CHAPTER V

CONCLUSION

5.1 Research Conclusion

Based on the explanation from previous chapter, this research finding could be concluded that descriptive statistical test shows that average of audit delay for year 2008-2014 in banking companies listed in Indonesia Stock Exchange is 67 days. It means that banking companies listed have fulfilled the requirement made by BAPEPAM. The requirement states that audited financial statement which includes independent auditor's report must be sent to BAPEPAM no more than 90 days after accounting year end. However, there are three bank companies that submit their audited financial statement more than 90 days.

The first hypothesis results shows the variable types of audit opinion in the partial t-test showed that there is positive and significant relationship between types of audit opinion with audit delay. These results are obtained due by t test found that types of audit opinion has t-value 2.813 with significance level is 0.006. The significance level is lower than 5%, so it indicates that companies which receive qualified opinion have longer audit delay than companies that receive unqualified opinion.

The second hypothesis result shows the variable audit firm switch on partial t-test showed that there is negative but not significant influence between audit firm switch with audit delay. These results are obtained due by t test found that the audit firm switch has t-value -0.437 with a significance level is 0.663. The significance level is above 5%, so it indicates that audit firm switch has no relationship with audit delay.

The third hypothesis result shows the variable audit firm tenure on the partial t test showed that there is negative and significant realtionship wit audit delay. These results are obtained due by t test found that the audit firm tenure has t-value -2.083 with a significance level is 0.039, so it indicates that audit firm tenure has significant relationship with audit delay.

Based on the simultaneous test (F-statistic) indicates that the results of simultaneous with F-value is 5.299 anf F-table is 2.65, it means that F-value is bigger than F-table, which can be concluded that the independent variables consisting of types of audit opinion, audit firm switch, and audit firm tenure are simultaneously influence on audit delay. Based on the coefficient of determination (R^2) test, it shows that the value of adjusted R square of 0.138 or 13.8%, this indicates that the dependent variable can be explained by 13.8% by the independent variables.

5.2 Research Implications and Limitations

Based on the results, this research is corroborated the previous finding of Che-Ahmad and Abidin (2008) and Ming et al. (2012). The result indicates delay for companies receiving an unqualified audit opinion is shorter as compared to companies with audit opinion receiving other than an unqualified audit opinion.

Moreover, findings on audit firm switch corroborate with the findings of Dibia (2013) and Enofe et al. (2013) find that audit firm switch has no significant relationship with audit delay because if company changes the CPA firm, it will take time for new auditor to understand the characteristics of client's business. The process will cause delay is submit the audited financial statement.

The hypothesis result of audit firm tenure is corroborate with the finding of Okolie (2014) that indicates there is negative significant relationship between audit firm tenure and audit delay. The auditor expertise hypothesis supports this argument indicating that the auditor learning curve associated with longer tenure may be effective in checking opportunistic behaviors of management.

The limitation is in this research only take sample from listed banking companies. Every bank has to follow regulation form central bank, while as a listed company has also obligation to follow stock exchange regulations. Other companies, especially, ones from industries that do not have a strict regulation as banks may give different conclusion. BAPEPAM-LK requires every public company to submit their audited financial statement no more than 90 days after year's end.

5.3 Research Suggestion

Future research may explore the issue of pseudo-rotation effect on audit delay. This type of rotation makes it legal for an accounting firm to audit the same client, even though it has audited the client for six consecutive years. When a company changes from a local accounting firm to another local accounting firm, but both firms are affiliated with the same foreign accounting, in-fact there is no rotation. If there is no rotation, whether this rotation will affect the timeliness of financial statements.