

CHAPTER 5

CONCLUSION AND RECOMMENDATION

This chapter will discuss the main findings of Chapter IV. This chapter includes Conclusions, Managerial Implications, Limitation, and Recommendation for future research and conclusion.

5.1. Conclusions

The main purpose of this study is basically to investigate the comparison value of a company whether they will be doing their accounting by having an in-house accounting department which is having their own accounting service, or will the company hire an external service of accounting from an accounting firms in Jakarta. In order to fulfill the question mentioned above, the study focused the research on the Perceived trust, Frequency of transactions, and size of the company in Jakarta and investigate the final decision on The make-or-buy decision. This research also aim to acknowledge which out of the three main variables (Perceived trust, Frequency of transactions, and size of the company) that have the Highest influence on the the dependent variabe (make-or-buy decision).

The end result of the research supports most of the hypothesis effect of the main model itself. It shows the level of concern of a company toward the three factors that already mentioned above. In the first factor out of three, there is a positive

significance value from the Trust variable with the purpose on finding the make-or-buy decision. As for the second factor which is frequency of transaction, it also has a supportive significance value on finding the make-or-buy decision of the company that can support the hypothesis of the study itself. However, after the research of the study it is shown that the third main factor has no significance value over the make-or-buy decision of the company in concern of the accounting part.

The result of the research also discovers that there is a difference of decision making based on the trust and the frequency variables. The result of the independent T-test shows that there is a significant difference of decision making from the perceived trust factor and frequency of transactions referring to the make-or-buy decision. The author learned that both of the decision are having a supportive result with the variables. First it is now proven and shown on the the T-test table that in the Trust factor there is a significant difference value of mean from the company that having their own accounting department (in-house) and the one that hire an accounting services from an accounting firms (external) it indicates that Trust of the company that using external accounting service has a significant different level of trust rather than the one that using a in-house accounting, thus The Perceived trust factor really does have an impact on the Buy decision of accounting service. The Second is about the frequency of transactions, it is also proven in the frequency factor that there is also a significant difference value of mean from the company that having a in house accounting service and the one that hiring an accounting service, the frequency of the transactions of a company that having the in-house accounting are doing

more transactions rather than the one that hire an accounting service. So on the other hand, the Frequency of transactions factors does encourage a company to take the Make decision of accounting service.

The final result of the research indicates that Perceived trust and Frequency of Transactions have a different point of decision making, it is also reach the purposes of the study to compare and discover the level of differences between the two variables that could influence the make-or-buy decision of a company towards the accounting firms.

Furthermore this research has answered the two main research questions which are already mentioned in chapter I. Below are the details of the result and how it will answered the questions.

RQ1 : Does these 3 factors (Trust, Frequency of transaction, and asset specificity) that stated above really affect the company's decision making in buying an accounting service or making their own accounting department ?

Based on the findings from this research study, as we can see the factors are elaborated into three factors. First is the Perceived Trust, customers and seller have to have a trust to each other in order to do a business in fact, Trust is one of the most important things in any business and seller concerns (Hayes and Hartley,1989) in this condition the performance of the seller (accounting firms) also have to perform a good quality service in order to gain the trust from the

buyer and based from the research, the Trust value has a positive impact on the decision making so it does matter in the make-or-buy decision of a company concerning the accounting part. The final understanding of the Perceived trust factor is proven in the research that the higher the trust level of customer with the seller (accounting firms), the chance of buying an external accounting services also increases. Second The frequency of transactions, this factor is one of the entities from the transaction cost which is also a very important things to be concerned in managing a business (Williamson, 1975,1979) based from the research findings it shows that the frequency of transactions in any company will always affect the decision making meaning that every company does do a transaction even in the variative level of the scalling technique in the questionnaire. The result of the research also shown that frequency of transactions has a significant impact on the decision making so it is proven that this factor does affect the decision making of a company in the make-or-buy decision of accounting services. The last one is size of the company (asset), Based from the findings from this research, this one factor of decision making is the only one factor out of the 3 factors that does not have a significant impact on the decision making of a company in the make-or-buy decision, but even the variable is not significant its still contribute an influence to the company eventhough the effect of the asset specificity value is not as strong as the two other previous factors.

RQ2 : What is the level of concern of a company towards the 3 factors (Trust, frequency of transaction, and size of the company) on making or buying a service for accounting in jakarta ?

Based on the result of the research study, this part will answer the question number two which is the level of concern. Based on the research the first variable that have the biggest impact on the make-or-buy decision is the Perceived trust. In the research result in the regression analysis table, it is stated that the trust variable is the one that have the highest value in the end result of the proessed data as the author had mentioned before in the answer of the RQ1 trust factor is one of the most important things in any kind of business and it can also lead a company to have a long-term business relationship by maintaining the Perceived trust. The result of the proessed data also match with the Hypothesis one (H1) which is the higher value of the Perceived trust variable will morelikely encourage the company to buy an externall accounting services. The next one on the list of the factors that have the biggest impact on the make-or-buy decision is the frequency of transaction, it is also stated in the regression table. The result of the research also supported by the hypothesis two (H2) which is the more frequent transactions that the company has done it also increase the likelihood of the Make decision in the company itself. The last one is size of the company, as the author mentioned before in the RQ1, the significance value of this variable is not fit with the dependent variable which is the make-or-buy decision, therefore it is clear that size of the company has the weakest impact level on the dependent variable.

5.2. Managerial Implications

Based on the result of this research there are some managerial implications that can be implemented in order to compete with the existed accounting firms in Jakarta. The author learns that the situation and the point of view that the clients concern the most is the Trust not only because it is supported with the data and the analysis but it also because of the culture of Indonesian (Jakarta) people that rely on the reputation and the name of the accounting firms itself. Therefore, there are several accounting firms that are qualified to give a sufficient service but not successful in the business itself because it is overshadowed by the one that existed first before them or the one that already had a Brand name.

➤ Perceived Trust

As it is shown in the research, Trust factor is one of the most important variables in doing business. The other things that are important is, Trust can be acquired in a various way such as the performance of the services and the attitude of the sellers, but trust can also be ruined by the bad experience that the client had with the previous accounting firms that doing the clients accounting parts, this condition can also affect the decreasing level of trust with any external accounting firms. What the accounting firms should do is to focus on public relation by communicating and also promoting the name of the Firm to the target clients. For example : The accounting firms public relation, approach a company that are collapsing and convince them that the accounting firm can assist them to manage the financial problem, if the

strategy succeed it will also increase the Acknowledgement and the name of the accounting firm itself.

➤ Frequency of transaction

Based on the result of the frequency of transactions research, it is shown that the less frequent the company does transactions, the more likely the company will hire an external accounting firm. Therefore the accounting firms should segment the target of clients that are emerging which has less transaction compare to the developed companies because there will be a bigger chance of getting hired by the companies that has not emerge or the emerging company. Concerning this factors solutions, the solution in the previous factor which is public relation can also help the accounting firm in this problem, by having a brand acknowledgement it can also chained with the advantage of word of mouth advertising.

5.3. Limitations

Aside from the results and information gathered from the research, there are still several limitations for this research, the limitations are as follows:

- The study of this research did not use exactly the same techniques as the main journal, because the author only focused on finding the answer of the research questions.
- This thesis only cover 42 sample of respondent which obviously does not cover the whole population of the registered companies in Jakarta.

- This thesis does not replicate thoroughly of the original journal, since there are a questionnaire that are related to the complex tax law from the original country of the main journal which is Norway.

5.4. Future research Recommendation

There are several aspects of this research that the authors recommend in the future:

- Further research should have a bigger scope instead of just Jakarta. Because there are also an accounting firms outside Jakarta that can also need a help to develop, it would be better to widen the scope of the study from only Jakarta into all over Indonesia
- Future researcher should segment the industry of the companies that takes part in the questionnaires in order to have a wider understanding of the research.
- For future research, researcher should have more questionnaires so that the variable will have more confirmation.
- The researcher should add more respondents to participate on the research.