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THE INFLUENCE OF AUDIT COMMITTEE, COMPANY SIZE AND AUDIT DELAY ON COMPANY VALUE WITH AUDIT QUALITY AS A MODERATION

Syifa Rustianti N[1], Dirvi Surya Abbas[2]
Department of Accounting, Universitas Muhammadiyah Tangerang, Indonesia

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ABSTRACT

The aim of this research is to determine the effect of capital structure, audit quality, company size and financial performance on company value. The population used in this research are all publicly traded companies listed on the Indonesia Stock Exchange (BEI). The research time period used is 2018-2021. The sampling technique uses purposive sampling technique. The type of data used is secondary data obtained from the official website of the Indonesia Stock Exchange, namely www.idx.co.id in the form of financial reports from the website www.e-bursa.com to see historical share prices in each period. The analytical method used is panel data regression analysis with the Eviews program. The research results show that the audit committee has a positive effect on company value, company size has an effect on company value, audit delay has a positive effect on company value.

Corresponding Author:
Dirvi Surya Abbas
Department of Accounting, Universitas Muhammadiyah Tangerang, Indonesia
Jl. Pioneers of Independence I No.33, Cikokol, Kec. Tangerang, Tangerang City, Banten, Indonesia
Email : abbas.dirvi@gmail.com

INTRODUCTION

The history of the development of accounting which developed rapidly after the industrial revolution in England (1760-1860), caused accounting reporting to be used more as a tool of accountability to capital owners, resulting in the company's orientation being more pro-capital owners. Business developments in the form of share trading on the capital market make information about the condition of public companies (issuers) very valuable for investors and potential investors. Capital owners, managers and investors are parties who have different interests in the company. The establishment of a company has a clear goal. There is an opinion that states that the company's goal is to achieve maximum profits or the greatest profits. A high share price makes the company value also high and increases market confidence not only in the company's current performance but also in the company's future prospects. The ability of shareholders can usually be seen from the high value of the company.

The miscellaneous industrial sector is one of the business sectors that continues to experience growth. Along with the increasing population growth in Indonesia, the volume of demand continued to increase throughout March 2019. It was reported that the various industrial sectors experienced a strengthening of 0.32%. The strengthening of this sector was due to the strengthening of PT shares. Astra International Tbk (ASII) is IDR 327.02 trillion or the equivalent of 84% of the total market capitalization of the various industry sector index (CNBC Indonesia). This phenomenon proves that the performance and decision making made by the agent has a good impact on the shareholders, so that both of them benefit from the increase in the value of the company. Optimizing company value can be achieved by paying attention to the factors that influence it. Several determinants of company value are audit committee, company size, audit delay and audit quality. Based on the description above, the author intends to conduct research with the title "The Influence of the Audit Committee, Company Size and Audit Delay on Company Value with Audit Quality as a Moderator (In Manufacturing Companies in the industrial sub-sector listed on the Indonesia Stock Exchange for the 2018-2021 Period)". The purpose of this research is to determine the effect of capital structure, audit quality, company size and financial performance on company value. The population used in this research is all publicly traded companies listed on the Indonesia Stock Exchange (BEI).

THEORY AND HYPOTHESIS DEVELOPMENT

A. Theoretical basis

1. Agency Theory (Agency Theory)

The relationship between manager and owner is a relationship between two individuals to better understand economic information, the two individuals are the principal or owner of the company (as information evaluator) and the agent or manager (as decision maker). The principal is seen as a provider of information, which will then be processed by the agent to make decisions in the interests of the principal. The principal and agent relationship does not always run smoothly and well. There is the possibility of abusing the owner's trust to take advantage of himself. This condition is known as moral hazard (Jansen and Meckling, 1976). The relationship between managers and owners within the framework of an agency relationship occurs as a contract between both parties. The contract requires the agent to provide services to the owner (Jansen and Meckling, 1976).

1. Signal Theory (Signaling Theory)

Signal theory explains how management's signals of success or failure are conveyed to owners. Signal theory is concerned with information asymmetry. The positive thing in signaling theory is that companies provide good information which will differentiate them from companies that do not have "good news" by informing the market about their situation. Signals about good performance during good times will not be trusted by the market (Wolk and Tearney in Dwiyanti, 2010).

2. The value of the company

Company value is measured by the fair market value of the share price. For companies that have gone public, the company's fair market value is determined by the supply and demand mechanism on the stock exchange, which is reflected in the listing price. Share prices are a reflection of various management decisions and policies. The value of a company depends not only on its ability to generate cash flows, but also depends on the operational and financial characteristics of the company being taken over. Company value is important because from the creation of value, especially for shareholders, trust will be formed so that loyalty increases (Asaubi P, 2021). Several quantitative variables that are often used to estimate company value according to Keown and John (2011: 240) are as follows following:

a. Book value

Book value is the active value shown in the company's balance sheet.

b. Market value

Market value is an approach to estimating the net value of a business.

c. Liquidity Value

Liquidity value is the amount of money that can be realized if assets are sold individually and not as part of the entire company.

3. Audit Committee

The audit committee is an important part of the corporate governance process. The Financial Services Authority in regulation number 55 /POJK.04/2015 concerning the Establishment and Implementation Guidelines of the Audit Committee states that it has integrity, ability, knowledge, experience and ability to understand the company's financial reports and business activities and is not involved in the management and ownership of the company and is responsible directly to the Board of Commissioners, it is hoped that the audit committee can carry out evaluations, recommendations on corporate governance and increase company value.

4. Company Size

Company size is a scale that can be calculated using the level of total assets and sales which can indicate the condition of the company where a larger company will have an advantage in the sources of funds obtained to finance its investment in making a profit. Company size is also a classification of companies based on the amount of profit and the number of assets owned (Meirini & Khoiriawati, 2022).

5. Audit Delay

Audit Delay is related to the length of time required for a public accountant to complete the audit process to present his opinion on the annual financial report, which is the main factor that can influence the process of presenting it to the public, under the specified time limit.

6. Audit Quality

Audit quality is used as a moderating variable in this research, because the audit quality produced by the auditor is an internal aspect that the auditor has in conducting audits. Audit quality can be interpreted as whether an audit carried out by the auditor is good or not. Audit quality is the auditor's ability to detect material misstatements in financial reports and report material misstatements simultaneously (Rianti et al., 2021). Auditing standards include professional quality, independent auditors, judgment used in carrying out audits, and preparation of audit reports.

B. Hypothesis Formulation

1. Audit Committee on Company Value

The audit committee is an important part of the corporate governance process. The Financial Services Authority in regulation number 55 /POJK.04/2015 concerning the Establishment and Implementation Guidelines of the Audit Committee states that it has integrity, ability, knowledge, experience and ability to understand the company's financial reports and business activities and is not involved in the management and ownership of the company and is responsible directly to the Board of Commissioners, it is hoped that the audit committee can carry out evaluations, recommendations on corporate governance and increase company value. Rusli et al.'s research. (2020) is that the audit committee has an influence on company value.

$$KA = \frac{\text{Number of audit committees from outside the company}}{\text{Number of all audit committees}} \times 100$$

. H1: The audit committee has a positive effect on company value

2. Company Size Against Company Value

Company size is assessed using the natural logarithm of the total assets owned by the company because the value of total assets is generally very large compared to other financial variables. Company size influences company value which states that information on total assets through financial reports is an important measure of company value compared to measuring company value which is based on other figures (Riana & Iskandar, 2017). Company size generally influences investors' judgments in making and making investment decisions. Company size can be measured by the formula:

Size=Ln (Total Assets)

H2: Company size has a positive effect on company value

3. Delay Audit of Company Value

Audit delaysor it can also be called audit report lag, which often occurs in large companies and small companies, which can be caused by poor financial report content. Audit delay or audit report lag is the time difference between the end of the fiscal year and the date the audit report is issued.

H2: Audit Delay has a significant influence on Company Value

RESEARCH METHODS

Based on the problem formulation and research objectives, this research is a type of explanatory research. Explanatory research is to test the relationship between hypothesized variables. This research seeks to analyze the influence of three independent variables, namely audit committee (X1), company size (X2), audit delay (X3) on company value. (Y) and audit quality as moderating (z) which are related variables. This research uses a quantitative approach. Quantitative research methods are methods that are based on positivist philosophy, used to research certain populations or samples, collecting data using research instruments, analysis that is quantitative/statistical in nature, with the aim of testing predetermined hypotheses (Sugiyono, 2013:11).

This research was conducted based on the annual financial reports of companies for the 2018-2021 period listed on the Indonesia Stock Exchange. This research uses secondary data in the form of financial reports. This research uses panel data regression with a sample size of 7 industrial sub-sector companies.

The population referred to in this research is the financial reports of manufacturing companies listed on the Indonesia Stock Exchange (BEI) for 2018-2021. The method for determining this sample is the Purposive Sampling Method, namely: data collection is adjusted to predetermined criteria. The criteria are as follows:

1. Companies registered on the IDX during the period 2018 to 2021.
2. Companies that publish and provide financial report data in Bei during observations from 2018 to 2021.
3. The company has complete data for the variables studied during the period 2018 to 2021.

   Operational definition :

   a. Company Value (Y)

      Company value is an important concept for investors because it is an indicator for the market to assess the company as a whole. The calculation model is as follows:

      Tobin's Q= MVE + Debt Total Assets

   b. Audit Committee

      The audit committee is an important part of the corporate governance process. Financial Services Authority. The audit committee can carry out evaluations, recommendations on corporate governance and increase company value.

      KA= Number of audit committees from outside the company × 100
      Number of all audit committees

   c. Company Size

      Company size is assessed using the natural logarithm of the total assets owned by the company because the value of total assets is generally very large compared to other financial variables. Company size generally influences investors' judgments in making and making investment decisions. Company size can be measured by the formula:

Size=Ln (Total Assets)

   d. Audit Delay

      Audit delay or audit report lag is the time difference between the end of the fiscal year and the date the audit report is issued.

      Audit Delay = Audit report date- Financial report date

Method of collecting data

1. Data Type

   The data used is secondary data, namely data obtained in ready-made form, has been collected and processed by other parties.

2. Data source

   The data used in this research was taken via the receipt websitewww.idx.co.odand Indonesian Capital Market Directory (ICMD).

3. Data collection technique

   The data collection process in this research uses several techniques as follows:

   a) Field Study (Field Research)

      Data collection is obtained directly from the Indonesian Capital Market Directory (ICMD) and the Index Exchange (Indonesian Stock Exchange).

   b) Literature Study

Data collection in this research is in the form of theoretical materials or concepts obtained by the library in the form of literature and articles which can support research studies and also as a basis for analyzing problems.

RESEARCH RESULTS AND DISCUSSION

Data analysis

1. Descriptive statistical analysis

Descriptive statistical analysis provides an overview of the data analyzed from all variables including maximum value, average, standard deviation and value

Lowest. The following descriptive statistical data during the research period can be seen in the following table:

	X1	X2	X3	Y	Z
Mean	3.589286	0.391054	31.32616	0.365768	0.529429
Median	3,000000	0.333000	31.14650	0.347000	0.595000
Maximum	6,000000	0.833000	32.38700	0.741000	0.850000
Minimum	1,000000	0.200000	30.42500	0.118000	0.000000
Std. Dev.	0.826312	0.132611	0.610732	0.160338	0.264255
Skewness	0.297572	2.322727	0.314834	0.496755	-1.224263
Kurtosis	4.226272	8.078476	1.756266	2.644812	3.236872
Jarque-Bera	4.335195	110.5327	4.534495	2.597513	14.11990
Probability	0.114452	0.000000	0.103597	0.272871	0.000859
Sum	201,0000	21.89900	1754.265	20.48300	29.64800
Sum Sq. Dev.	37.55357	0.967207	20.51466	1.413960	3.840700
Observations	56	56	56	56	56

The independent variable X1 has an average value of 3.58% with a standard deviation of 0.82%, the highest value is 6% and the lowest value is 1%. The independent variable X2 has an average value of 0.39 with a standard deviation of 0.13%, the highest value is 0.83% and the lowest value is 0.20%. The independent variable X3 has an average value of 31.32% with a standard deviation of 0.61%, the highest value is 32.38% and the lowest value is 30.42%. The dependent variable Y has an average value of 0.36% with a standard deviation of 0.16%, the highest value is 0.7% and the lowest value is 0.11%. the moderating variable Z has

The average value is 0.52% with a standard deviation of 0.26%, the highest value is 0.85% and the lowest value is 0%.

2. Estimation of Panel Data Regression Models

a. Common Effect Model and Fixed Effect

The Common Effect Model (CEM) method is a combination of all data without regard to the time and place of data collection. The common effect model (CEM) is the simplest and assumes that the intercept for each variable is the same, as is the slope coefficient for all time series units and cross sections.

Effects Test	Statistics	df	Prob.

Cross-section F	3.921619	(13.38)	0.0005
Chi-square cross-section	47.646889	13	0.0000

Referring to table 4.3, the Cross-section Chi-square probability value is 0.0000, which is <0.05, therefore Fixed Effect is the selected regression model.

Statistic test

a. Coefficient of Determination (R2)

Referring to table 4.6 above, it can be seen that the Adjusted R-squared value is 0.454690, which means that the contribution of the independent variables (audit committee, company size, and audit delay) influences the dependent variable (company value) by 45.46% while the remaining 54.54% is influenced by the variables others outside this research.

b. F Statistical Test

That the results of the regression test Prob value (F-statistic) is 0.000396. This shows that the value is <0.05.

T Statistical Test

The T test was carried out to determine the influence and answer to the research hypothesis individually for each variable. Which is measured using coefficient and significance values. If the sig value < 0.05 means that the independent variable is able to significantly influence the dependent variable.

Below are the results of the T test:

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	-11.98769	5.087373	-2.356361	0.0237
X1	-0.044561	0.046401	-0.960362	0.3429
X2	1.360950	0.532518	2.555690	0.0147
X3	0.381273	0.162215	2.350426	0.0240
Z	0.070582	0.230169	0.306655	0.7608

Discussion of Hypothesis Test Results

Based on all the tests that have been carried out, the discussion can be structured as follows:

a. The influence of the audit committee on company value

The coefficient value of the audit committee variable is -0.044561 and the probability value is 0.3429 > 0.05. These results show that H1 is rejected which states that the audit committee can influence company value in a significantly positive way.

b. The influence of company size on company value

The coefficient value of the independent commissioner variable is 1.360950 and the probability value is 0.0147 < 0.05. These results show that H2 is accepted which states that company size can influence company value in a significantly positive way.

c. The effect of audit delay on company value

The coefficient value of the company size variable is equal to

0.381273 and the probability value is 0.0240 < 0.05. These results show that H3 is accepted, which states that audit delay can influence company value in a significantly positive way.

d. The influence of the audit committee on company value with audit quality as a moderator

Coefficient valuefrom M1, which is 0.046230 and the probability value is 0.5107 > 0.05, then audit quality is not able to moderate the relationship between the audit committee and company value.

e. The influence of company size on company value with audit quality as a moderator

The M2 coefficient value is 0.046230 and the probability value is 0.5645 > 0.05, so audit quality is not able to moderate the relationship between company size and company value.

f. The effect of audit delay on company value with audit quality as a moderator

The M3 coefficient value is -0.001387 and the probability value is 0.8326 > 0.05, so audit quality is not able to moderate the relationship between audit delay and company value.

CONCLUSION

Based on the results of data analysis and discussion of the research conducted, it was concluded that the audit committee, company size and audit delay have a positive effect on company value. Audit quality is not able to moderate the audit committee, company size and audit delay

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