnings of companies listed on Oil Palm Company in Indonesia and Malaysian Stock Exchange, it was tested using SPSS with Canonical Test. The purpose of this test was determine whether there is an impact on the quality of earnings after the convergence of IFRS and CSR in Indonesia. Canonical correlation equations that have fulfilled the classical assumption and can be further analyses for test hypotheses with canonical correlation analysis. Testing hypotheses through canonical correlation equations begins by typing this SPSS command in the Syntax Editor:

After testing the classical assumptions, the canonical correlation equation in this study is stated in the following equation:

$\mathbf{Y_1+Y_2 = X_1 + X_2}$

Dependent Variable Set

Y_1=Discretionary Accrual

Y_2 = Profit Persistence

Independent Variable Set

X_1= IFRS implementation

X_2 = CSR Presentation

The first step in forming a Canonical Function (Function Canonical) is a joint Test with three tests, namely the Pillais test, Hotellings and Wilks is used to find out whether the functions are one and two significant together as well as to prove whether this research hypothesis is accepted or rejected. The significance limit used in this joint test is ≤ 0.05 shown in the Significance of F.

4. Result and Discusssion

The following is the result of SPSS output on canonical correlation analysis accompanied by discussion in accordance with the steps:

3.1 Formation of a Canonical Function (Canonical Function)

The formation of canonical functions is used as a function determination which can be further analyzed for use in interpretation against the results of Canonical Variates. There are two dependent variables and five independent variables in the equation of this study, two Canonical Functions will be formed in which the two functions will be carried out by two tests, namely joint test and individual test for the determination of functions that can be further analyzed.

Test results of significance together will be presented in the following table:

Table 1. Multivariate Significance Test

Multivariate Tests of Significance (S = 2, M = -1/2, N = 64 1/2)

Test Name	Value	Approx. F	Hypoth. DF	Error DF	Sig. of F
Pillais	,00252	,08336	4,00	264,00	,987
Hotellings	,00253	,08218	4,00	260,00	,988
Wilks	,99748	,08277	4,00	262,00	,988
Roys	,00237				

Note.. F statistic for WILKS' Lambda is exact.

Based on table 1, the results of the multivariate significance test show the overall significant values above 5% confidence level (0.987> 0.05) so it can be concluded that canonical correlation equations in this study are not significant, and hypotheses research rejected. Furthermore, individual tests are carried out which can be seen in the following table:

Table 2. *Eigenvalues and* Canonical Correlations

Eigenvalues and Canonical Correlations

Root No.	Eigenvalue	Pct.	Cum. Pct.	Canon Cor.	Sq. Cor
1	,00238	94,08197	94,08197	,04872	,00237
2	,00015	5,91803	100,00000	,01223	,00015

Based on table 2, where the determination of functions that can be further analyzed can be seen from the results of the Canonical Correlation value column, observing the canonical correlation number for the first function is 0.04872 and the second function is 0.01223. The highest canonical correlation value is the first function (0.04872). The covariate correlation of the canonical variable of the first function is able to explain 0.237% (0.04872 X 0.04872) variation in the dependent canonical variable, while the canonical correlation of the second function is only able to explain the variation of 0.14%. Based on these two functions, the first function shows a larger number so that the function used for interpreting the results of Canonical Variates is the first function (0.04872).

3.2 Interpretation of Canonical Variate

Canonical variates are a collection of several variables forming a variate. In this case, there are two canonical variates, which is dependent canonical variates consisting of two variables dependent Y1, Y2, and independent canonical variates consisting of two independent variables X1, and X2. Interpretation Canonical variates aim to find out whether all the canonical variables in the independent variables are closely related to the variance dependent, as measured by the respective correlation magnitude of the variable with its variance. In the previous stage, the first function has been selected which will be analyzed further which will be shown in Canonical Weight and Canonical Loading analysis.

3.3 Canonical Weight

Variables that have relatively large weight values above 0.5 (> 0.5) are considered to contribute more to the variate and vice versa. The results of the SPSS output canonical weight will be presented in the following table:

Table 3. Dependent Variable in Canonical Weight

Standardized canonical coefficients for DEPENDENT variables		
	Function No.	
Variable	1	2
Y1	,84343	-,54794
Y2	,45441	,89729

Based on table 3, by only paying attention to the first function ignoring the second function, it shows the correlation number between each variable and the variance. For the first function in the table, there is one correlation number that is above 0.5 that is 0.84343 (0.84343> 0.5) namely Y1, meaning that the discretionary accrual variable has a strong relationship with the independent variable, while the Y2 Persistence Profit variable has the number of correlation below 0.5 is (0.45441 <0.5) which means that the earnings persistence variable has a weak relationship with the independent variable.

Table 4. Independent Variable in *Canonical Weight*

Raw canonical coefficients for COVARIATES		
	Function No.	
COVARIATE	1	2
X1	2,88120	3,20132
X2	6,08368	-3,67216

Based on table 4, by only paying attention to the first function, ignoring the second function shows the correlation number between each variable and its variance. The first function in the table of all correlation numbers of independent variables is above 0.5 that are 2.8812 (X1 Implementation of IFRS), and 6.0836 (X2 CSR Disclosure) mean that all of these variables have a strong relationship with the dependent variable.

3.4 Canonical Loading

The canonical loading measures simple linear correlations between the original variable in the dependent or independent variable and canonical covariate set. This method also states the variable correlation to covariate where variables join in each canonical function. Results SPSS output canonical charge will be presented in the following table:

Table 5. Dependent Variable in *Canonical Loading*

Correlations between DEPENDENT and canonical variables

Variable	Function No. 1	2
Y1	,89212	-,45179
Y2	,54478	,83858

Based on table 5, by only paying attention to the first function and ignoring the second function, there is a correlation number between each variable with its variance. For the first function of the dependent variable in table 5, all dependent variables show canonical loading numbers greater than 0.5, namely 0.89212 (Discretionary Accruals), and 0.54478 (Profit Persistence), meaning that these two variables have a strong relationship with the independent variable.

Table 6. Independent Variable in *Canonical Loading*

Correlations between COVARIATES and canonical variables

Covariate	CAN. VAR. 1	2
X1	,51677	,85613
X2	,74329	-,66897

Based on table 6, by only paying attention to the first function and ignoring the second function, there is a correlation between each variable and its variance. For the first function of the independent variable in the table, there are all independent variables showing canonical loading numbers of more than 0.5, namely 0.51677 (X1 Implementation of IFRS), 0.74329 (X2 CSR Disclosure), meaning that these two variables have a strong relationship with variables dependent.

5. Conclusion

From the results of *Canonical Weight* and *Canonical Loading* make a positive sign on the dependent variable on the Standardized Canonical Coefficient for Dependent Variables table 4 states a positive relationship between independent variable with dependent variable sets, while negative sign for the dependent variable states the negative relationship between the set of variables independent of the dependent variable.
A positive sign on IFRS implementation (2.8812 > 0.5) and Positive sign on CSR Presentation (6.0836 > 0.5) that means higher implementation IFRS and CSR disclosure are increased Earnings Quality of Oil Plantation Company in Indonesia and Malaysia. The two independent variables, the implementation variables of IFRS and CSR disclosures that have the closest relationship. This is evidenced by the number of correlations that show numbers above 0.5 both on Canonical Weight, and Canonical Loading, whereas from the two dependent variables, the number of correlations shows that the two dependent variables have a close relationship as well.

5.1 Limitations and Advice for Advanced Research

This research is still far from perfect both in terms of data processing and writing. Here are some research limitations that are expected to be followed up in further research:
1. The selection of **Earnings Quality** proxy variables should be done not only with persistence and accrual. Further research is expected to use other measurement alternatives that can describe future earnings quality better.
2. Selection of implementation IFRS just used 9 standards
It is expected that further research can add other variables so that it can be a better proxy for existing Implementation of IFRS and CSR.

5.2 Advance Research

1. Further research is expected to increase the number of sample countries so that it will illustrate

the development of CSR and measures of implementing IFRS in the ASEAN region.
2. Using CSR alternative source information
This study uses annual financial statements as sources of information disclosure of CSR. However, there are several alternative sources of CSR information such as corporate website media or company sustainability reports. Further research is expected to use alternative sources of information so that can be seen as the difference with this research.

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