

REASONS AGAINST AUDIT EXEMPTION AMONG SME
COMPANIES IN MALAYSIA

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DECLARATION

We hereby declare that:

- (1) This undergraduate research project is the end result of our own work and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.
- (2) No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
- (3) Equal contribution has been made by each group member in completing the research project.
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TABLE OF CONTENTS

	Page
Copyright Page.....	i
Declaration.....	ii
Acknowledgement.....	iii
Dedication.....	iv
Table of Content.....	v
List of Tables.....	ix
List of Figures.....	x
List of Appendices.....	xi
List of Abbreviations.....	xii
Preface.....	xiii
Abstract.....	xiv

CHAPTER 1: INTRODUCTION

1.0 Introduction.....	1
1.1 Background of Study.....	1
1.2 Problem Statement.....	3
1.3 Research Questions & Research Objectives.....	5
1.4 Significance of Study	
1.4.1 Theoretically Significance.....	6
1.4.2 Managerial/ Practical Significance.....	6
1.5 Outline of Study.....	7
1.6 Conclusion.....	7

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction.....	8
2.1 Review of Literature	
2.1.1 Voluntary Audit.....	8

2.1.2	Size of Firm.....	9
2.1.3	Agency Factors.....	10
2.1.4	Management Factors.....	11
2.1.5	Confidence Level of Third Party.....	12
2.2	Review of Relevant Theoretical Models.....	14
2.3	Proposed Conceptual Framework/ Research Model.....	16
2.4	Hypothesis Development.....	17
2.5	Conclusion.....	17

CHAPTER 3 RESEARCH METHODOLOGY

3.0	Introduction.....	18
3.1	Research Design.....	18
3.2	Data Collection Method	
3.2.1	Primary Data.....	19
3.3	Sampling Design	
3.3.1	Target Population.....	19
3.3.2	Sampling Frame and Sampling Location.....	19
3.3.3	Sampling Elements.....	21
3.3.4	Sampling Technique.....	21
3.3.5	Sampling Size.....	21
3.4	Research Instrument.....	22
3.5	Constructs Measurement.....	23
3.6	Data Processing.....	24
3.7	Data Analysis	
3.7.1	Descriptive Analysis.....	25
3.7.2	Scale Measurement	
3.7.2.1	Reliability Test.....	25
3.7.2.2	Normality Test.....	26
3.7.3	Inferential Analysis	
3.7.3.1	Pearson Correlation Coefficient.....	26

3.7.3.2 Multiple Linear Regression Analysis.....	27
3.8 Conclusion.....	28

CHAPTER 4 DATA ANALYSIS

4.0 Introduction.....	29
4.1 Pilot Test Analysis	
4.1.1 Reliability Test.....	29
4.1.2 Normality Test.....	31
4.2 Descriptive Analysis	
4.2.1 Demographic Profile of Respondents.....	32
4.2.2 Central Tendencies Measurement of Constructs...	36
4.3 Scale Measurement	
4.3.1 Reliability Test.....	37
4.3.2 Normality Test.....	38
4.4 Inferential Analysis	
4.4.1 Pearson Correlation Coefficient.....	39
4.4.2 Multiple Linear Regression Analysis.....	40
4.5 Conclusion.....	42

CHAPTER 5 DISCUSSION , CONCLUSION AND IMPLICATION

5.0 Introduction.....	43
5.1 Summary of Statistical Analysis	
5.1.1 Summary of Descriptive Analysis	
5.1.1.1 Demographic Profile.....	43
5.1.1.2 Central Tendencies Measurement.....	44
5.1.2 Summary of Scale Measurement.....	45
5.1.3 Summary of Inferential Analysis.....	45
5.2 Discussion of Major Findings.....	46
5.2.1 Size of Firm.....	48
5.2.2 Agency Factors.....	49

5.2.3 Management Factors.....	50
5.2.4 Confidence Level of Third Party.....	50
5.3 Implications of the Study	
5.3.1 Theoretical Implications.....	51
5.3.2 Managerial/ Practical Implications.....	52
5.4 Limitations of Study.....	52
5.5 Recommendations for Future Research.....	54
5.6 Conclusion.....	55
REFERENCES.....	57
APPENDICES.....	64

LIST OF TABLES

	Pages
Table 1.1 Research Objectives and Research Questions	5
Table 2.1 Definition by Size of Operation	9
Table 2.2 Application of Agency Theory in Prior Study	15
Table 3.1 SMEs in Malaysia by State	20
Table 3.2 Definition of Variables for Proposed Study	23
Table 3.3 Measurement of Variables	24
Table 3.4 Rule of Thumb for Pearson's Correlation Coefficient Test	26
Table 4.1 Reliability Test (Pilot Test)	30
Table 4.2 Normality Test (Pilot Test)	31
Table 4.3 Gender of Respondents	32
Table 4.4 Age of Respondents	33
Table 4.5 Education Level	33
Table 4.6 Job Position	34
Table 4.7 Length of Time with Organization	34
Table 4.8 Company Established	35
Table 4.9 Central Tendencies Measurements	36
Table 4.10 Reliability Test	37
Table 4.11 Normality Test	38
Table 4.12 Pearson Correlation Coefficient Matrix	39
Table 4.13 Model Summary	40
Table 4.14 Table of Coefficients	41
Table 5.1 Summary of Mean and Standard Deviation	44
Table 5.2 Summary of Inferential Analysis (Pearson Correlation Coefficient)	45
Table 5.3 Summary of Inferential Analysis (Multiple Linear Regression)	46
Table 5.4 Description of Relationship	47
Table 5.5 Summary of Hypothesis Testing	48

LIST OF FIGURES

	Page
Figure 2.1 Theoretical model exhibiting reasons against audit exemption among SME companies in Malaysia	16
Figure 3.1 Multiple Linear Regression Equation	27

LIST OF APPENDICES

	Page
Appendix A Operationalization of the model variables	64
Appendix B Summary of past empirical studies	67
Appendix C Survey Questionnaire	70
Appendix D Survey Permission Letter	75

LIST OF ABBREVIATIONS

AF	Agency Factors
AVG	Average
CL	Confidence Level of Third Party
DV	Dependent Variable
IV	Independent Variable
MF	Management Factors
SF	Size of Firm
SME	Small and Medium Enterprise
VA	Voluntary Audit

PREFACE

As research methodology project is part of the programme structure for Bachelor of Commerce (Hons) Accounting, we have the opportunity to conduct a research study titled 'Reasons against Audit Exemption among SME Companies in Malaysia'. Due to the implementation of Companies Act 2016 replacing Companies Act 1965, SME companies are qualified for audit exemption in Malaysia. This uprising issue had been commonly discussed in the auditing industry in Malaysia and SME companies were concerned about whether or not to have voluntary audit for their financial statements.

Therefore, this study is to examine the factors against audit exemption among SME companies in Malaysia. This study will provide in depth discussion about the importance and reasons for voluntary audit which will be useful for SME in making decision.

ABSTRACT

According to Companies Act 2016 which has been newly implemented on 31st January 2017, SME companies are qualified for audit exemption. Therefore this study is to examine the factors against audit exemption among SME companies in Malaysia. By applying Agency Theory, the independent variables of this study will be size of the firm, agency factor, management factor and confidence level of third party. This study will provide significance information to SME companies in order to help them to decide whether they should demand for voluntary audit. Moreover, this study would be useful for future researcher as the confidence level of third party is the additional independent variable in our research model. The proposed study is designed to be a cross-sectional study by using primary data collection method to collect data from SME companies. Multi-stage cluster sampling technique is used to select the sample from SME Malaysia. Self-administered questionnaire is distributed in order to achieve the minimum sample size of 200 cases. Descriptive study will be used to describe the characteristic of our sample. Reliability, normality test, Pearson's Correlation Coefficient test and Multiple Linear Regression analysis will be conducted to test for the hypotheses in this study. The result show that agency factor (AF), management factor (MF) and confidence level of third party (CL) have a significant relationship with voluntary audit (VA) while size of firm (SF) do not have significant relationship with voluntary audit (VA). This study would be able to useful for SME companies to decide whether their company need to be voluntary audit or not by providing them the importance and reasons for voluntary audit.

CHAPTER 1 :INTRODUCTION

1.0 Introduction

This chapter will demonstrate the overview of the research. It started with a research background followed by problem statement, research objectives and research questions as well as significance of the study. Lastly, this chapter is concluded with the outline of the study.

1.1 Background of Study

Audit is the examination of the financial statement of an organisation by independent parties. The objective of audit is to present a true and fair view on the information presented in the financial report. Auditors are required to comply with the auditing standard which is the International Standards on Auditing (ISA) (PricewaterhouseCoopers, 2018).

According to SME Corporation Malaysia (2016b), companies in manufacturing sector are known as small and medium-sized enterprises (SMEs) when their sales turnover is less than RM50 million or their full-time employees are not more than 200 workers. For services and other sectors, companies are known as SME only when the sales turnover is not exceeding RM20 million or their full-time employees are not more than 75 workers. According to the statistic from SME Corporation Malaysia (as cited in Economic Census 2016, Department of Statistics, 2016b), 98.5% of the business in Malaysia is SME.

According to Section 267(2) Companies Act 2016 (Companies Act 2016, 2016), the Registrar of Companies have the power to exempt selected categories of private company from appointing auditor for every financial year based on the criteria

enacted by the Registrar. Based on Practice Directive No.3/2017, private companies that are qualified for audit exemption includes dormant companies, zero-revenue companies and threshold-qualified companies (Suruhanjaya Syarikat Malaysia [SSM], 2017b).

The execution of audit exemption on SMEs leads to discussions and arguments, as it brings both benefits and drawbacks to SMEs (Ee, 2017). The major benefit of audit exemption is to reduce the cost burden of the SMEs as they do not need to pay for audit services (Salleh, Rose, Kumar & Jaafar, 2008). However, 71% of the companies will opt for audit even though it is not mandatory to do so (Corporate Law Reform Committee [CLRC], 2007).

Nonetheless, the fundamental role of audit is to ensure the company's financial accounts and reports are prepared in a true and fair view (Othman, Abidin & Thirumanickam, 2013). Credibility and reliability of the information in the financial reports can be enhanced and are presented to the external users to assist them in making decisions (Yusarina, Zuraidah, Lee & Mazurai, 2012). Audited accounts will provide valuable assurance as well as increase the confidence level of the external users (Haapamäki, 2018).

Furthermore, submission of tax returns and application of loans or funds from banks require companies to present their audited accounts (Ee, 2017). Hence, the implementation of audit exemption on SMEs may influence them to encounter problems or difficulties during the submission or application process. The implementation of audit exemption has major impact on those SMEs, as audit firms and Malaysia Institute of Accounts have been persuaded that financial statements of SMEs which are not audited will cause their information may not be reliable to the tax authorities, banks and even their shareholders (Oh, 2017).

1.2 Problem Statement

Audit exemption has been an undeniably visible issue in Malaysia since SME companies have been given audit exemption with the newly implemented Companies Act 2016. Salleh et al. (2008) research paper is the first known published article that examined the perceptions of auditors on issue regarding audit exemption. According to Haron, Ismail, Ganesan and Hamzah (2016), this uprising issue has been commonly discussed in the auditing industry of Malaysia. Besides Malaysia, similar issue also has been raised up and addressed by developing Western countries such as the United Kingdom (UK), Australia and New Zealand (Kamarudin, Abidin & Smith, 2012). SMEs' in European Union countries, Singapore, UK, Australia, New Zealand, and Canada are among the countries that have implemented audit exemptions much earlier than Malaysia (Haron et al., 2016).

Many researches have been done by the past researchers in Malaysia to analyse the significance of the issue. Othman et al. (2013) had studied the directors' viewpoint on factors that might influence the audit exemption among SME in Malaysia. Mustapha and Chia (2013) had investigated the perception and expectation of SME owners on their demand for voluntary audit in Malaysia based on 62 SME owners' responded. On the other hand, Salleh et al. (2008) had carried out a study which investigated the factors that might influence the external auditors' perceptions regarding the audit exemption among SMEs in Malaysia. The result of the study conducted by Salleh et al. (2008) showed that majority of the respondents are likely to retain audit.

Nevertheless, some deficiencies are found in the past studies. The research done by in Othman et al. (2013) only focus on the directors' perception on audit exemption with low response rate of 4.6 percent and limited findings on reason against audit exemption. The study conducted by Mustapha and Chia (2013) is restrained to small sample size of less than 100 respondents. Moreover, Salleh et al. (2008) had pointed only the auditors' perception on audit exemption, ignoring the perception of SME companies in Malaysia.

The audit exemption issue has been addressed widely in studies in the UK, Australia, Hong Kong and Singapore, but such studies in Malaysia are scarce (Salleh et al., 2008). Chan (2012) stated that the study on audit exemption in Malaysia is based on the auditors' perceptions on audit exemptions and is carried out by Salleh et al. (2008). The study that has been carried out by Salleh et al. (2008) concluded that, in general, auditors in Malaysia are opposing the audit exemption regulation. While the studies of audit exemption in Malaysia context focuses on auditors' perception; hence, it is significant and essential to propose a study to gain understanding on SMEs' point of view on audit exemption.

1.3 Research Questions & Research Objectives

Table 1.1 represents the general and specific research objectives and research questions to identify the reasons against audit exemption among SME companies in Malaysia.

Table 1.1: Research Objectives and Research Questions

General Objective	General Question
To identify the reasons against audit exemption among SME companies in Malaysia.	What are the reasons against audit exemption among SME companies in Malaysia?
Specific Objectives	Specific Questions
<ul style="list-style-type: none"> i. To examine whether size of the firm can positively affect voluntary audit. ii. To examine whether agency factors can positively affect voluntary audit. iii. To examine whether management factors can positively affect voluntary audit. iv. To examine whether confidence level of third party can positively affect voluntary audit. 	<ul style="list-style-type: none"> i. Will size of the firm positively affect voluntary audit? ii. Will agency factors positively affect voluntary audit? iii. Will management factors positively affect voluntary audit? iv. Will confidence level of third party positively affect voluntary audit?

1.4 Significance of Study

The implementation of Companies Act 2016 enables audit exemption for SME companies; however, some of the SME companies still opt for audit. Thus, this research is to investigate the reasons for SME companies to audit their financial statements. This research is significant for both practical world and academic world.

1.4.1 Theoretically Significance

The relationship between the reasons against audit exemption and SME companies in Malaysia will be investigated in this research. This is due to audit exemption in SME companies has been introduced in Malaysia through Companies Act 2016 and implemented on 31 January 2017. Since it is newly introduced, it is still causing confusion among SME companies, auditors, and students in related fields.

Moreover, confidence level of third party is the new variable in our research model. Based on our findings, this variable is not shown in any past studies. Hence, this research finding will be useful to the future researchers who study in this particular topic.

1.4.2 Managerial/Practical Significance

This study may be beneficial to the SME companies, as they may learn the reasons to opt for voluntary audit or against audit exemption. By investigating the reasons for SME companies to continue opting for voluntary audit, it will reflect the significance of audit for SME companies. Thus, this research findings will provide significant information for SME companies to decide whether voluntary audit is necessary or vice versa.

1.5 Outline of Study

The remaining of the paper is organised as follows: in the next chapter, a review of the literature, review of relevant theoretical model, conceptual framework followed by hypothesis development will be presented. Chapter three will describe the methodology being applied in this research which encompasses research design, method used to collect data, sampling design, research instrument, construct measurement, data processing and data analysis. Chapter four will present the data analysis and Chapter five discusses on empirical findings, limitations of study with recommendations and implications of study.

1.6 Conclusion

In short, chapter one aim to give an overview on the research topic to ensure the readers have a general knowledge about this topic through the discussion of background of study, problem statements, research objectives and questions as well as the significance of study.

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

An overview of past studies of each variables, theoretical foundation for this study, illustration of conceptual framework and development of hypotheses will be looked in detail in this chapter. As the previous chapter gives a brief introduction about the background of research, problem statements, research objectives and questions as well as the significance of this study.

2.1 Review of the Literature

2.1.1 Voluntary Audit (VA)

Voluntary audit is the dependent variable in this study. Companies Act 2016 had replaced the Companies Act 1965 on 31 January 2017 (SSM, 2017a). Before the introduction of Companies Act 2016, all companies are mandatory to have their accounts audited. However, after the introduction of Companies Act 2016, SME companies can opt for voluntary audit, as audited financial reports are no longer mandatory to the SME companies.

The implementation of exemption of audit on financial statements is a dual blade, as it gives pros and cons to the companies (Chan, 2012). Therefore, in our research, we would like to examine the reasons for SME companies in Malaysia to opt for audit voluntary. According to Chan (2012), the advantage of audit exemption is SME companies can save costs, as audit service is expensive; however, for the audit firms, it is a disadvantage because 92% of the audit firms depend on audit services as their main source of income. Even though audit exemption enables the SME companies to save costs, only minority of 23% reject audit voluntary; 36% wavers to opt

for audit voluntary; 41% continue auditing their financial reports (Chan, 2012).

2.1.2 Size of Firm (SF)

According to SME Corporation Malaysia (2016a), the tools to determine the size of the company are sales turnover and number of full-time employees. Size of the firm can be categorized into micro, small and medium as refer to the table below.

Table 2.1: Definition by Size of Operation

Category	Micro	Small	Medium
Manufacturing	Sales turnover less than RM300,000 or less than 5 full-time employee	Sales turnover between RM300,000 to RM15 million or full-time employees from 5 to less than 75	Sales turnover between RM15 million to RM50 million or full-time employees from 75 to not exceeding 200
Services & Other Sectors	Sales turnover less than RM300,000 or less than 5 full-time employee	Sales turnover between RM300,000 to RM3 million or full-time employees from 5 to less than 30	Sales turnover between RM3 million to RM20 million or full-time employees from 30 to not exceeding 75

Source: SME Corporation Malaysia (2016a)

Collis (2010) conducted a research on the audit exemption and the demand for voluntary audit in UK and Denmark. As reported by Collis (2010), there is a positive relationship between company size and demand for voluntary

audit. The research by Collis (2010) stated that cost was a factor for discontinuing audit.

Mustapha and Chia (2013) carried out a study to investigate the opinion and expectations of small business owners on the value of audits to their businesses when they elect for voluntary audit in Malaysia. Mustapha and Chia (2013) found out that company size is positively related with voluntary audit demand. The findings of this study appeared to suggest that the demand for audit is high when the size of the company is large.

Bulatovic and Treis (2016) studied on whether the ownership structure, leverage, firm size, risk factors and industry affiliation influence the choice of small and medium sized companies to engage in voluntary auditing in Sweden. Bulatovic & Treis (2016) found out that the size of the company is positively correlated with the demand of voluntary audit. The authors stated that when firm size grows, volume of transaction tends to increase. Errors are more likely to occur in accounting data and financial statement when transaction volume becomes greater.

2.1.3 Agency Factors (AF)

Agency theory is rotated around the issue of agency problem and its resolutions (Panda & Leepsa, 2017). Agency factor is described in the relationship between principal and agent. Agent is someone who monitors and controls the organization whereby principal is the person who separate from the action that carried out by the management, such as owners, external shareholders, bankers and creditors and tax authorities (Collis, 2010). Agency problem between the owner and the managers will be raised as the ownership and control of a firm is separated, which leads to conflict of interest. In order to avoid conflict of interest between principal and agent, voluntary audit is needed; hence, uncertainty can be diminished (Collis, 2010).

A study was carried out by Khairinuddin, Devi and Chan (2012) to investigate the relationship between the ownership structure of SMEs and audit exemption. Based on this research, the ownership structure of SMEs has been classified into non-family owned, partly-family owned and wholly-family owned. The result of study showed that non-family owned company will be more likely to demand for voluntary audit when agency relationship arise. Agency problem are more likely to occur when it is non-family owned.

Furthermore, Mustapha and Chia (2013) had conducted a study to examine the perceptions and expectations of the SMEs' owners in Malaysia on the value of audits to their business when their financial statements are being audited. One of the interviewees indicated that a voluntary audit should be practised by independent auditors in a partnership firm and firms that consist of shareholders. The result of the study indicated that the quality of the financial statements is able to improve when there is voluntary audit practice.

According to the research of Ismail and Loh (2012), it is investigating whether small companies' perceptions on the perceived value provided by mandatory audit would be affected by agency factors. The result shows that ownership structures have positive impact on perception of small business owners to have voluntary audit to their business. The owners are likely to have mandatory audit when the firm is not wholly family-owned, where the shareholders could not access to the company's financial information.

2.1.4 Management Factors (MF)

Collis (2010) defined management factor as the material error found in the financial reports. Material error is plausible to occur in the company due to inherent risk, which is the likelihood that material misstatement arises and

control risk, which is the likelihood of the accounting control in detecting the material misstatement. Therefore, audit is opted in order to reduce the error and to check on the internal control of the company. As a result, material fraud and potential fraudulent could be averted (Collis, 2010).

Collis (2010) had conducted a research to prove that voluntary audit has positive relationship with the management factors. The purpose of the research was to identify the factors that influence the decision to have a voluntary audit in small companies in the UK and Denmark.

In addition, Varici (2013) had conducted a study to identify the relationship between information asymmetry and the quality of audit, which lead to audit voluntary. The results showed that the quality of audit has an inverse relationship with information asymmetry and thus, it shows that the high quality of audit means that the board of directors has a high independence.

Clatworthy and Peel (2013) had carried out a research about whether voluntary audit had impact on governance characteristics on accounting errors in private companies. As a result, they had concluded that unaudited accounts are about twice as likely to file annual accounts with errors compared to audited accounts.

2.1.5 Confidence Level of Third Party (CL)

Collis (2004) stated that main recipient of a company accounts will be the external parties such as lenders, Inland Revenue, creditors and customers. Confidence level of third party towards the company is defined as the assurance through the audited financial statements. Therefore, demand for

audit on the financial statement is required to enhance the third party's confidence level.

Dedman, Kausar and Lennox (2014) proved that voluntary audit will have the positive effect on credit ratings with creditors and lenders and thus, it will increase the confidence level of shareholders investing into the business. Hence, one of the reasons to choose for voluntary audit is to enhance the confidence level of shareholders.

Besides that, Ojala, Collis, Kinnunen, Niemi and Troberg (2016) had conducted a research to find out whether voluntary audit is needed to ensure the continuity of supplies from suppliers. The results showed that the voluntary audit will provide assurance about the credibility of financial information to suppliers and thus, it has a positive impact on the continuity of supplies of goods and services.

Othman et al. (2013) had conducted a research about whether the financing strategy acquired by the company is likely to affect the demand for voluntary audit. As a result, they had concluded that lenders, bank officers and potential investors will request the financial statement to be audited as a form of assurance of the company's financial performance.

In the past studies, the confidence level of third party is not shown as an independent variable. However, these past studies have shown that audit is able to enhance the confidence level of lenders, suppliers, creditors, bank officers and investors to the company, which are the third party to a company; hence, third party's confidence level variable is formed. There is a positive relationship between the confidence level of third party and voluntary audit.

2.2 Review of Relevant Theoretical Models

Economics, political science and various others fields scholars had developed the concepts of agency theory. For instance, in accounting and literature, Cooper (1951) has discussed about the agents presented in the firm; Downs (1957) has discussed about the agents in his economic theory of democracy; agents and delegation to agents has also being referred by Arrow (1963). The concepts of agency theory were incorporated into the agency approach. However, agency theory is created by Stephen Ross and Barry Mitnick in 1973 (Mitnick, 2006).

Agent and principal relationship exists when principal hires agents. Whereas, agency theory discussed about the problems happened when there is delegation of tasks from principals to agents. Principal may be benefited when delegating the tasks to agents who are specialize in performing the task. However, conflict of interest between agent and principal may occur (Lupia, 2001).

Agency theory assumes that individuals are opportunistic and selfish. Principal and agents tend to work in their self-interest. Hence, conflict of interest is inevitable between principal and agent (Seven Pillars Institute, 2018). Agency costs incurred when agents have different interest with the principal and act in their own interest in the expense of principal. Agency cost can be minimized only if the principal and agent share the common interests or when the principal has full knowledge about their agent's actions (Lupia, 2001).

Agency theory has been widely used in many research areas. Table 2.1 shows the past researches, which has adopted agency theory in their study.

Table 2.2: Application of Agency Theory in Prior Study

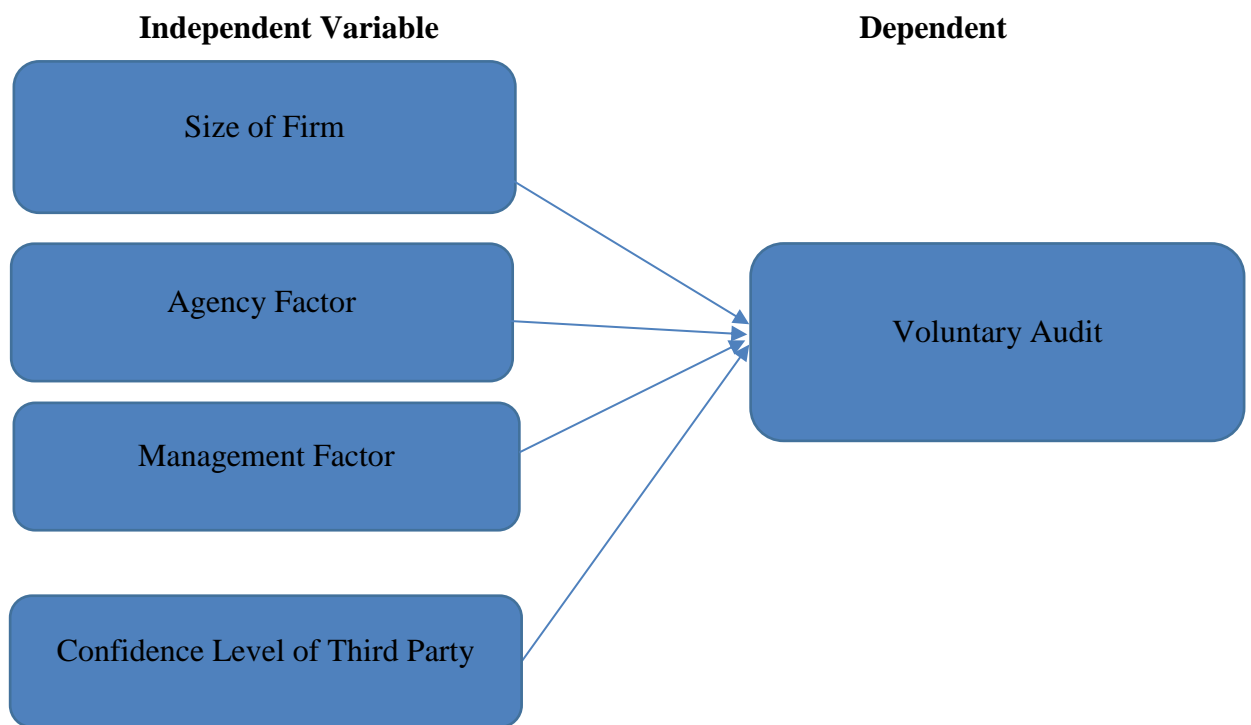
Author	Research Area	Description
Bøe, Gulbrandsen and Sørebo (2015)	Information and Communication Technology (ICT) in higher education	To explain how management encourages staff to continue or increase the usage of ICT by using agency theory.
Mallin, Melis and Gaia (2015)	Remuneration of independent directors	To investigate the remuneration of independent directors under agency theory perspective.
Agoglia, Hatfield and Lambert (2015)	Accounting and auditing	To examine the role of agency incentive in reducing underreporting of time.
Tate, Ellram, Bals, Hartmann and Valk (2010)	Marketing	To investigate how marketing (principal) and supply management (principal) can have the same goal with supplier (agent) by using agency theory.

According to Jensen and Meckling (1976), audit provides assurance for the company's financial statement; thus, audit is one of the ways to reduce the agency cost. Hence, company will more likely to opt for voluntarily audit if their agency cost is high. Agency cost will increase according to the company size, as the monitoring function is more expensive and difficult in a large company compared to small company (Jensen & Meckling, 1976). Management factor occurs as a result of information asymmetry between principal and agent, where one party has contrasting information to others. Through auditing the financial statement, the management factor can be controlled (Goddard & Masters, 2000). Moreover, agency cost will also increase according to the proportion of outside financing; hence, most of the company continues to audit their company's financial reports in order to enhance third party confidence level (Jensen & Meckling, 1976).

Size of the company, management factor, agency factor and confidence level of third party will be the independent variables in our proposed study to investigate how these factors affect SME companies in Malaysia to opt for audit.

2.3 Proposed Conceptual Framework/Research Model

Figure 2.1: Theoretical model exhibiting reasons against audit exemption among SME companies in Malaysia



Adapted from: Ross & Mitnick, 1973

Size of firm, management factors, agency factors and confidence level of third party are the independent variables in our proposed study to investigate how these factors affect SME companies in Malaysia to opt for audit.

2.4 Hypothesis Development

H1: Size of the firm has positive relationship with voluntary audit

H2: Agency factors has positive relationship with voluntary audit

H3: Management factors has positive relationship with voluntary audit

H4: Confidence level of third party has positive relationship with voluntary audit

2.5 Conclusion

Past studies for each variables, theoretical foundation, theoretical framework as well as hypotheses development has been enclosed in this chapter. The following chapter will state about the research methodology which includes research design, data collection method, sampling design, research instrument, constructs measurement, data processing and data analysis.

CHAPTER 3:RESEARCH METHODOLOGY

3.0 Introduction

Overview of the research methodology of this research study will be demonstrated in this chapter. It comprises of research design, data collection method, sampling design and research instrument to collect data. Besides, constructs measurement, data processing and data analysis are also included in this chapter.

3.1 Research Design

The purpose of this research is to identify the factors against audit exemption among SME companies in Malaysia. Primary data collection method is used in this proposed study to ensure that the data collected is directly applicable to our study. Moreover, since audit exemption is newly implemented in Malaysia, primary data will be more reliable to our study, as the data collected is updated (Sylvia & Terhaar, 2018).

According to Mann (2003), cross sectional research approach is suitable to study a phenomenon at a given point of time. Hence, cross-sectional study is used as the objective is to study the reasons to opt for voluntary audit at the time audit exemption is implemented. Therefore, only one time data collection will be carried out. Unit of analysis for our study is the managerial personnel in SME companies since they have more knowledge about the company. Furthermore, in order to collect data self-administered questionnaire is used.

3.2 Data Collection Method

3.2.1 Primary Data

Data obtained by using survey questionnaires is considered a primary data (Yasseen, 2011). According to Wilson (as cited in Homes, Byrne & Rowley, 2013), closed-end questions are easier for respondents to answer and data analysing process. Hence, closed-end questionnaire has been adapted from prior studies for data collection purpose.

3.3 Sampling Design

3.3.1 Target Population

The target population of this study is SME companies in Malaysia. Audit exemption among SMEs in Malaysia has been implemented with effect from the introduction of Companies Act 2016 (Who needs to be audited?, 2017). However, some SMEs in Malaysia still opt for voluntary audit. SME companies are the target population for this study as these companies are affected by audit exemption after the implementation of Company Act 2016.

3.3.2 Sampling Frame and Sampling Location

According to SME Annual Report 2016/17 (2017), there is a total of 907,065 SMEs in Malaysia. Distributing questionnaire to all the SMEs in Malaysia will incur high cost and time, as the population is large. Therefore, the sample size chosen for this study will be Selangor, Wilayah Persekutuan Kuala Lumpur, Johor, Perak and Penang as these states represent 61% of the population as stated in Table 3.1. The sampling frame of our study is SME directory.

Table 3.1 SMEs in Malaysia by State

State	Percentage of SMEs (%)
Selangor	19.8
Wilayah Persekutuan Kuala Lumpur	14.7
Johor	10.8
Perak	8.3
Pulau Pinang	7.4
Sarawak	6.7
Sabah	6.2
Kedah	5.4
Kelantan	5.1
Pahang	4.1
Negeri Sembilan	3.6
Melaka	3.5
Terengganu	3.2
Perlis	0.8
Wilayah Persekutuan Labuan	0.3
Wilayah Persekutuan Putrajaya	0.1
Total SMEs	100 Total SME: 907, 065

Source: SME Annual Report 2016/17 (2017)

3.3.3 Sampling Elements

The sampling elements of this study is managerial personnel who work in SME companies located in Selangor, Wilayah Persekutuan Kuala Lumpur, Johor, Perak and Penang.

3.3.4 Sampling Technique

Probability sampling technique is the probability of each case being selected from the total population is known and is usually equal for all cases (Saunders, Lewis & Thornhill, 2007). Probability sampling technique is used as the population, which is SMEs in Malaysia is being known.

Multi-stage cluster sampling is used to select the sample from the SME Malaysia. Multi-stage cluster sampling is a development of cluster sampling to solve the problems associated with a geographically dispersed population, as it is costly and time consuming to construct a sampling frame for a large geographical area (Saunders et al., 2007). The population, SMEs in Malaysia are being divided into clusters based on the states. The clusters selected are the SMEs located in Selangor, Wilayah Persekutuan Kuala Lumpur, Johor, Perak and Penang as the percentage of SMEs of these states are more than 50% (SME Annual Report 2016/17, 2017). Simple random sampling is then used to select target respondents on the SMEs in Selangor, Wilayah Persekutuan Kuala Lumpur, Johor, Perak and Penang.

3.3.5 Sample Size

Item ratio method has been used to decide the minimum sample size for this study. According to Velicer and Fava (1998), each question used to test for this study must have at least 10 cases. There are 20 questions in our questionnaire, hence, the minimum sample size will be 200 cases. Moreover,

according to the rule of 200 suggested that 200 cases are desirable (as cited in MacCallum, Widaman, Zhang & Hong, 1999). Hence, 200 sample size was consider sufficient for this study.

3.4 Research Instrument

Survey questionnaire is the instrument used in this study. The data collection have been conducted since October 2018 and it took 3 months to complete. Since Selangor, Wilayah Persekutuan Kuala Lumpur, Johor, Perak and Penang have the highest population of SME, data will be collected from the SMEs in these states.

Self-administered survey will be distributed to the firm's managerial personnel as they are well-versed on the company's business operations. The questionnaires will be delivered face-to-face to each respondents as well as distributed electronically using e-mail. Only one survey will be distributed for every SME companies chosen from SME directory in these five states. Before distributing the survey, pre-test and pilot test have been carried out. 5 experts from both academic field and practical field such as the managerial personnels in SME companies have been chosen to conduct the pre-test. After conducting the pre-test, a pilot test has been carried out by distributing our survey to 30 managerial personnels who are working in SME firms. The objective of pilot test is to ensure the survey structure is reader friendly and no confusing questions (Curtis, 2008)

3.5 Constructs Measurement

Various definitions on the variables are given by different researchers. The definition of each variable for the proposed study are provided in Table 3.2.

Table 3.2 Definition of Variables for Proposed Study

Variables	Definition	Source
Size of Firm	Companies are grouped into micro, small and medium company based on the number of employees or total sales/ revenue generated.	(Khairinuddin et al., 2012)
Agency Factors	Companies that are not wholly owned by family, have external shareholders who have no access to internal financial information and their statutory accounts are given to bank and lenders will have agency problems. Principal is the one who is not involved in managing the companies such as external shareholders, lenders and creditors.	(Collis, 2005)
Management Factors	The inherent risk (risk of material misstatement arose) and control risk (risk of accounting control unable to detect material misstatement) is high for a small company. Audit is needed to check the accounting records and systems and improve the quality of the financial information.	(Collis, 2005)
Confidence Level of Third Party	Lenders, Inland Revenue, creditors and customers are the main recipients of statutory accounts. They may request the company to audit their account in order to provide assurance for them.	(Collis, 2004)
Voluntary Audit	Opting for voluntary audit even when audit exemption is available to SMEs.	(Collis, 2008)

In total, there are 17 items for the four independent variables. For the dependent variable, there are 3 items. The measurement for the 20 items were stated in Table 3.3 and Appendix B:

Table 3.3 Measurement of Variables

Variables	Number of Items	Source
Size of Firm	2	Khairinuddin et al. (2012)
Agency Factors	4	Collis (2005)
Management Factors	5	Collis (2005) & CLRC (2007)
Confidence Level of Third Party	6	Collis (2004) & CLRC (2007)
Voluntary Audit	3	Collis (2008) & CLRC (2007)

5-point Likert scale is used for each item in the questionnaire. To measure the agreeableness for items in the independent variable, the scale used ranging from 1=strongly disagree to 5=strongly agree. 5-point Likert scale is employed in this study instead of 7-point Likert scale as 5-point Likert scale may encourage the respondents from completing the survey since it is shorter (Dawes, 2008). However, categorical question will be used to measure the size of firm.

3.6 Data Processing

236 sets of questionnaire are managed to be collected out of 400 sets of survey questionnaire distributed. Hence, the response rate achieved is approximately 59.00 percent. However, during the checking process, the usable survey questionnaires are reduce to 200 sets only due to some incomplete response. The survey questionnaires are further processed for data analysis by using SAS Enterprise Guide 7.1.

3.7 Data Analysis

3.7.1. Descriptive Analysis

Descriptive analysis is used to measure the characteristics of target respondents. The demographic profile of target respondents is analysed using frequency and percentage test which is helpful in summarizing respondents' data for better comparison. Furthermore, variables of the proposed study are calculated using mean and standard deviation. Mean measures the central tendency whereas standard deviation measures the variability of the sample distribution values from the mean (Thompson, 2009). As noticed by Teh, Othman, Sulaiman, Mohamed-Ibrahim and Razha-Rashid (2016), mean and standard deviation of each item in the questionnaire should fall within a Likert scale.

3.7.2. Scale Measurement

3.7.2.1 Reliability Test

Reliability test is performed to measure the consistency and stability of data using Cronbach's alpha test. It is significant to ensure the reliability of data so that the outcomes of the result are error free and consistent across the time (Sekaran & Bougie, 2013). Table 3.4 exhibits the rule of thumb for Cronbach's alpha test. According to Sekaran and Bougie (2013), Cronbach's alpha value of 0.6 is considered acceptable.

3.7.2.2 Normality Test

Normality test measures the normal distribution of IVs and DV by using skewness and kurtosis test (Jo, 2009). According to Kline (as cited by Jo, 2009), the data is normally distributed when skewness is within ± 3 and kurtosis is within ± 10 . The purpose of normality test is to ensure the data is normally distributed before conducting Multiple Linear Regression test as this is the main assumption for Multiple Linear Regression Test.

3.7.3 Inferential Analysis

3.7.3.1 Pearson Correlation Coefficient

Pearson's Correlation Coefficient test is used to measure the strength of the linear association between IVs and DV (Hair, Money, Samouel & Page, 2007). It is essential to use Pearson's Correlation Coefficient test to determine the significance, direction and strength of the relationship between the two variables (Sekaran & Bougie, 2013). Table 3.5 exhibits the rule of thumb for Pearson's Correlation Coefficient test.

Table 3.4: Rule of Thumb for Pearson's Correlation Coefficient Test

Coefficient Range	Strength of Association
+0.90 to +1.00 (-0.90 to -1.00)	Very high positive (negative) correlation
+0.70 to +0.90 (-0.70 to -0.90)	High positive (negative) correlation
+0.50 to +0.70 (-0.50 to -0.70)	Moderate positive (negative) correlation
+0.30 to +0.50 (-0.30 to -0.50)	Low positive (negative) correlation
0.00 to +0.30 (0.00 to -0.30)	Negligible correlation

Source: Hair, J. F. Jr., Money, A. H., Samouel, P., & Page, M. (2007). *Research methods for business*. East Lothian, UK: John Wiley & Sons.

3.7.3.2 Multiple Linear Regression (MLR) Analysis

MLR test measures the relationship between several independent variables and one dependent variable. It is used to predict a single dependent variables by incorporating several independent variables into the regression equation (Hair, Money, Samouel & Page, 2007).

There are several key assumptions that need to be fulfilled before conducting MLR test. Firstly, data is normally distributed. Secondly, there is a linear relationship between independent variables and dependent variable. Thirdly, absence of multicollinearity problem between the independent variables (Saunders, Lewis & Thornhill, 2009). Multicollinearity problem existed when two or more independent variables are highly correlated. However, the tolerance value of more than 0.1 and variance inflation factor of less than 10 indicate that no multicollinearity problem exist (Sekaran & Bougie, 2013).

This study adopted Multiple Linear Regression Test as there are four IVs and one DV. The MLR for the study is shown in Figure 3.1.

Figure 3.1: Multiple Linear Regression Equation

$$VA = \beta_0 + \beta_1SF + \beta_2SF + \beta_3MF + \beta_4CL + \varepsilon, \text{ where}$$

VA = Voluntary Audit

SF = Size of Firm

AF = Agency Factors

MF = Management Factors

CL = Confidence Level of Third Party

β_0 = Constant

ε = Error term

Source: Developed for research

3.8 Conclusion

This chapter concludes the research methodology consisting research design, method of collecting data, sampling design, research instrument, constructs measurement, data processing and data analysis. The results and data analysis will be discussed in next chapter.

CHAPTER 4:DATA ANALYSIS

4.0 Introduction

This chapter illustrates the results of pilot test before the final distribution of survey questionnaire. In addition, SAS Enterprise Guide 7.1 was used to generate the analysis results by evaluating 200 sets of collected usable questionnaires and data results were transferred into tables to provide information to the users. The result of the descriptive analysis, scale measurement and inferential analysis prove the research hypotheses as well as illustrated the relationship between IVs and DV.

4.1 Pilot Test Analysis

Prior to the final distribution of survey questionnaire, pilot test is carried out among 30 respondents working in SME firms. In order to avoid the data collected from being biased, only one survey will be distributed for every SME companies chosen from SME directory. Both reliability and normality test are used for the pilot test to ensure consistency and stability of data throughout the data collection as well as ensuring the data is normally distributed.

4.1.1 Reliability Test

Cronbach's alpha needs to achieve a minimum of 0.7 to ensure the consistency of data measurement. However, according to Sekaran and Bougie (2013), Cronbach's alpha value of 0.6 is considered acceptable. The reliability of constructs, expressed in terms of Cronbach's alpha value, are stated in Table 4.1.

Table 4.1: Reliability Test (Pilot Test)

Variables	Constructs	No of Items	Cronbach's Alpha Value
IV 1	Size of Firm	2	0.6384
IV 2	Agency Factor	4	0.7064
IV 3	Management Factor	5	0.8871
IV 4	Confidence Level of Third Party	6	0.8541
DV	Voluntary Audit	3	0.7333

Source: Developed for research

The minimum requirement for reliability of pilot test is achieved. The Cronbach's alpha value of four out of five constructs, which are agency factor, management factor, confidence level of third party and voluntary audit, achieved more than 0.7. Even though the Cronbach's alpha value for size is less than 0.7, it is still acceptable, as according to Sekaran and Bougie (2013), Cronbach's alpha value of 0.6 is considered acceptable.

4.1.2 Normality Test

In order to ensure the normal distribution of IVs and DV, normality test is carried out. According to Kline (as cited by Jo, 2009), the data is normally distributed when skewness is within ± 3 and kurtosis is within ± 10 . Table 4.2 illustrates the normality of constructs express in terms of skewness and kurtosis level.

Table 4.2: Normality Test (Pilot Test)

Construct	Items	Skewness	Kurtosis
Size of Firm	SF1	-2.0791	3.1759
	SF2	-1.8447	2.8610
Agency Factor	AF 1	0.7365	0.5737
	AF 2	-0.0043	0.1776
	AF 3	0.0832	0.7664
	AF 4	-0.7158	1.1945
Management Factor	MF 1	0.2124	-0.5518
	MF 2	-0.5915	0.9253
	MF 3	-0.5305	0.4902
	MF 4	-0.5915	0.9253
	MF 5	-0.5305	0.4902
Confidence Level of Third Party	CL 1	-0.7957	1.7270
	CL 2	-0.4031	0.3659
	CL 3	-1.2539	3.8651
	CL 4	0.3960	-0.5474
	CL 5	0.0327	-0.0728
	CL 6	-0.9851	2.4485

Voluntary Audit	VA 1	-0.0832	0.7664
	VA 2	-0.6131	0.7362
	VA 3	-0.0119	0.1886

Source: Developed for research

From Table 4.2, the skewness level for all items in the pilot test survey ranges from -2.0791 to 0.7365, which falls within the required ± 3.00 . The kurtosis level for all items in the pilot test survey ranges from -0.5518 to 3.8651, which falls within the required ± 10.00 . This indicates that the data is distributed normally.

The set of survey questionnaire is valid and suitable for data collection, as the outcomes from the pilot test is reliable and normally distributed.

4.2 Descriptive Analysis

4.2.1 Demographic Profile of Respondents

The overall response from the survey conducted is approximately 59.00 percent. 400 copies of survey questionnaires were distributed and 236 sets are managed to be collected. Yet, only 200 sets of survey questionnaires are usable from the 236 sets collected. This section contains the demographic profile of the respondents, which includes gender, age, education, job position and length of time with organization.

Table 4.3: Gender of Respondents

	Frequency	Percentage (%)
Male	113	56.50
Female	87	43.50
	200	100.00

Source: Developed for research

Table 4.3 illustrate the survey responses from male are greater than female. Out of 200 respondents, 113 of them are males, which consist of 56.50 percent. The remaining 87 responses are from female, representing 43.50%.

Table 4.4: Age of Respondents

	Frequency	Percentage (%)
Below 20	2	1.00
20-30	98	49.00
31-40	65	32.50
Above 40	35	17.50
	200	100.00

Source: Developed for research

Based on the data, majority of respondents are from age group 20-30, which represents 49.00 percent of the total. 32.50 percent of the respondents are at the age of 31-40, followed by 17.50 percent of the respondents are from age group above 40. There are only 2 respondents are from age group below 20.

Table 4.5: Education Level

	Frequency	Percentage (%)
High School	8	4.00
Diploma	23	11.50
Degree	149	74.50
Master	20	10.00
	200	100.00

Source: Developed for research

Table 4.5 describes the education level of the respondents. Most of the respondents had earned a degree, representing 74.50 percent of total. 11.50 percent of respondents had a diploma and 10.00 percent of respondents are holding master. Only 8 out of 200 respondents was at high school level.

Table 4.6: Job Position

	Frequency	Percentage (%)
Non-Executive	25	12.50
Executive	92	46.00
Manager	65	32.50
Others	18	9.00
	200	100.00

Source: Developed for research

Table 4.6 shows the job position hold by the respondents in the current institution. Most of the respondents are managers, which consists of 92 out of 200. 32.50 percent of the respondents hold the position of executive and 12.50 percent of the respondents are non-executive. 18 respondents are holding the job position other than non-executive, executive and manager.

Table 4.7: Length of Time with Organization

	Frequency	Percentage (%)
Less than 2 years	69	34.50
2 to 4 years	65	32.50
More than 4 years	66	33.00
	200	100.00

Source: Developed for research

The survey shows that 69 out of 200 respondents have worked with the organization for less than 2 years. 33.00 percent of respondents have worked more than 4 years in the company and 32.50 percent of respondents worked 2 to 4 years in the firm.

Table 4.8: Company Established

	Frequency	Percentage (%)
Less than 2 years	14	7.00
2 to 5 years	28	14.00
More than 5 years	158	79.00
	200	100.00

Source: Developed for research

According to the survey, 158 respondents works in a company that have been established more than 5 years. 14.00 percent of the respondents works in a company that have 2 to 5 years establishment and 7.00 percent of respondents are works in a company that have been established less than 2 years.

4.2.2 Central Tendencies Measurement of Constructs

Table 4.9: Central Tendencies Measurements

Variable	Construct	Items	Mean	Standard Deviation
IV1	Size	SF1	3.2100	0.9489
		SF2	3.6000	0.7435
IV2	Agency Factor	AF 1	3.4550	0.8955
		AF 2	4.0350	0.6678
		AF 3	4.0600	0.6846
		AF 4	3.9850	0.6686
IV3	Management Factor	MF 1	3.8800	0.6305
		MF 2	3.8450	0.6953
		MF 3	3.8900	0.7145
		MF 4	3.8550	0.7462
		MF 5	3.8700	0.7785
IV4	Confidence Level of Third Party	CL 1	3.9150	0.6708
		CL 2	3.8550	0.6528
		CL 3	3.7850	0.7290
		CL 4	3.7500	0.7212
		CL 5	3.5600	0.9385
		CL 6	3.6600	0.8414
DV	Voluntary Audit	VA 1	3.9400	0.6773
		VA 2	3.6800	0.7686
		VA 3	3.8600	0.7370

Source: Developed for research

Table 4.9 illustrate the Central Tendencies Measurement of items in the constructs. The mean for SF ranges from 3.2100 to 3.6000, indicating that the respondents somehow agreed with the questions asked in this variable. AF ranges between 3.4550 and 4.0600. Majority of the respondents are relatively agree with the items in this variable. MF ranges from 3.8450 to 3.9000. This shown that the items in this variable are moderately agreed by the respondents. CL ranges between 3.5600 and 3.9150, displaying

respondents are moderately agreed with the items in this variable. VA ranges from 3.6800 to 3.9400. This shows that most of respondents have insignificant intention on voluntary audit.

Table 4.9 has also clearly exhibited the standard deviation for all items. The standard deviation for SF ranges from 0.7435 to 0.9489, AF ranges from 0.6678 to 0.8955, MF ranges from 0.6305 to 0.7785, CL ranges from 0.6528 to 0.9385 and VA ranges from 0.6773 to 0.7686. S1 has the highest value of standard deviation, with the value of 0.9489, whereby the lowest value of standard deviation lies on MF1, with the value of 0.6305.

4.3 Scale Measurement

4.3.1 Reliability Test

Table 4.10: Reliability Test

Variables	Constructs	No of Items	Cronbach's Alpha Value
IV 1	Size of Firm	2	0.6384
IV 2	Agency Factor	4	0.7064
IV 3	Management Factor	5	0.8871
IV 4	Confidence Level of Third Party	6	0.8541
DV	Voluntary Audit	3	0.7333

Source: Developed for research

Table 4.10 exhibited the reliability of data. Management factor has the highest alpha value, which is 0.8871. This implies that the data of this variable is highly reliable. Nonetheless, the variable with the lowest value of 0.6384 is Size of Firm. According to Rahimnia and Hassanzadeh (2013), a minimum Cronbach's alpha value of 0.6 is acceptable, the reliability of this study is considered satisfactory.

4.3.2 Normality Test

Table 4.11: Normality Test

Construct	Items	Skewness	Kurtosis
Size	SF1	-0.8599	-0.4536
	SF2	-1.8675	2.7402
Agency Factor	AF 1	-0.1391	-0.1952
	AF 2	-0.2442	-0.0685
	AF 3	-0.2662	-0.2158
	AF 4	-0.1868	-0.1372
Management Factor	MF 1	-0.0237	-0.2098
	MF 2	-0.3251	0.1829
	MF 3	-0.2535	-0.0925
	MF 4	-0.3445	-0.0287
	MF 5	-0.5434	0.1886
Confidence Level of Third Party	CL 1	-0.3033	0.2523
	CL 2	-0.2829	0.2979
	CL 3	-0.4298	0.2006
	CL 4	-0.1522	-0.1901
	CL 5	-0.5256	-0.1069
	CL 6	-0.4639	0.4426
Voluntary Audit	VA 1	-0.2210	-0.0236
	VA 2	-0.3202	0.2072
	VA 3	-0.1529	-0.3690

Source: Developed for research

The result of normality test by using skewness and kurtosis is presented in Table 4.11. The overall result of skewness and kurtosis for all items are accepted with the requirement of benchmark of ± 3.00 and ± 10.00 respectively. The highest skewness value lied in MF1 with the value of -0.0237, whereas the lowest skewness value fell in SF1 with the value of -0.8599. SF2 has the highest kurtosis value of 2.7402, whereby SF1 has the lowest kurtosis value of -0.4536. The normality test had shown that the data

is normally distributed, therefore Multiple Linear Regression test can be conducted.

4.4 Inferential Analysis

4.4.1 Pearson Correlation Coefficient

Table 4.12: Pearson Correlation Coefficient Matrix

Variables	SF_AVG	AF_AVG	MF_AVG	CL_AVG	VA_AVG
SF_AVG	1.0000				
AF_AVG	-0.0123 0.8628	1.0000			
MF_AVG	0.1518 0.0319	0.3796 <.0001	1.0000		
CL_AVG	0.0285 0.6886	0.3486 <.0001	0.6530 <.0001	1.0000	
VA_AVG	0.0492 0.4892	0.3446 <.0001	0.4390 <.0001	0.4904 <.0001	1.0000

Source: Developed for research

Table 4.12 shows the correlation between variables using Pearson Correlation Coefficient analysis. Based on the table, the variables are negligible to moderately correlated, as the correlation value are between - 0.0123 to 0.6530. The significant correlation exists between CL_AVG and MF_AVG, while the weakest correlation is shown through AF_AVG and SF_AVG with correlation of 0.0123 and 0.6530 respectively. All the

variables are significant for this study as the p-value is less than 0.05 except for Size variable (0.4892).

Furthermore, multicollinearity problem is not exist between all the IVs studied since the correlation value is less than 0.90.

4.4.2 Multiple Linear Regression Analysis

Table 4.13: Model Summary

Model	R-square	Adjusted R-square	F Value	Pr > F
	0.2895	0.2749	19.86	<0.0001

Source: Developed for research

Based on the Table 4.13, the value of R-square is 0.2895. This means that 28.95% of the variation in voluntary audit can be explained by all four independent variables which are size of firm, agency factors, management factors and confidence level of third party. In other words, there are 71.05% of changes in voluntary audit that can be explained by other independent variables which are not tested in this study. Similar past studies also achieved r-square ranging from 0.208 to 0.392 (Othman, et al., 2013; Kamarudin et al., 2012; Collis, 2004).

Moreover, the F value obtained is 19.86 and the p-value shows <0.0001. Since the F value is large and the p-value is less than <0.05, it indicates that at least one of the four independent variables can be used to explain voluntary audit. Therefore, the model is fit.

Table 4.14: Table of Coefficients

Variable	Parameter Estimate	Standard Error	P-Value	Tolerance	Variance Inflation
Intercept	1.2026	0.3433	0.0006	-	0
SF_AVG	0.0145	0.0495	0.7697	0.9643	1.0370
AF_AVG	0.1874	0.0725	0.0104	0.8348	1.1979
MF_AVG	0.1564	0.0823	0.0591	0.5285	1.8920
CL_AVG	0.3308	0.0817	<.0001	0.5577	1.7929

Source: Developed for research

Apart from Pearson Correlation analysis, multicollinearity problem can be detected by using tolerance and variance inflation (Sekaran & Bougie, 2013). A tolerance value of more than 0.1 and a variance inflation value of less than 10 indicates that no multicollinearity problem exist. According to the Table 4.14, the tolerance values for all the four independent variables are ranged from 0.5577 (CL) to 0.9643 (SF) while the variance inflation values for all the four independent variables are ranged from 1.0370 (SF) to 1.8920 (MF) which satisfies rule of thumb. The result shows that no multicollinearity problem exist in this study.

Besides, the table 4.14 also shows the significance of relationship between the various IVs and a single DV. The p-value for AF and CL are less than 0.05 indicating that these IVs are significantly related to VA. However, the relationship between SF and VA as well as MF and VA are not significant due to the p-value of >0.05. Although p-value for the relationship between MF and VA is 0.0591 which is >0.05, there is a significant relationship between MF and VA. Bangalore and Messerli (2006) mentioned that p-value ranging from 0.05 to 0.1 is considered as a trend towards significance.

Hence, multiple linear regression equation for this study is presented as below:

$$VA=1.2026 + 0.0145SF + 0.1874AF + 0.1564MF + 0.3308CL + \varepsilon$$

Where:

VA = Voluntary Audit

S = Size of Firm

AF = Agency Factors

MF = Management Factors

CL = Confidence Level of Third Party

ε = Error term

4.5 Conclusion

The research findings of this study were discussed in Chapter 4. The ensuing chapter will illustrate the empirical as well as major findings, setting out the limitations of study with recommendations provided and the implications of the study.

CHAPTER 5 :DISCUSSION, CONCLUSION AND IMPLICATIONS

5.0 Introduction

The interpretation and analysis of data collected were discussed in the previous chapter. This chapter will provide a summary of statistical analysis and a discussion of major findings for the hypotheses testing. Implications of study for theoretical and managerial perspectives, followed by the limitations of study and recommendations for future research will also be covered in this chapter. Lastly, a brief conclusion will be made in the final section of this study.

5.1 Summary of Statistical Analysis

5.1.1 Summary of Descriptive Analysis

5.1.1.1 Demographic Profile

There are a total of 200 SME companies took part in this study. Out of the 200 respondents, male and female comprised of 56.5 per cent and 43.5 per cent respectively. In addition, majority of the respondents aged between 20 to 30 years old that represents a total of 49 per cent. Furthermore, most of the respondents are degree holders (74.5 per cent), followed up by diploma (11.5 per cent), master (10 per cent) and high school (4 per cent). Job position hold by the respondents included non-executive, executive, managers and others likes senior accountant, where executive responses 46 per cent of the survey. Additionally, for the length of time with organization, the per cent of the respondents are fairly same with an average of 33 per cent. Moreover, most of the company (79 per cent) established more than 5 years.

5.1.1.2 Central Tendencies Measurement

The highest and lowest of mean and standard deviation for each items of construct is concluded as in Table 5.1.

Table 5.1: Summary of Mean and Standard Deviation

	Constructs	Mean		Standard Deviation	
		Lowest	Highest	Lowest	Highest
IV1	Size	SF1 (3.2100)	SF2 (3.600)	SF2 (0.7435)	SF1 (0.9489)
IV2	Agency Factor	AF1 (3.4550)	AF3 (4.0600)	AF4 (-0.1372)	AF1 (0.8955)
IV3	Management Factor	MF2 (3.8450)	MF3 (3.8900)	MF1 (0.6306)	MF5 (0.7785)
IV4	Confidence level of third party	CL5 (3.5600)	CL1 (3.9150)	CL2 (0.6528)	CL5 (0.9385)
DV	Voluntary Audit	VA2 (3.6800)	VA1 (3.9400)	VA1 (0.6773)	VA2 (0.7686)

Source: Developed for research

5.1.2 Summary of Scale Measurement

Table 4.10 lists out the constructs of Cronbach’s alpha value. All the alpha values exceed 0.7, except S having an alpha value of 0.6384. However, according to Rahimnia & Hassanzadeh (2013), a minimum Cronbach’s alpha value of 0.6 is still acceptable. Additionally, Cronbach’s alpha for both MF and CL realized higher than 80 per cent, showing that the reliability of data is very decent. Details on the normality of data are provided in Table 4.11. The skewness and kurtosis of all the items are ± 3.00 and ± 10.00 respectively, stipulating that the data is normally distributed.

5.1.3 Summary of Inferential Analysis

Table 5.2 and Table 5.3 summarize the results of Pearson Correlation Coefficient analysis and MLR analysis. Information regarding standardized estimate and p-value are extracted and shown as below:

Table 5.2 Summary of Inferential Analysis (Pearson Correlation Coefficient)

Pearson Correlation Coefficients Matrix	
	VA_AVG
SF_AVG	0.0492 0.4892
AF_AVG	0.3446 <.0001
MF_AVG	0.4390 <.0001

CL_AVG	0.4904 <.0001
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Source: Developed for research

Table 5.3: Summary of Inferential Analysis (Multiple Linear Regression)

Construct	Hypothesis	Standardized Estimate	Pr > t
SF	There is no significant relationship between S and VA	0.0180	0.7697
AF	There is a significant relationship between AF and VA	0.1709	0.0104
MF	There is a significant relationship between MF and VA	0.1577	0.0591
CL	There is a significant relationship between CL and VA	0.3274	<.0001

Source: Developed for research

5.2 Discussion of Major Findings

Table 5.4 shows the correlation and significant of relationship between each IV and DV. The hypotheses formed are then tested to prove whether they are supported (as shown in Table 5.5). When p-value is less than <0.05 , H_0 is rejected and H_1 is accepted and thus, the hypothesis is supported.

Table 5.4: Description of Relationship

	Hypothesis	Significance Level	Correlation	Result
H ₁	Size of the firm has positive relationship with voluntary audit	0.4892	0.0492	There is no significant relationship between S and VA. The correlation between them is weak.
H ₂	Agency factors has positive relationship with voluntary audit	<.0001	0.3446	There is a significant relationship between AF and VA. The correlation between them is moderate.
H ₃	Management factors has positive relationship with voluntary audit	<.0001	0.4390	There is a significant relationship between MF and VA. The correlation between them is moderate.
H ₄	Confidence level of third party has positive relationship with voluntary audit	<.0001	0.4904	There is a significant relationship between CL and VA. The correlation between them is moderate.

Source: Developed for research

Table 5.5: Summary of Hypothesis Testing

	Hypothesis	Standardize Estimate	Significance Level (Pr > t)	Result
H ₁	Size of the firm has positive relationship with voluntary audit	0.0180	0.7697	Do not reject H ₀ . Hypothesis is not supported.
H ₂	Agency factors has positive relationship with voluntary audit	0.1708	0.0104	Reject H ₀ . Hypothesis is supported.
H ₃	Management factors has positive relationship with voluntary audit	0.1576	0.0591	Reject H ₀ . Hypothesis is supported.
H ₄	Confidence level of third party has positive relationship with voluntary audit	0.3273	<.0001	Reject H ₀ . Hypothesis is supported.

Source: Developed for research

5.2.1 Size of Firm (SF)

Based on the table above, there is no significant relationship between the size of firm and voluntary audit since the p-value is 0.7697 which is >0.05. Therefore, the null hypothesis, H₀ is not rejected and hence, hypothesis is not supported. This means that size of firm has least impact on the demand for voluntary audit. This in line with the study of Collis (2010) which pointed out that large and small companies will likely to demand for voluntary audit even though audit exemption is available to small firm in

UK due to the benefits of audit to the company. Bulatovic and Treis (2016) also stated that companies will still opt for audit regardless of firm size. Larger companies will have an increasing volume of transaction which can easily prone to error in accounting information and hence, these large companies will demand for audit as they can afford to high audit costs. Similarly, small companies will favour audit due to the cost of audit is low. They believed that audited financial statements provide reliable financial information to users and that audit provided more benefits than the costs incurred by the company. Mustapha and Chia (2013) also supported that costs of audit is not a burden for small and large companies as the directors believed about the advantages derived from annual audit to the company.

5.2.2 Agency Factors (AF)

There is a significant relationship between AF and VA since the p-value is 0.0104 which is <0.05 . Hence, the null hypothesis, H_0 is rejected and hypothesis is supported. The results are in line with the study of Khairinuddin et al. (2012) where they reported that there is a significant difference between the ownership structures of SMEs (non-family owned, partly-family owned and wholly-family owned) and the demand of SMEs for audit. The result shows that family owned business will heavily dependent on audit as it enhances the reliability and quality of the financial information whereas non-family owned will demand for audit when agency problem arises. Besides, Mustapha and Chia (2013) mentioned that firms that comprise of many shareholders should opt for audit as they perceived the auditor as an independent party who can help to examine the accounts fairly on behalf of shareholders. The study of Ismail and Loh (2012) also stated that managers are likely to act in their best interest as they have more information of the company's operation as compared to owners due to the separation of ownership and control. Thus, audit is necessary to monitor the management's behaviour and avoid conflict of interest between principal and agents.

5.2.3 Management Factors (MF)

Although p-value for the relationship between MF and VA is 0.0591 which is >0.05 , there is a significant relationship between MF and VA. According to Bangalore and Messerli (2006), p-value ranging from 0.05 to 0.1 is considered as a trend toward significance. Our result is in line with the past study of Collis (2010) which stated that management might demand for voluntary audit to act as a check on internal controls and increase the quality of financial information to users. Management believed that audit reduces the possibility of material errors as inherent risk and control risk is high in small companies. Moreover, Varici (2013) reported that information asymmetry between managers and owners can be eliminated through the existence of audit. Clatworthy and Peel (2013) also supported that unaudited financial statements are likely to contain errors as compared to audited accounts which improved accuracy and reliability of financial information.

5.2.4 Confidence Level of Third Party (CL)

Since the p-value is <0.0001 which is less than <0.05 , thus, there is a significant relationship between CL and VA. The null hypothesis, H_0 is rejected and hence, the hypothesis is supported. This result is in line with all the past study of Dedman et al. (2014), Ojala et al. (2016) and Othman et al. (2013) in which all the past studies recognized that audited financial statements are able to provide assurance to users of financial information. When companies need to raise finances from external parties, banks and borrowers might need the audited financial statements to check the credit worthiness of the company. They will demand the financial statements to be audited because it promotes best assurance on the company's financial performance and to prevent them from suffering financial losses. Moreover, audited financial statements also ensure continuity of supplies of good and services from suppliers and determination of tax liability for tax purposes. Thus, audited financial statement is useful when dealing any transaction with external parties such as banks, creditors, suppliers and governmental agencies.

5.3 Implications of the Study

5.3.1 Theoretical Implications

This research has identified some reasons which have significant relationship with the intention of SME companies to opt for voluntary audit. SF, AF, MF and CL are variables that are used in our studies as a predictor of VA. CL is not shown as an IV in the past studies. However, past studies have shown that audit is able to enhance the confidence level of lenders, suppliers, creditors, bank officers and investors to the company, which are the third party to a company (Collis, 2004; Dedman et al., 2014; Ojala et al., 2016; Othman et al., 2013). Hence, CL variable is formed and introduced into our research model. S is construct in the research model, which is found to be insignificantly associated with VA. On the other hand, AF, MF and CL are directly attributable to VA.

This study has adopted Agency Theory that was developed by Ross and Mitnick (1973), where the CL variable is absent in their research model. In fact, CL was proved by Jensen and Meckling (1976), at which company will continue to audit their company's financial reports in order to enhance third party confidence level. Therefore, in order to better understand the intention of opting for voluntary audit, the scope of research should go beyond the traditional research model. The outcome of this study also shows that CL is significantly related to VA as p-value are less than 0.5. Hence, this study is contributable as the study takes confidence level of third party as one of the key variables.

Furthermore, this research contributes to the scarce study on reasons against audit exemption in Malaysia. The study that has been carried out by Salleh et al. (2008) only emphasis on the auditors' perception on audit exemption. In addition, the research paper written by Mustapha and Chia (2013) restrained their sample size of less than 100 respondents. Thus, in order to overcome the limitations of past studies by Salleh et al. (2008) and

Mustapha and Chia (2013), we have collected various SME companies perception regarding audit exemption and a larger sample size are being used. As there are limited literatures on the audit exemption; thereby this study also enhances the foresaid literatures.

5.3.2 Managerial/Practical Implications

This research provides an in-depth study on the reasons that influences SMEs in Malaysia against audit exemption. The findings from this paper will provide useful information to the SMEs and assists the companies in making decision on whether to opt for or reject voluntary audit. CL is found to be the construct that has the strongest relationship with VA compared to SF, AF and MF, represented by a correlation coefficient of 0.4904. This shows that confidence level of third party has a significant effect on voluntary audit. A study by Jensen and Meckling (1976) also proved that companies are likely continue to audit their company's financial reports in order to enhance third party confidence level. Hence, SMEs could use findings from this paper to choose whether voluntary audit is necessary or vice versa.

Moreover, the research findings from this paper could be beneficial to future researchers to better understand about the factors or reasons SMEs are against audit exemption, or in other words, to opt or continue to audit companies financial report.

5.4 Limitations of Study

There are several limitations presented in this study. Firstly, cross-sectional study is being used to survey the reasons to opt for voluntary audit when audit exemption for SME companies is newly being implemented. Due to time constraint, where the period to complete the research was six months, cross-sectional basis was carried out. Therefore, the findings from this research may lack of reliability as time passes

may change the characteristics of respondents over time. Our respondents, SMEs will have to view the value on voluntary audit by evaluating the benefits and drawbacks of being audited before making decisions on whether to opt for voluntary audit (Othman, Abidin & Thirumanickam, 2013).

Moreover, the sample size obtained in this study is quite small as the research is restricted in selected states in Malaysia. The data is collected from SMEs in the states of Selangor, Wilayah Persekutuan Kuala Lumpur, Johor, Perak and Penang only as these states have the highest population of SMEs. However, the responses of SMEs in these five states may not represent the whole population.

Furthermore, the primary data sources are from the SME directory. The SME directory do not represent the population of Malaysia SMEs as some of the SMEs may not be registered and updated in the directory. Besides that, the latest information of the companies are not provided in the SME directory as most of the companies have provided invalid phone number for us to contact before sending out the questionnaires through e-mail.

In addition, lack of response to the survey questionnaire is one of the limitations in this study. Low response rate on survey is a common situation in Malaysia (Salleh, Rose, Kumar & Jaafar, 2008). It may result from the anxiety of the respondents in expressing ignorance and may because of some sensitive questions such as the annual turnover of the company. Apart from distributing questionnaires by hands, we are also using self-administered survey by distributing through e-mail. Yet, the respondents may have inadequate time to answer the questionnaire due to work commitments. Some respondents may consider the questionnaires that send through email is a spam and refuse to answer the questionnaire. Hence, the accuracy of the data provided may be affected.

Lastly, this research only investigated on four variables, including size of firm, agency factors, management factors and confidence level of third party. Nevertheless, this research did not consider other independent variables that against audit exemption, which influence the SMEs to opt for voluntary audit.

5.5 Recommendations for Future Research

Firstly, future researchers are recommended to perform longitudinal study, which is to investigate the change and development of the research. According to Adams and Schvaneveldt (as cited in Saunders, Lewis & Thornhill, 2007), by using longitudinal study, the researchers can implement a measure of control over the variables studied through observation on people or events over time. Hence, different results will be obtained from the study, as there might be changes on the same variables. SMEs may change their perception on voluntary audit after the evaluation of advantages and disadvantages of being audited. Besides that, researchers will have sufficient time to obtain a larger sample size by conducting longitudinal research in order to enhance the study's reliability.

In addition, future research can obtain more samples, which cover various SMEs in Malaysia to represent Malaysian SMEs. The survey outcomes from this research is limited to only the SMEs in the five states in Malaysia, which may lead to lack of reliability. It is because it is unable to demonstrate that SMEs in the other states in Malaysia may have the same perception on voluntary audit. Meanwhile, future study is encouraged to focus on the opinion from other parties such as auditors, regulatory bodies and government as different parties may have different perspectives on the research issues.

In order to have accurate information of the respondents, SME directory should update their database annually. SME directory should contact the members of SME regularly to ensure whether there is any changes and obtain the latest company

information. This will benefit future researchers to collect data from the SMEs as time could be saved in contacting the SMEs.

Furthermore, future researches are recommended to conduct interviews instead of distributing questionnaires as the research instrument. Due to lack of response to the survey questionnaire, researches can have a face-to-face interview with the respondent, thus the respondents will have the opportunity to answer and explain the questions from the interviewer more clearly. Interviews can also solve the problem of lack of time for the respondents to complete the survey or concerns on the insecurity of the e-mails. It is because the researchers can make an appointment, which is appropriate for the respondents to conduct an interview on the research issues.

Lastly, this study should be expanded to a broader scope in future research by investigating more than four variables in order to have a better view in determining the main reason of opting voluntary audit and analysing the relationship between each of the variables. It is because there may be other variables, which have impact on this relationship.

5.6 Conclusion

The purpose of this study is to investigate the factors against audit exemption among SME companies in Malaysia. Four independent variables, including size of firm, agency factor, management factor and confidence level of third party are adopted in this research. The results from the study show that agency factor, management factor and confidence level of third party have significant influence on the SMEs' intention in opting voluntary audit. However, size of firm is not a significant factor for the SMEs to have voluntary audit. Last but not least, future researchers should pay attention on the limitations that existed in this study in order to make improvements in the future research. Several recommendations have also been

presented in this study to help future researchers to overcome the limitations in their
future study.

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Appendix A. Operationalization of the model variables

Variable	Item	Description	Measurement	Sources
Size of Firm	SF 1	Size of firm is measured by the total sales turnover of the company.	Nominal measurement	(Khairinuddin et al., 2012)
	SF 2	Size of firm is measured by the total number of full time employees in the company.		
Agency factors	AF 1	Company majority owned by external parties will have agency problem.	Five-point Likert scale, measuring agreeableness	(Collis, 2005)
	AF 2	Audit is able to provide assurance to shareholders.		
	AF 3	Audit is able to provide assurance to bank and lenders.		
	AF 4	Audit is able to provide assurance to suppliers and trade creditors.		
Management Factors	MF 1	The audit conducted for my company in the previous years had improved system of record keeping and accounting.	Five-point Likert scale, measuring agreeableness	(Collis, 2005) & (CLRC, 2007)
	MF 2	The audit conducted for my company in the previous years had improved internal controls.		
	MF 3	The audit conducted for my company in the previous years had helped to deter misappropriation of funds or fraud.		

	MF 4	Audit provides a check on accounting records and systems.		
	MF 5	Audit improves the quality of financial information.		
Confidence Level of Third Party	CL 1	The audit conducted for my company in the previous years were able to improve the credibility of the financial statement.	Five-point Likert scale, measuring agreeableness	(Collis, 2004) & (CLRC, 2007)
	CL 2	Audit has a positive effect on company's credit rating score.		
	CL 3	The audit conducted for my company in the previous years had improved the image of my company.		
	CL 4	The audit conducted for my company in the previous years had improved the company's ability to raise fund.		
	CL 5	My company accounts was audited due to shareholders', creditors' and customers' request.		
	CL 6	Apart from invested by shareholders, my company is financed by bank, personal loan, leasing and hire purchase.		
Voluntary audit	VA 1	Audit is very beneficial to my company.	Five-point Likert scale, measuring agreeableness	(Collis, 2008) & (CLRC, 2007)

VA 2	I would continue to choose for voluntary audit although it is not required to do so.		
VA 3	It is necessary to make the audit mandatory for a company like mine.		

Appendix B. Summary of past empirical studies

Study	Country	Data	Major Findings
Collis (2010)	United Kingdom and Denmark	In UK, questionnaires were distributed to 2,633 small private companies and 790 questionnaires were returned. In Denmark, 1,671 questionnaires were distributed to small companies and only 553 questionnaires were returned and usable.	Voluntary audit is affected by firm size.
Mustapha and Chia (2013)	Malaysia	Interviews and questionnaires of 100 small and medium enterprises in Malaysia as their respondents. However, only 62 questionnaires were returned and usable.	Size of company is positively related to the demand for audit.
Bulatovic and Treis (2016)	Sweden	Secondary data with samples of 639 small and medium sized companies gathered through the database Retriever Business.	Volume of transactions increases as the company size increases and thus, it affects the demand for audit.
Khairinuddin et al. (2012)	Malaysia	Questionnaires were distributed to 235 SMEs in both manufacturing and service industries and 200 usable responses were obtained.	Non-family owned companies are likely to prefer voluntary audit when agency relationship arise.
Mustapha and Chia (2013)	Malaysia	Interviews and questionnaires of 100 small and medium enterprises in Malaysia as their respondents. However, only 62 questionnaires were returned and usable.	Voluntary audit enhances the quality of financial information for businesses.

Ismail and Loh (2012)	Malaysia	Questionnaires were distributed to 50 small businesses in both city and non-city area.	The owners are likely to have mandatory audit when the firm is not wholly family-owned
Collis (2010)	United Kingdom and Denmark	In UK, questionnaires were distributed to 2,633 small private companies and 790 questionnaires were returned. In Denmark, 1,671 questionnaires were distributed to small companies and only 553 questionnaires were returned and usable.	Voluntary audit is positively associated with the directors' view that it provides a check on internal systems and records.
Varici (2013)	Turkey	Secondary data of 156 manufacturing industries enterprises acquired from Istanbul Stock Exchange's website.	Quality of audit has an indirect relationship with the information asymmetry.
Clatworthy and Peel (2013)	United Kingdom	Secondary data of 1,067,577 UK private independent firms obtained from April 2010 FAME disc.	Small private firms with unaudited accounts are likely to file defective accounts.
Dedman et al. (2014)	United Kingdom	Secondary data of 6274 small and independent private companies where data obtained from Financial Analysis Made Easy database.	Voluntary audit influence the confidence level of shareholders investing into the business.
Ojala et al. (2016)	Finland	Interviews and secondary data of 149,013 samples consisting of owner-managers of small companies, bank lenders and tax authorities obtained from Voitto+ and Orbis databases.	Dependency on suppliers of goods and services influence voluntary audit.
Othman et al. (2013)	Malaysia	Questionnaires of 1,000 directors of SMEs in Malaysia as their	Financing strategy affects voluntary audit.

		respondents. Only 46 were usable.	
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**Universiti Tunku Abdul
Rahman**

Reasons against Audit Exemption among SME companies in Malaysia

Survey Questionnaire

Dear Respondent,

Warmest greeting from Universiti Tunku Abdul Rahman (UTAR)

We are final year undergraduate students of Bachelor of Commerce Accounting, Universiti Tunku Abdul Rahman (UTAR). The purpose of this survey is to conduct a research to investigate the reasons that affect SME companies to continue opt for audit. Please answer all questions to the best of your knowledge. There are no wrong responses to any of these statements. All responses are collected for academic research purpose and will be kept strictly confidential.

Thank you for your participation.

Instructions:

- 1) There are THREE (3) sections in this questionnaire. Please answer ALL questions in ALL sections.
 - 2) Completion of this form will take you less than 5 minutes.
 - 3) The contents of this questionnaire will be kept strictly confidential.
-

Voluntary Nature of the Study

Participation in this research is entirely voluntary. Even if you decide to participate now, you may change your mind and stop at any time. There is no foreseeable risk of harm or discomfort in answering this questionnaire. This is an anonymous questionnaire; as such, it is not able to trace response back to any individual participant. All information collected is treated as strictly confidential and will be used for the purpose of this study only.

I have been informed about the purpose of the study and I give my consent to participate in this survey.

YES ()

NO ()

Note: If yes, you may proceed to next page or if no, you may return the questionnaire to researchers and thanks for your time and cooperation.

Section A: Demographic Profile

In this section, we would like you to fill in some of your personal details. Please tick your answer and your answers will be kept strictly confidential.

QA 1: Gender:

- Female Male

QA 2: Age:

- Below 20 years old
 20 to 30 years old
 31 to 40 years old
 Above 40 years

QA 3: Highest education completed:

- High School
 Diploma
 Degree
 Master

QA 4: Current job position

- Non executive
 Executive
 Manager
 Other: _____

QA 5: Length of time with your organization

- Less than 2 years
 2 to 4 years
 More than 4 years

QA 6: How long has your company been established?

- Less than 2 years
 2 to 5 years
 More than 5 years

QA 7: What is the total sales turnover in 2017?

- Less than RM200,000
 Between RM200,000 to RM1,000,000
 Between RM1,000,000 to RM5,000,000
 More than RM5,000,000

QA 8: What is the total number of full time employees in your company

- Less than 5 employees
- Between 5 to 19 employees
- Between 20 to 50 employees
- More than 50 employees

Section B:

This section is seeking your opinion regarding the factors of affecting a company to opt for audit. Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree] response framework. Please circle one number per line to indicate the extent to which you agree or disagree with the following statements.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B 1	Agency Factor: problems occurred due to conflict of interest between principal and agent					
AF1	Company majority owned by external parties will have agency problem	1	2	3	4	5
AF2	Audit is able to provide assurance to shareholders	1	2	3	4	5
AF3	Audit is able to provide assurance to bank and lenders	1	2	3	4	5
AF4	Audit is able to provide assurance to suppliers and trade creditors	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B 2	Management Factor: material error found due to inherent risk and control risk					
MF1	The audit conducted for my company in the previous years had improved the system of record keeping and accounting.	1	2	3	4	5
MF2	The audit conducted for my company in the previous years had improved internal controls.	1	2	3	4	5
MF3	The audit conducted for my company in the previous years had helped to deter misappropriation of funds or fraud.	1	2	3	4	5
MF4	Audit provides a check on accounting records and systems.	1	2	3	4	5
MF5	Audit improves the quality of financial information.	1	2	3	4	5

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
B 3	Confidence level of third party: Lenders, Inland Revenue, creditors and customers are the main recipients of statutory accounts. They may requested the company to audit their account in order to provide assurance for them.					
CL1	The audit conducted for my company in the previous years were able to improve the credibility of the financial statement.	1	2	3	4	5
CL2	Audit has a positive effect on company's credit rating score	1	2	3	4	5
CL3	The audit conducted for my company in the previous years had improved the image of my company.	1	2	3	4	5
CL4	The audit conducted for my company in the previous years had improved the company's ability to raise fund.	1	2	3	4	5
CL5	My company accounts was audited due to shareholders', creditors' and customers' request.	1	2	3	4	5
CL6	Apart from invested by shareholders, my company is financed by bank, personal loan, leasing and hire purchase.	1	2	3	4	5

Section C:

This section is seeking your opinion regarding the voluntary audit. Respondents are asked to indicate the extent to which they agreed or disagreed with each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree] response framework. Please circle one number per line to indicate the extent to which you agree or disagree with the following statements.

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
C 1	Voluntary audit: Opting for voluntary audit even when audit exemption is available to SMEs.					
VA1	Audit is very beneficial to my company.	1	2	3	4	5
VA2	I would continue to choose for voluntary audit although it is not required to do so.	1	2	3	4	5
VA3	It is necessary to make the audit mandatory for a company like mine.	1	2	3	4	5

Thank you for your participation

Appendix D Survey Permission Letter



8th August 2018

UNIVERSITI TUNKU ABDUL RAHMAN

Wholly Owned by UTAR Education Foundation (Company No. 578227-M)

To Whom It May Concern

Dear Sir/Madam,

Permission to Conduct Survey

This is to confirm that the following students are currently pursuing their *Bachelor of Commerce (Hons) Accounting* program at the Faculty of Business and Finance, Universiti Tunku Abdul Rahman (UTAR) Perak Campus.

I would be most grateful if you could assist them by allowing them to conduct their research at your institution. All information collected will be kept confidential and used only for academic purposes.

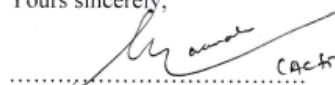
The students are as follows:


<u>Name of Student</u>	<u>Student ID</u>
Cheng Wei Kei	15ABB03815
Beh Chien Woon	15ABB04510
Lim Sok May	15ABB03820
Teoh Yet Yi	15ABB03947
Thong Joo Mei	15ABB03536

If you need further verification, please do not hesitate to contact me.

Thank you.

Yours sincerely,


..... (Acting HOD)
Dr Zam Zuriyati Binti Mohamad
Head of Department,
Faculty of Business and Finance
Email: zuriyati@utar.edu.my


.....
Ms Kogilavani a/p Apadore
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