

BUILDING TRUST IN FINANCIAL REPORT

Tanggor Sihombing

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Penerbit widina

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Author:
Tanggor Sihombing

Design Cover:
Helmaria Ulfa

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www.freepik.com

Layout:
Handarini Rohan

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Website: www.penerbitwidina.com
Instagram: @penerbitwidina
Telepon (022) 87355370

PREFACE

Financial reports are often seen as collections of numbers, tables, and technical terms that only accountants, auditors, or financial experts can understand. Yet behind every figure lies a story—a story of how an organization is managed, how decisions are made, and ultimately, whether it deserves the trust of investors, customers, employees, and society.

Trust is one of the most valuable assets any organization can possess. It cannot be purchased, manipulated, or achieved overnight. Instead, it is built gradually through transparency, accountability, ethical leadership, and consistent financial reporting. When financial reports faithfully reflect reality, they become more than a regulatory requirement; they become a bridge connecting companies with the people who depend on them.

This book, Building Trust in Financial Reporting, explores the many factors that shape the credibility of financial reporting in today's business environment. Rather than focusing solely on accounting standards and technical procedures, it examines the broader forces that influence reporting quality—from corporate governance and audit committees to audit quality, capital structure, sustainability initiatives, fraud prevention, business risks, and managerial decision-making. These elements may seem unrelated at first glance, but together they create the foundation upon which trustworthy financial reporting is built.

Throughout these chapters, readers will discover that strong governance is not simply about complying with regulations. Independent oversight, effective audit committees, responsible leadership, and high-quality external audits all contribute to financial reports that stakeholders can rely on. Likewise, sustainability practices and environmental, social, and governance (ESG) initiatives demonstrate that long-term business success depends not only on financial performance but also on responsible corporate behavior.

The book also highlights an important reality: financial reporting is influenced by strategic business decisions. Choices involving investment, capital expenditure, profitability, business risk, financing, and even marketing strategies shape the financial information presented to the public. Understanding these relationships enables readers to look beyond the numbers and appreciate the business decisions that produce them.

At the same time, no discussion of financial reporting would be complete without addressing the challenges organizations face. Fraud, financial distress, audit delays, and going concern issues continue to test the integrity of businesses around the world. By understanding why these challenges emerge and how effective governance can reduce their impact, organizations can strengthen both their reporting practices and their long-term resilience.

May this book encourage readers to see financial reporting not merely as an accounting exercise, but as one of the most powerful instruments for building trust, strengthening organizations, and creating lasting value in an increasingly complex world.

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CHAPTER 1

BUILDING TRUST IN FINANCIAL REPORTING: THE ROLE OF CORPORATE GOVERNANCE AND AUDIT QUALITY

A. THE DEMAND FOR THE EFFECTIVE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

The growth of economic activity and the development of capital markets have increased the demand for the effective implementation of Good Corporate Governance (GCG) to support overall economic performance and maintain market integrity. In the corporate context, one of the primary manifestations of GCG implementation is reflected in the integrity of a company's financial statements. In Indonesia, the implementation of GCG is regulated under the Financial Services Authority Regulation (POJK) No. 21/POJK.04/2015, which serves as a fundamental framework for enhancing corporate transparency, accountability, and performance.

The implementation of GCG enhances stakeholders' trust through reliable financial reporting. Conversely, inadequate implementation of GCG may adversely affect the relationship between management and stakeholders. From the perspective of Agency Theory, monitoring mechanisms are essential to minimize conflicts of interest between principals and agents (Jensen & Meckling, 1976). Herlambang and Nurbaiti (2023) argue that management oversight becomes more effective and the risk of fraudulent practices is reduced when independent commissioners are present. This governance mechanism improves the performance of the board of directors, thereby strengthening the integrity of financial statements. This finding is consistent with the studies conducted by Ayem et al. (2023) and K. J. Putri (2023), which demonstrate that independent commissioners have a positive effect on the integrity of financial reporting.

CHAPTER 2

ENHANCING ESG PERFORMANCE THROUGH AUDIT COMMITTEES AND SUSTAINABLE GROWTH

A. THE GROWING IMPORTANCE OF ESG

With increasingly dynamic developments, companies are increasingly encouraged to not only focus on achieving financial goals but also pay attention to ESG (Alotaibi & Al-Dubai, 2024; Fernando et al., 2022; Guo & Oh, 2024). The concept of environmental, social, and governance (ESG) was originally introduced through a study of the United Nations (UN) Global Compact in 2004 on the importance of considering ESG factors in investment decision-making. This is because ESG performance is considered to affect a company's ability to implement its business strategy and build value in the long term (Yang & Lindrianasari, 2025; Guedes & Grübler, 2025; Debnath et al., 2024; Ktit & Abu Khalaf, 2024; Josua & Septiani, 2020). The Sustainable Development Goals (SDGs) were started by the joined together countries in 2015, there are 17 worldwide objectives, particularly 169 targets to back the execution of the 2030 Plan, one of which is the divulgence of ESG as one of the most important components used by a company to accomplish the economic improvement objectives (SDG 8), legislative issues, and financial matters (Saputra et al., 2024).

ASEAN-5 countries require certain shapes of ESG disclosure, with governments providing guidelines for sustainability reporting (Trianaputri & Djakman, 2019). All trades in the five nations are individuals of the feasible stock trade activity. However, Indonesia and the Philippines only implemented ESG reporting requirements post-2020, suggesting that ESG disclosure in these markets will be increasingly critical in meeting the 2030 SDGs. Based on ESG score information from Refinitiv Eikon, it was found that the ESG score from each open company recorded on the stock trade of

CHAPTER 3

GENDER DIVERSITY, AUDIT COMMITTEES, AND TIMELY AUDITS

Tanggor Sihombing – Dosen tetap Universitas Pelita Harapan
Bayana Putri Khairurunisa - Alumni program S1 Universitas Pelita Harapan
Natasya Folrencia - Alumni program S1 Universitas Pelita Harapan

A. THE IMPORTANCE OF TIMELY FINANCIAL REPORTS

Analysis of financial statements, both on financial and non-financial performance can describe the condition of the company in the past and stakeholders in general or investors are able to make projections (forecasting) regarding the returns or losses that can be generated from their invested capital. Public companies (tbk) have an obligation to inform financial reports to the public with a deadline set by the Indonesia Stock Exchange (IDX). Based on the announcement issued annually by the IDX regarding "compliance with the submission of audited financial reports of companies listed on the IDX", the following table recaps the number of companies that are required to report financial reports and companies that have not complied in doing so in terms of timeliness in the 2021 - 2023 fiscal year period.

Table 1.1 Compliance of Financial Reporting of Issuers on the Indonesia Stock Exchange in 2021 - 2023

No	Item	Year		
		'21	'22	'23
(a)	Number of Companies Required to Submit Financial Statements	759	820	950
(b)	Number of Companies Not Reporting on Time	91	61	137
(b)/(a)=(c)	**Percentage**	**11,99%**	**7,44%**	**14,42%**

Source: www.idx.co.id

CHAPTER 4

HOW SUSTAINABILITY REPORTING AND AUDIT QUALITY SHAPE GOING CONCERN OPINIONS IN THE UK

Tanggor Sihombing – Dosen tetap Universitas Pelita Harapan
Stella Stevania - Alumni program S1 Universitas Pelita Harapan
Renna Magdalena – Dosen Universitas Pelita Harapan

A. THE FOUNDATION OF BUSINESS SUSTAINABILITY AND GOING CONCERN

Companies are established with the goal of achieving long-term profitability, requiring efficient resource management to ensure operational continuity. Financial statements, audited by external auditors, provide credible insights into a company's performance, complemented by sustainability reports that bridge financial and ESG-related information. These reports detail the company's actions, successes, and risks regarding ESG impacts, offering auditors comprehensive insights to assess the company's going concern status and develop audit opinions accordingly.

Shell PLC demonstrates a strong commitment to ESG (Environmental, Social, and Governance) practices, reflected in comprehensive disclosures aligned with GRI (Global Reporting Initiative) Standards 2021 (Global Reporting Initiative, 2024) and frameworks like TCFD (Task Force on Climate-Related Financial Disclosure). By integrating ESG into its business strategy, Shell effectively manages energy transition risks, attracts sustainable funding, and fosters stakeholder trust, supporting financial stability and operational resilience. Instilling confidence in auditors regarding transparency and sustainability is one of the efforts to reduce greatly lower the possibility going concern opinion acceptance.

CHAPTER 5

WHY AUDIT REPORTS ARE DELAYED: INSIGHTS FROM ASEAN

A. THE IMPORTANCE OF TIMELY FINANCIAL REPORTING

Public companies have an obligation to submit financial reports on time to relevant parties. The accuracy of financial information can be ensured through financial statements prepared by independent auditors. In this case, the auditor needs to estimate the completion time of the audit report so that it can be issued on time, if there is a delay it will cause wrong decisions and reduce investor confidence (Setiyowati & Januarti, 2022). In Indonesia, the regulations governing the obligation to submit financial reports are stipulated in Decision Number I - E, PT. BEI KEP-306/BEJ/07-2004, that companies have 90 days or no later than the end of the month in which the financial statements must be submitted. According to Investment-Report (2023), in other countries such as Malaysia, Singapore, Thailand, and the Philippines, the due date after the end of the fiscal year ranges from 30 days at most to 150 days. The Indonesia Stock Exchange (BEI) noted that as of 31 March 2023, there were 10 companies in the property sector that had not submitted their interim financial reports and companies will receive a written warning.

The duration needed by the auditor to finish the financial statement audit process is referred to as audit delay. Based on a prior research study carried out by(Damayanti & Saputra, 2024), audit delay can be influenced by auditor tenure. Delay in audit reports have a tangible impact that can be caused by companies, which is in line with the research conducted by Parahyta & Herawaty (2020). Company profitability is also a factor influencing audit delay. Research by (Safitri & Aggraini, 2024) indicates that profitability has a significant impact on audit delay. The significant benefits enable reports to be submitted on time by the relevant parties, and vice versa. Research by (Sylviana, 2019) explains that audit delay is influenced by

CHAPTER 6

FIRM SIZE AND AUDIT REPORT LAG: EVIDENCE FROM ASEAN

A. WHY AUDIT REPORT TIMELINESS MATTERS IN ASEAN

Financial reports are one of the most important sources of information for investors, creditors, regulators, and other stakeholders seeking to evaluate a company's financial health and performance (Weygandt et al., 2019). To ensure that this information is reliable, public companies are required to have their financial statements audited by independent public accounting firms. As the number of publicly listed companies continues to grow across ASEAN (ASEAN Secretariat, 2023), the demand for timely and credible audited financial reports has become increasingly important.

The value of financial information depends not only on its accuracy but also on its timeliness. When an audit takes longer than expected, the release of audited financial statements is delayed, creating what is known as audit report lag. This period represents the time between the end of a company's financial year and the issuance of the independent auditor's report (Vjetrov et al., 2018; Hersan & Fettry, 2020; Setiyowati & Januarti, 2022). Extended audit delays may reduce the usefulness of financial information, increase uncertainty among investors, and weaken confidence in the transparency of corporate reporting.

To protect investors and maintain market confidence, countries establish deadlines for submitting audited annual financial statements. In Indonesia, for example, the Financial Services Authority (OJK) requires public companies to submit audited financial reports within 90 days after the end of the financial year (Otoritas Jasa Keuangan Republik Indonesia, 2016). Other ASEAN countries, including Singapore, Malaysia, Thailand, and Vietnam, apply reporting deadlines ranging from 30 to 150 days, reflecting different regulatory approaches while sharing the same objective of promoting timely financial disclosure.

CHAPTER 7

AUDIT TENURE, AUDIT LAG, AND LIQUIDITY: THE ROLE OF FINANCIAL DISTRESS IN GOING CONCERN AUDIT OPINIONS

A. GOING CONCERN ISSUES IN TELECOMMUNICATIONS COMPANIES

The phenomenon of companies providing telecommunications services in Indonesia is a case experienced by PT. Bakrie Telecom Tbk (BTEL). The Indonesian Stock Exchange summoned the management of the Bakrie group entity for questioning. PT Bakrie Telecom Tbk is considered unable to maintain its continuity because it does not have the ability to fulfil its obligations due to the cessation of operational activities.

Another phenomenon regarding companies in Singapore is the case experienced by MM2 Asia Ltd. Nexia TS Public Accounting Firm stated that MM2 Asia Ltd experienced a loss of $42.1 million for 2022 and the value of current liabilities was greater than the value of current assets of $76.3 million. This condition resulted in MM2 Asia Ltd receiving a going concern audit opinion.

Going concern reflects a sustainable life where a business entity can maintain its financial condition well and not experience liquidation in the near future. A non-going concern audit assessment will be submitted by the auditor for business entities whose continuity of business is not in doubt. However, if there is doubt about the business continuity of the business entity, a going concern audit opinion will be given Kurnia (2018).

Audit tenure will be one of the things studied where audit tenure is the number of years an auditor has worked and been in contact with his clients. Auditor independence will be reduced if there is a long-term relationship between the auditor and the client which will have consequences for providing a going concern audit opinion Sari & Triyani, (2018). However,

CHAPTER 8

WEBINAR EDUCATION FOR HIGH SCHOOL STUDENTS: WHAT MAJOR TO CHOOSE FOR UNIVERSITY

A. CHOOSING THE RIGHT MAJOR: A SMART START FOR A BRIGHT FUTURE

Community Service is one part of the Tri Dharma of Higher Education activities. The community service activities or PKM (Pengabdian et al.) carried out are a form of service provided by Pelita Harapan University lecturers, especially the Faculty of Economics and Business, as a form of concern for the importance of sharing knowledge and opening insight.

Choosing a college major is critical for high school students because it will influence their future educational and career paths. However, many students need help with a major that suits their interests, talents and career goals. In this context, webinars on strategies for selecting majors in higher education are important because they provide a platform to provide relevant information, tips and advice to high school students. Such webinars can introduce students to the various study programs available, help them understand entry requirements and career opportunities in each field, and highlight emerging industry trends, allowing them to make more informed decisions. By holding online webinars, students from various regions can easily access information without travelling long distances or attending seminars in specific locations; this increases the opportunity for students from diverse backgrounds to understand various significant options, broaden their horizons, and help them make informed decisions for their educational and career futures. Thus, webinars on strategies for selecting majors in higher education are an urgent need today because they provide an effective and affordable solution to overcome the challenges high school students face in their educational decision-making process.

CHAPTER 9

HOW THE FRAUD TRIANGLE DETECTS FINANCIAL STATEMENT FRAUD IN COMPANIES WITH SPECIAL NOTATIONS

A. WHY FINANCIAL STATEMENT FRAUD IS THE MOST-COSTLY FORM OF CORPORATE DECEPTION

Corporate fraud generally falls into three major categories: the misappropriation of company assets, corruption, and financial statement fraud. Among these, financial statement fraud causes the greatest damage because its consequences extend far beyond the company itself. When financial reports are manipulated, the losses are not borne solely by the organization. Shareholders, creditors, suppliers, government agencies, and other stakeholders who rely on financial information to make important decisions may also suffer significant financial and economic harm (Anshori, 2016).

One notable example in Indonesia involved PT Kimia Farma Tbk., which in 2022 was found to have overstated its revenue by approximately IDR 32.7 billion. What made this case particularly alarming was that the manipulation was not detected during the external audit, even though the auditors had reportedly followed appropriate audit procedures and complied with the Indonesian Financial Accounting Standards (PSAK). This case illustrates an important reality: auditor independence and compliance with professional standards alone do not always guarantee that financial statement fraud will be uncovered.

Cases such as this have encouraged researchers and accounting professionals to develop more effective approaches for detecting financial statement fraud. One of the most promising developments has been the use of financial ratio analysis. By examining patterns and unusual changes in a company's financial performance, these analytical methods provide

CHAPTER 10

THE EFFECT OF FINANCIAL DISTRESS, AUDITOR SWITCHING, AUDIT COMMITTEE AND COVID-19 PANDEMIC ON AUDIT DELAY

Tanggor Sihombing – Dosen tetap Universitas Pelita Harapan
Olivia Swasti - Alumni program S1 Universitas Pelita Harapan

A. THE IMPORTANCE OF FINANCIAL REPORTING AND TIMELY AUDITS

Financial statements are a structured representation of the financial position and financial performance of an entity (Ikatan Akuntan Indonesia (IAI), 2020). Financial reports have an important role for companies, both for parties inside and outside the company. A company's financial statements provide financial information that investors, creditors, and analysts use to evaluate a company's financial performance. To behalf of various parties in accounting information, it is necessary to examine the conformity of accounting records with applicable accounting standards. This inspection method is known as the auditing process, this process is carried out by a public accountant as an independent party.

Registered entities with IDX must submit audited financial reports to the Otoritas Jasa Keuangan (OJK) and publish the company's financial reports to the public. Submission of financial reports according to the limits set by the decision of the board of directors of the Jakarta Stock Exchange Number: Kep307/BEJ/07-2004, concerning Regulation Number 1-E concerning Obligations for Report Submission, namely a maximum of 3 months after the end of the financial reporting year. Furthermore, based on this regulation, the OJK relaxed the deadline for submitting reports to adjust to the emergency conditions due to the Coronavirus in Indonesia according to Press Release 18/DHMS/OJK/III/2020 the Submission of

CHAPTER 11

UNDERSTANDING THE FACTORS BEHIND AUDIT QUALITY

A. WHY AUDIT QUALITY MATTERS IN TODAY'S BUSINESS WORLD

Every public company is accountable for the business decisions it makes and the financial consequences of those decisions. These activities are ultimately reflected in the company's financial statements, which serve as one of the most important sources of information for investors, creditors, regulators, and other stakeholders. Because financial reports influence investment, lending, and strategic decisions, they must accurately represent a company's financial condition and be free from material misstatements.

To protect the integrity of financial reporting, every country establishes regulatory bodies responsible for overseeing public companies. Across the ASEAN-5 countries, these responsibilities are carried out by different institutions. In Indonesia, public companies are supervised by the Financial Services Authority (OJK). Similar roles are performed by Bursa Malaysia in Malaysia, the Monetary Authority of Singapore (MAS) in Singapore, the Capital Markets Integrity Corporation (CMIC) in the Philippines, and the Securities and Exchange Commission (SEC) in Thailand. Although the regulators differ, they share a common objective: ensuring that companies provide transparent, reliable, and timely financial information to the public.

Regulation alone, however, is not enough. Financial statements must also be independently verified through an external audit. Independent auditors examine whether a company's financial reports have been prepared fairly and in accordance with applicable accounting standards and regulations. Their work provides reasonable assurance that the information presented can be trusted by those who rely on it. Independent auditing also plays a vital role in reducing information asymmetry—a situation in which company management possesses far more information than shareholders

CHAPTER 12

HOW AUDIT FEES AND AUDIT QUALITY SHAPE EARNINGS MANAGEMENT

A. WHY EARNINGS MANAGEMENT MATTERS

Financial statements are expected to provide an honest picture of a company's performance and financial condition. Investors, creditors, regulators, and other stakeholders rely on this information to make important decisions. However, the reliability of financial reporting can be compromised when companies engage in earnings management—the practice of deliberately adjusting reported earnings to achieve a desired financial result (Tang et al., 2015).

Earnings management can be carried out through methods that comply with accounting standards or through actions that violate legal and ethical boundaries. While some adjustments may fall within the flexibility allowed by accounting rules, intentionally presenting misleading financial information—especially when it involves material misstatements—constitutes fraudulent financial reporting and can lead to serious legal and economic consequences.

Manipulating earnings does more than distort a company's current financial performance. It also misleads investors and other stakeholders by creating unrealistic expectations about the company's future prospects. As Cupertino, Martinez, and Costa Jr. (2016) explain, earnings management reduces the reliability of financial information, making it more difficult for stakeholders to accurately assess a company's true performance and long-term value. Decisions based on distorted financial reports may ultimately lead to poor investments, ineffective business strategies, and a decline in market confidence.

The growing importance of transparent financial reporting has made earnings management a major concern for businesses, regulators, and researchers alike. Although many previous studies have examined this issue,

CHAPTER 13

UNCOVERING FINANCIAL STATEMENT FRAUD: HOW THE FRAUD TRIANGLE REVEALS HIDDEN RISKS IN TRANSPORTATION COMPANIES

A. WHY FINANCIAL STATEMENT FRAUD MATTERS

Financial statements are more than just a collection of numbers. They tell the story of a company's financial health, business performance, and future prospects. Investors rely on them to decide where to invest, creditors use them to evaluate lending decisions, regulators monitor them to protect the market, and management uses them to guide business strategy. Because so many important decisions depend on these reports, the information they contain must be accurate, transparent, and free from material misstatements.

The importance of reliable financial reporting is emphasized in Indonesia's **Statement of Financial Accounting Standards (PSAK) No. 1**, which states that financial statements should provide useful information about a company's financial position, performance, and cash flows. When financial reports fail to reflect reality, the consequences can be severe. Investors may lose their savings, creditors may extend loans based on false information, and public confidence in the capital market can quickly deteriorate.

One of the greatest threats to financial reporting is **financial statement fraud**. The **Association of Certified Fraud Examiners (ACFE)** defines fraud as an intentional act of deception designed to obtain an unfair or illegal benefit. Unlike simple accounting mistakes, fraud involves deliberate efforts to manipulate or conceal financial information so that users of financial statements are misled into making decisions they otherwise would not have made.

CHAPTER 14

FRAUD HEXAGON THEORY: UNDERSTANDING FINANCIAL STATEMENT FRAUD IN ASEAN'S TECHNOLOGY INDUSTRY

A. WHY FINANCIAL STATEMENT FRAUD REMAINS A GROWING THREAT

Financial statements are often described as the language of business. They communicate how a company is performing, how financially healthy it is, and where it is heading. Investors rely on them before purchasing shares, lenders use them when evaluating loans, and business leaders depend on them to make strategic decisions. In short, every important financial decision begins with reliable financial information.

Because of this crucial role, financial reports must present an honest and accurate picture of a company's financial condition. As explained by **Lastanti et al. (2022)**, financial statements represent management's accountability to shareholders and other stakeholders. Likewise, **Weygandt et al. (2017)** emphasize that financial reporting exists to provide information that supports sound economic decisions, whether related to investment, financing, or business operations. When financial reports faithfully reflect reality, they build trust. When they are manipulated, that trust quickly disappears.

One of the greatest threats to reliable financial reporting is **financial statement fraud**. According to **Riley and Kranacher (2019)**, fraud is an intentional act of deception designed to generate benefits for the perpetrator while causing losses to others. Unlike unintentional accounting mistakes, financial statement fraud is carefully planned and deliberately concealed, making it one of the most difficult forms of corporate misconduct to detect.

CHAPTER 15

BUILDING TRUST: CORPORATE GOVERNANCE AND BUSINESS SURVIVAL

A. WHAT DETERMINES A COMPANY'S FUTURE?

In today's fast-moving business world, information about publicly listed companies is easier to access than ever before. Among all the information available, financial statements remain one of the most valuable resources for investors, creditors, regulators, and the public. They provide a clear picture of a company's financial health, business performance, and ability to generate value. A complete set of financial statements—including the statement of financial position, income statement, statement of changes in equity, cash flow statement, and notes to the financial statements—helps users understand whether a company is operating effectively and making sound financial decisions. Reliable financial reporting also strengthens confidence because it reflects management's accountability and compliance with established accounting standards.

One of the most important questions investors ask is whether a company can continue operating in the foreseeable future. This is closely related to the concept of going concern, which refers to a company's ability to sustain its operations without facing serious financial difficulties. When an auditor issues a going concern audit opinion, it signals that there is significant uncertainty about the company's future. Such an opinion often raises concerns among investors and creditors, making it more difficult for the company to attract investment, obtain financing, or maintain market confidence. Because of these potential consequences, management must continuously maintain strong financial performance and effective business operations to demonstrate that the company can continue growing.

Achieving long-term business sustainability requires more than strong financial results alone. It also depends on how well the company is managed. This is where Good Corporate Governance (GCG) plays a crucial

CHAPTER 16

WHEN AUDITS TAKE LONGER: THE ROLE OF FINANCIAL DISTRESS, COMPANY SIZE, INVENTORY, AND PROFITABILITY

A. THE IMPORTANCE OF TIMELY AUDIT REPORTS

Over time, Indonesian companies conducting initial public offerings (IPOs) have continued to increase. Data obtained from the Indonesia Stock Exchange states that in 2016 there were 539 companies going public, and in 2017-2020 the number of companies increased to 677 companies (Kayo, 2020). The data shows an increase of 20% and indicates the more choice of companies an investor can choose to invest.

An audit of financial statements is one of the crucial factors when investors and creditors want to make investment decisions or provide loans. Thus, the audited financial statement must be issued to the public on time and this is an important element for companies that have IPOs.

Audit delay or audit report lag is a period of time between the fiscal end date of a company to the date of issuance of an independent audit report where this period can have an effect on the timeliness of the information to be conveyed, so that it will have an impact on increasing the level of uncertainty of decisions based on information (Sakka & Jarboui, 2016).

Phenomena related to Audit Delay include: in 2015 there were 18 companies that were late in reporting their audited financial statements (CNN Indonesia, 2016), in 2016 there were 17 companies that had their shares suspended from the IDX because they were late in reporting their 2016 audited financial statements (BEI, 2016).), in 2017 there were 10 companies suspended from shares from the IDX because they were late in reporting the 2017 audited financial statement (Indopremier.com, 2018), in 2018 there were 10 companies suspended from shares from the IDX

CHAPTER 17

THE EFFECT OF FRAUD DIAMOND ON FRAUDULENT FINANCIAL STATEMENT IN ASIA PACIFIC COMPANIES

A. WHEN NUMBERS CAN NO LONGER BE TRUSTED

Every business tells its story through numbers. Financial statements reveal whether a company is growing, generating profits, managing its cash wisely, and using investors' money responsibly. For business owners, investors, lenders, and regulators, these reports are the foundation for making important financial decisions. That is why financial information must be accurate, transparent, and free from manipulation.

A complete set of financial statements—including the income statement, statement of changes in equity, balance sheet, and cash flow statement—provides a clear picture of a company's financial health. However, these reports are valuable only when they reflect reality. Independent auditors play a crucial role in safeguarding that reliability by examining whether the information presented is fairly stated and by identifying material misstatements that could mislead decision-makers.

Unfortunately, financial statement fraud remains a global challenge. While many organizations operate with integrity, others manipulate financial information to hide poor performance, inflate profits, secure financing, or create a more attractive image for investors. Such actions do more than distort accounting records—they weaken public confidence, mislead stakeholders, and can ultimately damage the stability of financial markets.

Evidence from Indonesia highlights the seriousness of this issue. A nationwide survey conducted by the Association of Certified Fraud Examiners (ACFE) found that corruption represented the largest share of reported fraud cases, followed by the misuse of organizational assets and fraudulent financial reporting. Although financial statement fraud occurred

CHAPTER 18

THE SECRETS BEHIND TRAVELOKA'S SUCCESS: UNDERSTANDING CUSTOMER BUYING DECISIONS

A. WHAT MAKES PEOPLE CLICK "BOOK NOW"

The tourism industry in Indonesia is one of the economic driving sectors that is quite a concern because with the diversity of cultures and languages in the country, Indonesia is a magnet for local and international tourists to recognize the diversity and also encourage directly the development of startup applications that facilitate these developments.

Internet users who continue to grow in number are one of the value factors on the development of information channeled to the public and the contribution of several information channels into one medium through the internet. In addition, Based on the results of the Indonesian Polling study in collaboration with the Indonesian Internet Service Providers Association (APJII), the number of internet users in Indonesia grew 10.12 percent therefore the increase of the number of internet users attests to the fact that the internet is not only used as a communication tool, but also supports buying and selling activities (Kompas.com, 2019). With the increase of internet users, businesses are also utilizing the internet as a marketing medium for their products. The development of the internet also indirectly changed aspects of life including consumer behavior. This includes changes in obtaining information and the need to make decisions in a fast way without limitation of place and time to buy and consume products. Moreover, consumer behavior tends to prefer everything that is practical and easily obtained by conducting online transactions.

Swasta and Irawan (2008: 145), in Sandy Sinambow and Irvan Trang (2015), argued that consumer decisions are motives or incentives that arise against something where buyers make purchases due to their needs and

CHAPTER 19

WHAT SHAPES THE CAPITAL STRUCTURE OF PROPERTY COMPANIES?

A. THE FINANCIAL DECISIONS BEHIND BUSINESS GROWTH

In carrying out business activities, the company (Limited Liability Company) has two components that make up the company's capital structure, namely capital and debt (Houston, 2020). Capital is a component that is included in the form of share ownership, while debt is a component obtained through various instruments such as bond issuance and loans from banks. In carrying out operations and business expansion, companies can rely on funding sources from within the company and from outside the company.

If the company's internal funding is insufficient or financially burdensome, the company can increase its funding by borrowing or issuing new outstanding shares. If the company chooses to go into debt, then of course the company's risk will increase, given that there is debt that must be repaid within a certain periode of time. If the company chooses to issue new outstanding shares, it will reduce the book value per share owned by investors. The issuance of new shares will also reduce other investors' ownership percentage if the addition of the company's outstanding shares is not followed by the addition of an investor's share ownership. Company debt is generally used to finance the company's internal needs that cannot be met with the company's internal finances such as buying assets, production raw materials, expansion of the company's business lines, and others

The capital structure serves to maximize existing sources of funds to increase firm value and shareholder wealth (Yuhasril, 2006). Therefore, the capital structure has become a very crucial strategic decision for the company since it was just started until several years running. From the investor's point of view, of course, investors prefer a healthy company with

Author:
Tanggor Sihombing – Dosen tetap Universitas Pelita Harapan

Co-Author
1. Annisa Larasati – Alumni program S1 Universitas Pelita Harapan
2. Hanna Kartika Nurhaliza – Alumni program S1 Universitas Pelita Harapan
3. Taufiq Hidayat – Alumni program S1 Universitas Pelita Harapan
4. Stephany Setiadi - Putri - Alumni program S1 Universitas Pelita Harapan
5. Bayana Putri Khairurunisa - Alumni program S1 Universitas Pelita Harapan
6. Natasya Folrencia - Alumni program S1 Universitas Pelita Harapan
7. Stella Stevania - Alumni program S1 Universitas Pelita Harapan
8. Renna Magdalena – Dosen Universitas Pelita Harapan
9. Ilyona Risty – Dosen Universitas Pelita Harapan
10. Go George Herbert – Dosen Universitas Pelita Harapan
11. Josephine Kurniwati Tjahjono – Dosen Universitas Pelita Harapan
12. Gloria Mariana Kristanti Harjanto – Dosen Universitas Pelita Harapan
13. Jonathan Frian - Alumni program S1 Universitas Pelita Harapan
14. Shahnaz Nabilah Zalfa Aldanny - Alumni program S1 Universitas Pelita Harapan
15. .....
16. Olivia Swasti - Alumni program S1 Universitas Pelita Harapan
17. Windy Veronica - alumni program S1 Universitas Pelita Harapan
18. Febry Aditya Nugroho - Alumni program S1 Universitas Pelita Harapan
19. Gienna Eirene Panggulu - Alumni program S1 Universitas Pelita Harapan
20. Nahda Annisa – Alumni Universitas Pelita Harapan
21. Chan Ka Hing – Alumni Universitas Pelita Harapan
22. Celine Celiana Cahyadi – Alumni Universitas Pelita Harapan
23. Dosma Sihombing – Alumni Institut Bisnis Nusantara
24. Steven Arfin Susanto – Alumni Universitas Pelita Harapan



BUILDING TRUST IN FINANCIAL REPORT

In an era where information travels instantly and corporate credibility can change overnight, trustworthy financial reports have become more important than ever. Organizations that prioritize transparency earn more than regulatory compliance; they earn confidence, strengthen stakeholder relationships, and build sustainable value for the future.

This book is written not only for academics and students but also for business leaders, investors, policymakers, auditors, and anyone interested in understanding how trust is created through financial reporting. The discussions are presented in an accessible style while remaining grounded in evidence and practical business experience. The goal is to demonstrate that trustworthy financial reporting is not the responsibility of a single department—it is the result of a collective commitment to ethical leadership, sound governance, and informed decision-making.

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