CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

Results of testing the hypothesis by using multiple regression analysis with the dependent variable is fraudulent financial statements and independent variables consist of pressure, opportunity, and rationalization showed that:

1. The pressure (LEV) can not be used to detect fraudulent financial statements of banking companies in Indonesian Stock Exchange because debt is not always assessed negatively by the investors, it can also indicate that the company wants to expand their business. So, a company with the high level of debt is not always under pressure from the investors.

2. The opportunity (BDOUT) can not be used to detect fraudulent financial statements of banking companies in Indonesian Stock Exchange because the appointment of independent commissioners in the company is only for regulatory compliance, they do not really act as a supervisor to prevent fraud.

3. The rationalization (CPA) can be used to detect fraudulent financial statements of banking companies in Indonesian Stock Exchange because if there is no change in public accounting firm, it increases the probability of fraud in financial statements.

4. The pressure (LEV), opportunity (BDOUT), and rationalization (CPA) simultaneously and significantly effect fraudulent financial statements.

5.2 Limitations of Research

In this study, there are limitations that can be considered for further research in order to obtain better results, including:

1. This research only uses banking companies listed on Indonesia Stock Exchange (IDX) as a sample. So, it cannot be used as a general discovery to other industry sectors listed on Indonesia Stock Exchange (IDX).

2. The period of study is only during three periods: 2012-2014. So, that period is relatively short to see the effect of pressure, opportunity, and rationalization on fraudulent financial statements.

3. The variables used in the study are only a few and could not describe in detail the factors that affect fraudulent financial statements. Such as for the pressure could be included financial stability, personal financial needs, and financial targets, for the opportunity could be included industry condition and organizational structure, and for the rationalization could be included the frequency of earnings restatement.
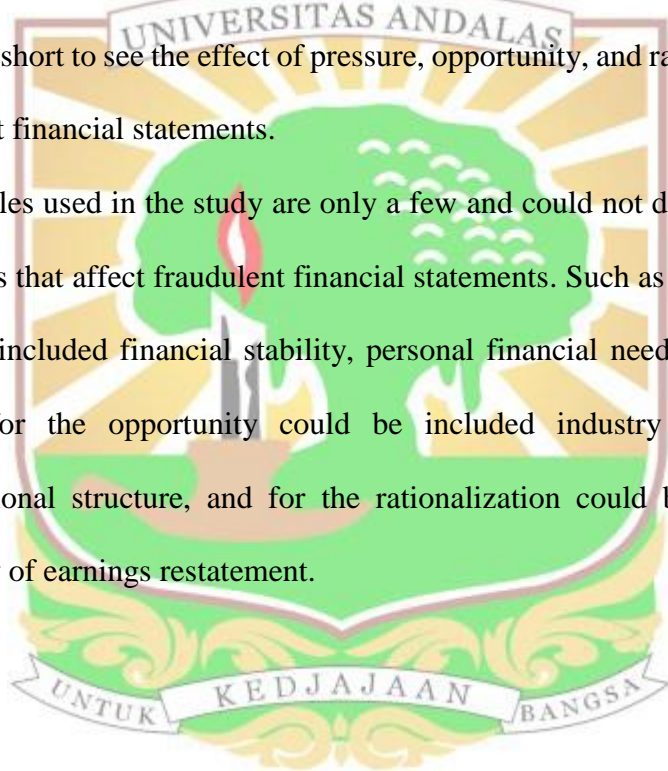
5.3 Suggestions

Based on the limitations as mentioned above, the suggestions of the writer are as follows:

1. The further research is expected to use other industry sectors in doing the similar research. So, the results obtained later can be used as an overview of other companies in other industry sectors.

2. The further research is expected to use more periods to be analyzed than this research. Hopefully, the number of periods for all companies used to be researched are the same. So, it can make the results are more relevant and reliable.

3. Given the limitations of the variables studied, it is expected that the future researchers will come to expand the aspects of the research because many factors can affect fraudulent financial statements, especially for companies listed on Indonesia Stock Exchange.

5.4 Implications of The Research

This research is expected to be useful:

1. For companies

This research is expected to provide input for management regarding the causes of fraudulent financial statements and avoid misstatements in the financial statements, so it will not be a scandal that could harm the company.

2. For public accounting firm

The results of this research can be used as an input and consideration to take steps, actions, and policies related to fraudulent financial statements.

3. For financial statement's users

This research is expected to provide comprehension about the factors that lead to fraudulent financial reporting in order to take the right decision.

4. For academicians

   This research is expected to contribute to the development of the theory, especially in the field of auditing.

5. For further research

   The results of this research can be used as a reference and comparison for further research in doing the similar research.