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Determinant Audit Determinant Analysis in Mining Companies on the Indonesia Stock Exchange for the 2015-2020 Period

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ABSTRACT: This study aims to determine the effect of financial distress, audit tenure, and company size on audit delay in mining companies on the Indonesian stock exchange in 2017-2019. The data analysis in this study was in the form of panel data, with a total study population of 53 companies, which were re-selected using a purposive sampling method with certain criteria and obtained sample results totaling 41 companies. The research method uses multiple linear regression analysis with the application of eviews 9. The results of the study show that simultaneously there is a significant effect of financial distress, audit tenure, and firm size. In addition, the results of the study partially show that there is an effect of financial distress, company size has a significant effect on audit delay, while audit tenure has no significant effect on audit delay.

KEYWORDS: Financial Distress, Audit Tenure, Firm Size, Audit Delay

I. BACKGROUND

Presentation of information can be useful if it is presented accurately and in a timely manner when required by users of financial statements. Value and timeliness of financial reporting is an important factor of a financial report. According to Suwardjono (2002), timeliness of information implies that information is available before it loses its ability to influence or make a difference in decisions. Information that has a high predictive value may become irrelevant if it is not available when it is needed. The timeliness of preparing or reporting an audit report on a company's financial statements can affect the value of these financial statements. Delay in information will cause a negative reaction from capital market behaviorAccording to Belkaoui (2006) financial statements are a source of information that plays an important role in decision making and aims as a medium for companies to communicate various information and economic measurements regarding financial performance, changes in financial position, cash flow, and the resources owned by the company to various stakeholders. parties who have an interest in the information. One of the obligations of a company that is registered on the stock exchange is to publish financial reports that have been prepared according to financial accounting standards and have been audited by a public accountant registered with the Financial Services Authority (OJK). The auditor has a big responsibility and of course this makes the auditor work more professionally. One of the criteria for auditor professionalism is seen in the timely submission of the audit report.

Muliantari and Latrini's research (2017) and Sawitri and Budiartha's research (2018) show the results of a significant effect of financial distress on audit delay. This is contrary to the results of research conducted by Sofiana, Suwarno, and Hariyono (2018) and Listyaningsih and Cahyono (2018) where the results of their research show that there is no significant effect of financial distress on audit delay. Wulandari and Wiratmaja (2017) in their research stated that audit tenure positively affects audit delay, this is supported by the research of Diastiningsih and Tenaya, (2017) and Liyanto (2020), contrary to Annisa's research (2018) states that audit tenure has a negative effect on audit delay. Research conducted by Listyaningsih and Cahyono (2018), Imaniar (2017) and Hassan (2016) shows that company size has a significant effect on audit delay, these results are in contrast to the results obtained by Lai et al., (2020) and Dewi (2019) in their research, which stated that company size has a negative effect on audit delay.

II. LITERATURE REVIEW

2.1 Agency Theory

Agency theory explains the relationship between the agent (management of a company) and the principal (owner). The principal is the party that gives the mandate to the agent to perform a service on behalf of the principal, while the agent is the party that is given the mandate. Thus the agent acts as a party with the authority to make decisions, while the principal is the party who evaluates the information. Implementation of agency theory can be in the form of work contracts that regulate the proportion of rights and obligations of each party by maximizing utility, so that agents are expected to act in ways that are in accordance with the interests of the principal.

2.2. Stakeholding Theory

Companies can be viewed from two theories, namely shareholding theory and stakeholder theory. Arifin (2005) states, shareholding theory states that companies are established and run to maximize the welfare of owners or shareholders as a result of the investments they make. This shareholding theory is often referred to as the classic corporate theory. Stakeholding theory was introduced by Freeman, stating that a company is an organ that relates to other interested parties, both inside and outside the company. This definition of stakeholders includes employees, customers, creditors, suppliers, and the surrounding community where the company operates.

2.3 Decision Making Theory

Decisions are described by Davis in Yulianasari (2012) as a result of solving problems faced firmly. A decision is a definite answer to a question. Still according to Davis, decisions must be able to answer questions about what is discussed in relation to planning and can also be in the form of action on implementation that greatly deviates from the original plan. Meanwhile, Stoner in Yulianasari (2012) defines decisions as choosing between alternatives. alternative. Introduced by Adam Smith on

III. METHOD

The research sample was taken from mining companies listed on the Indonesia Stock Exchange in 2015-2020. Based on data obtained through the official website of the Indonesia Stock Exchange at www.idx.co.id, the time of research is from 2020 to 2021. This research is causal. Causal research can determine the effect of two or more variables on the characteristics of relationship problems caused by a causal reaction between the dependent variable and the independent variable. This study aims to examine the effect of financial distress, audit tenure, and company size on the company's audit delay. The research method used is a quantitative method. Quantitative research uses approaches to empirical studies to collect, analyze, and present data in quantitative (numeric) form. The research data analysis method is using multiple linear regression with the Eviews 9 application.The population used in this study is a mining sector company that is listed on the Indonesian Stock Exchange. Purposive sampling method used in research to select samples. where the sample chosen is a filtered population with the following criteria: 1. Mining sector companies listed on the Indonesia Stock Exchange during the 2015 – 2020 period. To test the research hypothesis, the data analysis method is as follows: 1. Descriptive Statistics Descriptive statistical analysis of research data will provide an interpretation or description of the data used in the study which includes data on financial distress, audit delay, audit tenure, and size company to the frequency distribution of the research variables as seen from the maximum value, minimum value, average (mean) and standard deviation (Ghozali, 2016) 2. Panel Data Model and Selection of the Best Model The approach used in calculating or estimating regression on panel data is done by Pooling Least Square (Common Effect model), Fixed Effect model, and Random Effect model. After the three models have been estimated, then determine the most appropriate model for the research objectives. There are three tests (tests) used to select the panel data regression model (CE, FE or RE) based on the characteristics of the data owned, namely: F Test (Chow Test), Housman Test and LangranggeMultiplier (LM) Test.

IV. FINDING DISCUSSIONS

Tabel 1. Statistik Deskriptif Variabel Penelitian

	Audit delay	Financial distress	Audit tenure	Firm size
Mean	90.682	4.4939	1.7967	29.391
Median	84.000	2.7090	2.0000	29.639
Maximum	354.00	36.575	3.0000	32.258
Minimum	31.000	-22.905	1.0000	24.769
Std.dev	39.872	6.9797	0.7991	1.6327
Obs	123	123	123	123

Based on the results of the statistical descriptive table, it is known that the number of observations in this study was 123. The mean audit delay value was 90.68, where the maximum value was 354 obtained by Cakra Mineral Tbk (CKRA) and the minimum value was 31 obtained by PT. Vale Indonesia Tbk. (INCO). The mean financial distress value is 4.49 while the maximum value is 36.57 obtained by Cakra Mineral Tbk (CKRA) and the minimum value is -22.95 obtained by PT. Mitra Investindo Tbk. (MITI). The minimum tenure audit value is 1, while the maximum value is 3, meaning that the shortest engagement is 1 year and the longest is 3 years. Mean audit tenure of 1.79 years means that several companies have changed auditors, it could be less or more than 1.79 years. The mean value of company size is 29.39 with a maximum value of 32.25 obtained by PT. Adaro Energy Tbk. (ADRO) and a minimum score of 24.77 obtained by PT. Mitra Investindo Tbk. (MITI).AD = α + β1Distressit+ β2Tenureit+ β3Sizeit+ e.

Tabel 2. Uji Chow

Redundant Fixed Effect Test Equation: FEM Test cross-section fixed effect			
Effect Test	Statistic	d.f	Prob.
Cross-section F	5.8630	(40.79)	0.0000
Cross-section Chi-square	169.54	40	0.0000

From testing using the redundant fixed effect test, it was found that the Chi-square cross-section value was 0.0000, this value was below the value of 0.05 where H0 was rejected and H1 was accepted, which means that the best regression model is the fixed effect model.

Tabel 3. Uji Hausman

Correlated Random Effect – Hausman Test Equation: REM Test ceoss random effect			
Test summary	Chi-Sq Statictic	Chi-Sq d.f	Prob
Cross-section random effect	12.049	3	0.0072

The Hausman test tests the best model of the Random Effect model or Fixed Effect model, with the following decision making conditions: H0: Random effect model H1: Fixed effect model If the p-value cross section random is less than α = 5% then H0 is rejected, which means the best model is the Fixed Effects. But if the p-value of the random cross section is more than α = 5% then H0 is accepted, then the random effect model is selected.From table 3, a probability value of 0.0072 is obtained, less than 0.05%, so the decision to reject H0, accept H1 can be concluded that the best model is the fixed effect model.

Tabel 4. Hasil Uji LM

Lagrange Multiplier Tests for Random Effect Null hypotheses: No effect Alternative hyoptheses: Two-sided (Bruesch-Pgan) and one -sided (all others) alternatives			
	Cross-section	Test Hipothesis Time	Both
Breusch-Pagan	39.357 (0.0000)	0.3096 (0.5779)	39.660 (0.0000)

If the LM value is based on the Breusch-pagan probability, then when the Breusch-pagan probability value is <5%, H0 will be rejected, conversely if the Breusch-pagan probability value is> 5% then H0 is accepted.The Breusch-pagan probability is 0.0000 > 0.05, so reject H0 and accept H1, the random effect regression model is the best. Based on the above tests, namely the Chow test and Hausman test, the fixed effect model was selected twice in a row. Whereas in the LM test a good model is the random effect. In the test above, the Common effect was not selected though, so of the three models, the fixed effect is better at interpreting panel data regression.

Tabel 8. Analisis Regresi Linear Berganda

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	-3.9991	3.6392	-1.0988	0.2752
Distress	-0.0324	0.0070	-4.5799	0.0000
Tenure	0.0033	0.0274	0.1203	0.9045
Size	0.2918	0.1251	2.3319	0.0223

The constant value is negative of -3.9991, which means that there are no independent variables (financial distress, audit tenure, and firm size) which can be interpreted as audit delay in the companies in the study for 3 (3.9991) days. The regression coefficient of financial distress is -0.0324 which means X1 can explain Y of 0.0324 or every increase of one unit of financial distress can cause a decrease in audit delay of 3.24%, in this case other factors are considered constant.The coefficient value is (-0.0324) meaning a negative sign (-) shows that financial distress has a negative effect on audit delay, meaning that the higher the value of financial distress, the less audit delay time. an increase in audit delay of 0.3% in this case other factors are considered constant. A coefficient value of (0.0033) means a positive sign (+) indicates a tenure audit has a positive influence on audit delay, meaning that the higher the tenure audit, the more audit delay time. The regression coefficient for firm size is 0.2918, which means that X3 can explain Y of 0.2918 or it can be interpreted that every increase of one unit of company size can result in an increase in audit delay of 29% in this case other factors are considered constant. A coefficient value of (0.2918) means that the positive sign (+) indicates that company size has a positive influence on audit delay. This means that the higher the value of company size, the more audit delay time.

V. CONCLUSIONS

This study studies the effect of financial distress, audit tenure and company size on audit delay. The analysis uses multiple linear regression analysis techniques using the Eviews 9 application. The samples used in this research are 41 company data from the mining sector listed in the Indonesia Stock Exchange database in 2017-2019. From the results of significant multiple linear regression, it can be concluded that the results of this study are as follows: 1. The variables of financial distress, audit tenure, and firm size simultaneously affect audit delay. 2. The variable financial distress has a negative effect on audit delay. 3. Audit variable tenure has no significant effect on audit delay. 4. Firm size has a positive effect on audit delay.

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