

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society
“The Review and Outlook of The Economy after Covid 19 Pandemic”

THE INFLUENCE OF AUDIT COMMITTEE, AUDIT DELAY AND COMPANY GROWTH ON FIRM VALUE

Mupi Juliani*, Shinta Ningtiyas Nazar
Accounting Department Pamulang University
*Email: mufijuliani02@gmail.com

ABSTRACT

This study aims to determine: (1) The effect of the audit committee, audit delay and firm growth on firm value, (2) The effect of the audit committee on firm value, (3) The effect of audit delay on firm value, (4) The effect of firm growth on firm value. company. The influence of the audit committee, audit delay and company growth on the value of companies listed on the Indonesia Stock Exchange for the 2016-2020 period. This type of research is descriptive research with a quantitative approach. Samples were taken using purposive sampling technique. The sample consists of 65 data from 13 mining sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The data analysis technique used is panel data regression analysis technique using the Eviews version 9 program. Based on the results of this study indicate that the audit committee, audit delay and firm growth have a simultaneous effect on firm value, the audit committee has a significant negative effect on firm value, audit delay has no significant effect on firm value and firm growth has no significant effect on firm value.

Keywords: Audit Committee, Audit Delay, Company Growth, Firm Value.

1. INTRODUCING

The development of the business world in Indonesia is currently growing rapidly. This is marked by the increasing number of companies conducting Initial Public Offerings (IPOs) or so-called Go Public companies, which continue to increase every year. The main purpose of a Go Public company or one that is already listed on the Indonesia Stock Exchange is to generate profits to increase the prosperity of the owners or shareholders by increasing the value of the company. A high firm value will certainly make the market believe in the company's prospects in the future, and can also attract investors to invest in the company take decisions which will have an impact on investors in investing or maintaining their investments.

Quoted from *Kompas.com* in 2021, namely the mining sector supported the increase in the Composite Stock Price Index (JCI) and recorded an increase of 1 percent, but compared to the miscellaneous industry sector, which was lower, it rose 1.2 percent. Central Capital Futures analyst Wahyu Laksono said that the mining sector such as ANTM, TINS and VALE since mid-2020 has started to strengthen, driven by rising commodity prices such as gold, silver and nickel. Based on the phenomenon of losses and increases in several mining sector companies that have been listed on the stock exchange in a certain period of observation, special attention is needed. Because with a loss or increase in the company, it can change the image or view of the value of the company. Which will also have an impact on investors' interest in the company. There are several factors that can affect the value of the company including the audit committee, audit delay and company growth.

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

The existence of the audit committee also plays an important role in ensuring the creation of good corporate governance in the company. The audit committee has the duty to provide independent professional input to the board of commissioners on reports submitted by the board of directors to the board of commissioners. In addition, the audit committee is also tasked with reviewing matters that require the attention of the board of commissioners and is responsible for overseeing the company's financial statements, overseeing external audits and observing the company's internal control system (Amaliyah & Herwiyanti, 2019). Timely audit delay will be beneficial for decision making by users of financial statements and reduce information asymmetry. An audit delay that is too long will reduce the relevance of financial statement information so that it affects the decisions taken by shareholders, because investors think that financial reporting delays are a bad sign of the condition of a company (Naili & Primasari, 2020). Companies that grow fast also enjoy the benefits of a positive image, but companies must be extra careful, because the success they have makes the company vulnerable to negative issues. This research will be divided into 5 sections, where section 1 is for introduction, part 2 for literature review, part 3 for research methods, part 4 for results research and part 5 for conclusion research that has been funded.

2. LITERATURE REVIEW

The main assumption of this signal theory provides space for investors to find out how the decisions they will take are related to the value of the company (Gustian, 2017). With the presence of an audit committee in a company, investors will feel that their rights are guaranteed by the company. According to signaling theory, investment decisions taken by the company will give a positive signal about the company's growth in the future, so that it can increase stock prices which are used as indicators of firm value.

Based on this theory, a good company will intentionally provide complete and complete information as a positive signal to potential investors. Relevant information can reflect the quality of the company, so that it will also increase the value of the company.

The results of research (Amaliyah & Herwiyanti, 2019), (Muryati & Suardikha, 2014), (Sondokan, Koleangan, & Karuntu, 2019) states that the audit committee has a significant effect on firm value, so it can be assumed that the audit committee has a significant effect on firm value. According to (Widyadhana, 2020) audit delay has a significant effect on firm value, while according to (Gustian, 2017), (Pratama & Syafrudin, 2016) audit delay has no effect on firm value, so it is suspected that audit delay has an effect on firm value. The results of the research of (Dhani & Utama, 2017), (Suryandani, 2018) company growth have an effect on the value of the company, while the results of the research of (Anggara, Mukhzarudfa, & L, 2019) the company's growth have no effect on the value of the company. so it is expected that the growth of the company has a significant effect on the value of the company.

Firm Value

According to Harmono in (Gustian, 2017) the company value is the company's performance which is reflected by the stock price formed by supply and demand in the capital market which reflects the public's assessment of the company's performance ; Price Earning Ratio (PER), Price Book Value (PBV), and Tobin's Q ratio (Q Tobin)

Audit Commite

The audit committee is a committee formed by the board of commissioners to carry out the supervisory function of the company's management. The total membership of the

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

audit committee is required to have at least three members, of which the chairman is an independent commissioner of the company and the other members are people who come from external parties of the company who are independent and can have a background or experience in finance and accounting (Saifi & Hidayat, 2017).

Audit Delay

Audit delay is the length of time for the completion of the audit process measured from the closing date of the financial year until the completion of the audit report by the auditor (Ibrahim & Suryaningsih, 2016). The turnaround time can be measured by the number of days. The number of days can be calculated from the date of issuance of the audit report. Audit delay is very important for an investor who will invest his shares in a particular company, this has an impact on the quality of a company (Saragih, 2018).

Company Growth

Every company tries to achieve high growth every year because the company's growth provides an overview of the company's development that is happening (Fauzi & Suhadak, 2015). Companies that have faster growth must rely more on external capital (Brigham & Houston, 2011). Measuring tool for company growth according to (Pradana, 2013) :

- a. Assets Growth Ratio
- b. Sales Growth Ratio

3. Methods

Types of research

The type of research used in this research is descriptive research with a quantitative approach. According to Dermawan in (Sondokan, Koleangan, & Karuntu, 2019). Descriptive research is one that seeks to describe current problem solving based on finished data that presents analyzing and interpreting data. Quantitative descriptive research was obtained from a sample of the research population, analyzed according to the statistical method used.

Research Place

This research was conducted on Mining Sector Companies listed on the IDX by taking the form of data and financial reports for the period of 5 (five) years from 2016-2020 which were downloaded through the official website: *www.idx.co.id*.

Firm Value

Firm value is more often associated with stock prices in companies that can give investors a perception of the company (Saifi & Hidayat, 2017). The value of its shares in the market or the value of its own capital plus the value of its debt becomes the value of the company as a whole (Gustian, 2017). Systematically price to book value (PBV) can be calculated by the following formula:

$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value per Share}}$$

Information :

PBV = Price at book value

Market price per share = Price per share

PROCEEDING

*Call for Paper – 3rd International Seminar on Accounting Society
“The Review and Outlook of The Economy after Covid 19 Pandemic”*

Firm book value = Book value per share

Audit Committee

Every public company is required to form an audit committee with a minimum of 3 (three) members chaired by one independent commissioner and 2 (two) people from outside the company who are independent of the company (Pramita, 2017). According to (Wulandari & Nurmala, 2019) the audit committee can be determined by the formula :

$$KA = \Sigma \text{ Audit Committee within the company}$$

Audit Delay

Audit delay is measured by counting the number of days between the date of signing the independent auditor's report and the date of the closing year of the financial statements (Ibrahim & Suryaningsih, 2016). Audit delay can be determined by the formula:

$$\text{Audit Delay} = \text{Audit Report Date} - \text{Financial Report Book Closing Date}$$

Company Growth

Company growth is measured by using changes in total assets. Asset growth is the difference between the total assets of the company in the current period and the previous period to the total assets of the previous period (Gustian, 2017). The company's growth can be calculated by the formula:

$$AG = \frac{\text{Total asset}_t - \text{Total asset}_{t-1}}{\text{Total asset}_{t-1}} \times 100\%$$

Information :

AG = Assets Growth

Total assets = Current total assets

Total assets-1 = Total assets of the previous year

Population and Sample

Population

The target population in this study were 47 mining sector companies listed on the Indonesia Stock Exchange in 2016-2020. The reason the researcher chose mining sector companies is because they tend to experience an increase/decrease in stock prices every year.

Sample

In this study the sampling technique used is non-probability sampling with purposive sampling technique. According to (Sugiyono, 2016) purposive sampling is a sampling technique of data sources with certain considerations. The sample in this study amounted to 65 (sixty five) mining sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2016 – 2020.

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

Data Collection Technique

The source of data in this study is secondary data, namely data obtained in finished form or data that has been processed. In this study, data collection was carried out by the following methods documentation study, literature study, accessed through the IDX website and news.

Data Analysis Technique

Data analysis was performed using panel data regression analysis and using statistical software EViews (Econometric Views) version 9.

4. RESULT AND DISCUSSION

Overview of Research Objects

Table 4.1 : Sampling Criteria

No	Criteria	Does Not Meet Criteria	Meet the Criteria
1.	Mining sector companies listed during 2016-2020	0	47
2.	Submit financial reports consecutively from 2016 to 2020	(6)	41
3.	Companies that use rupiah currency in presenting financial statements	(28)	13
Total Sample : 13 x 5 period = 65 sample			

Research result

Descriptive Statistics Test

Table 4.2 : Descriptive Statistics Test

	PBV	KA	AD	PP
Mean	340874.6	3.123077	102.1692	4.56E+09
Median	2.610000	3.000000	85.00000	1147710.
Maximum	3093245.	4.000000	337.0000	5.93E+11
Minimum	-130.5700	2.000000	0.000000	-1.33E+12
Std. Dev.	725759.1	0.484371	60.04050	2.92E+11
Skewness	2.227681	0.323503	1.753809	-2.007095
Kurtosis	7.198755	3.883650	6.992317	11.04431
Jarque-Bera Probability	101.5078 0.000000	3.248523 0.197057	76.48871 0.000000	218.9000 0.000000
Sum	22156852	203.0000	6641.000	2.96E+11
Sum Sq. Dev.	3.37E+13	15.01538	230711.1	5.47E+24
Observations	65	65	65	65

Selection of Panel Data Model

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society
“The Review and Outlook of The Economy after Covid 19 Pandemic”

Table 4.6 : Chow Test Result

Redundant Fixed Effects Tests
Equation: UJI_FEM
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	61.119127	(12,49)	0.0000
Cross-section Chi-square	180.087931	12	0.0000

The results of table 4.6 show that the probability of a chi-square of 0.0000 is lower than 0.05 ($0.0000 < 0.05$). Based on the decision criteria, in this model H_0 is rejected and H_a is accepted. And it can be decided that the model used is fixed effect.

Table 4.7 : Hausman Test Result

Correlated Random Effects - Hausman Test
Equation: UJI_REM
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.416509	3	0.0242

The results in table 4.7 show a probability value of 0.0242 which is lower than 0.05 ($0.0242 < 0.05$). Based on the decision criteria, in this model H_0 is rejected and H_a is accepted. And it can be decided that the model used is fixed effect. Because the model used is a fixed effect, there is no need to do the Lagrange Multiplier Test to choose whether the common effects or random effects model is the most appropriate regression model to be used in this study.

Classical Assumption Test

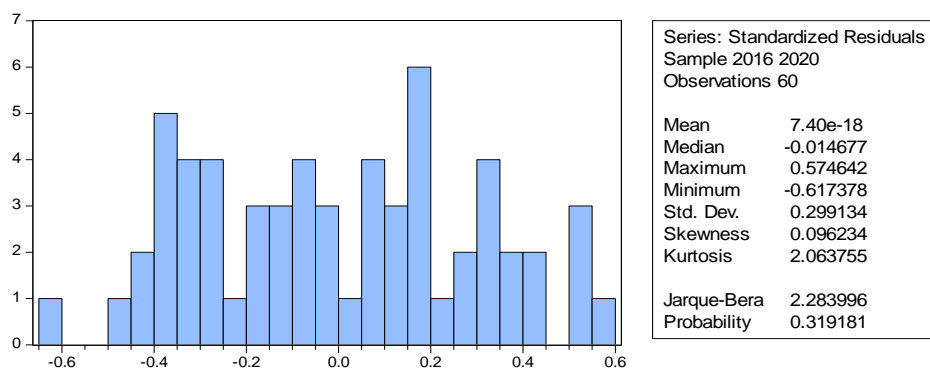


Figure 4.1 : Normality Test Results

Based on Figure 4.1, it is known that the probability is 0.319181 which means the probability value is more than 0.05 ($0.319181 > 0.05$). This shows that the data distribution is normal.

Table 4.8 : Multikolinearitas Test Result

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

	KA	AD	PP
KA	1.000000	-0.191998	0.011587
AD	-0.191998	1.000000	-0.207781
PP	0.011587	-0.207781	1.000000

Based on the results of table 4.8, it can be seen that none of the correlations between the independent variables has a value > 0.90. This means that in this regression model there is no multicollinearity

Table 4.9 : Heteroskedastisitas Test Result

Heteroskedasticity Test: Glejser

F-statistic	0.515735	Prob. F(3,61)	0.6730
Obs*R-squared	1.607877	Prob. Chi-Square(3)	0.6576
Scaled explained SS	2.202331	Prob. Chi-Square(3)	0.5315

Based on the results of table 4.9 it shows that the probability value of chi-square is 0.6576 which means it is greater than 0.05 (0.6576 > 0.05). This means that in this regression model there is no heteroscedasticity.

Table 4.10 : Autokorelasi Test Result

R-squared	0.458563	Mean dependent var	1.79E-11
Adjusted R-squared	0.412679	S.D. dependent var	701580.6
S.E. of regression	537669.6	Akaike info criterion	29.31564
Sum squared resid	1.71E+13	Schwarz criterion	29.51635
Log likelihood	-946.7584	Hannan-Quinn criter.	29.39484
F-statistic	9.993858	Durbin-Watson stat	1.625090
Prob(F-statistic)	0.000001		

Based on table 4.10 it can be said that the value of Durbin Watson is 1.625090. This means that the Durbin Watson value lies between the upper bound (du) and (4-du) which means that there is no autocorrelation.

Panel Data Regression Analysis

Table 4.12 : Panel Data Regression Analysis Result

R-squared	0.999434	Mean dependent var	7.325574
Adjusted R-squared	0.999242	S.D. dependent var	13.37546
S.E. of regression	0.346390	Sum squared resid	5.279371
F-statistic	5183.470	Durbin-Watson stat	1.923961
Prob(F-statistic)	0.000000		

Based on table 4.12 above, the value of Adjusted R2 is 0.999242. This shows that the Firm Value variable can be explained by the independent variables (Audit

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

Committee, Audit Delay and Company Growth) of 99%. While the rest (100% - 99% = 1%) is explained by other variables outside the research regression model.

Hypothesis Testing

Table 4.13 : Simultaneous Test Results (F)

R-squared	0.999434	Mean dependent var	7.325574
Adjusted R-squared	0.999242	S.D. dependent var	13.37546
S.E. of regression	0.346390	Sum squared resid	5.279371
F-statistic	5183.470	Durbin-Watson stat	1.923961
Prob(F-statistic)	0.000000		

Based on the results of the F test in table 4.13 above, the calculated F value is 5183,470 and the significance value is 0.000000, meaning that the probability value (F Statistics) < significance value (0.000000 < 0.05) then simultaneously (simultaneously) there is an effect significant relationship between the Audit Committee, Audit Delay and Company Growth on Firm Value.

Table 4.14 : Partial Test Results (T)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.492168	0.206899	26.54520	0.0000
KA	-0.237004	0.061688	-3.841956	0.0004
AD	0.000585	0.000498	1.174738	0.2464
PP	2.74E-13	1.69E-13	1.621928	0.1120

Influence of the Audit Committee on Firm Value

The results of this study indicate that the results of the partial test (t test) obtained a coefficient value of -3.841956 and the probability value of the audit committee < significance value (0.0004 < 0.05). Thus, it can be concluded that H2 is accepted, which means that the audit committee has a significant negative effect on firm value. The results of this study are in line with research (Muryati & Suardikha, 2014) which states that the audit committee has a negative effect on firm value. These results prove that an increase in the proportion of audit committees will actually reduce the value of the company. The increasing number of audit committees is not a guarantee that the performance of a company will also increase.

Effect of Audit Delay on Firm Value

The results of this study indicate that the results of the partial test (t test) obtained a coefficient value of 1.174738 and the value of audit delay probability > significance value (0.2464 > 0.05). Thus, it can be concluded that H3 is rejected, which means that audit delay does not have a significant effect on firm value.

The results of this study are in line with research conducted by (Pratama & Syafrudin, 2016) which states that audit delay does not have a significant effect on firm value. This is because investors' reactions to the length of publication of audited financial statements vary.

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

The Effect of Company Growth on Firm Value

The results of this study indicate that the results of the partial test (t test) obtained a coefficient value of 1.621928 and the probability value of company growth > the significance value (0.1120 > 0.05). Thus, it can be concluded that H4 is rejected, which means that the company's growth does not have a significant effect on firm value.

The results of this study are in line with research conducted by (Anggara, Mukhzarudfa, & L, 2019) states that asset growth which is the benchmark for company growth is not a guarantee that the company has a positive performance, because the smaller the dividend distribution policy for capital owners so that it will reduce the response of investors in the stock market to the company's shares.

5. CONCLUSION

Based on the results of research then the following conclusions can be drawn:

1. The audit committee, audit delay and company growth have a significant effect simultaneously (together) on firm value.
2. The audit committee has a negative effect on firm value. This means that the more the number of audit committees, the smaller the value of the company.
3. Audit delay has no significant effect on firm value. This means that the high and low value of a company is not based on the length of the audit process or audit delay carried out by the auditor.
4. The growth of the company does not have a significant effect on the value of the company. This means that the development of the value of the company's assets every year is not necessarily able to increase the value of the company.

REFERENCES

- Amaliyah, F., & Herwiyanti, E. (2019). Pengaruh Kepemilikan Institusional, Dewan Komisaris Independen, Dan Komite Audit Terhadap Nilai Perusahaan Sektor Pertambangan. *Jurnal Akuntansi Vol.9 No.3*, 187-200.
- Anggara, W., Mukhzarudfa, H., & L, T. A. (2019). Pengaruh Struktur Modal dan Pertumbuhan Perusahaan dan Profitabilitas Terhadap Nilai Perusahaan pada Perusahaan LQ 45 di Bursa Efek Indonesia.
- Brigham, E., & Houston, J. (2011). *Dasar-Dasar Manajemen Keuangan Edisi 11 Buku 2*. Jakarta: Salemba Empat.
- Fauzi, M., & Suhadak. (2015). Pengaruh Kebijakan Deviden dan Pertumbuhan Perusahaan Terhadap Struktur Modal dan Profitabilitas. *Jurnal Administrasi Bisnis Vol.24 no.1*.
- Gustian, D. (2017). Pengaruh Pertumbuhan Perusahaan, Keputusan Investasi, Dan Keputusan Pendanaan Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia 2010-2014).
- Ibrahim, A. M., & Suryaningsih, R. (2016). Pengaruh Profitabilitas, Leverage, Reputasi Kap Dan Opini Audit Terhadap Audit Delay (Studi Pada Perusahaan Sektor Infrastruktur, Utilitas Dan Transportasi Selama Periode 2012 – 2014). *Ultima Accounting Vol.8 No.1*, 1-12.

PROCEEDING

Call for Paper – 3rd International Seminar on Accounting Society

“The Review and Outlook of The Economy after Covid 19 Pandemic”

- Muryati, N., & Suardikha, I. S. (2014). Pengaruh Corporate Governance Pada Nilai Perusahaan. *E-Jurnal Akuntansi Universitas Udayana* 9.2, 411-429.
- Naili, T., & Primasari, N. (2020). Audit Delay, Ukuran Kantor Akuntan Publik, Financial Distres, Opini Audit, Dan Ukuran Perusahaan Klien Terhadap Auditor Switching. *Jurnal Ilmiah Akuntansi Universitas Pamulang Vol.8 No.1*, 63-74.
- Pradana, R. H. (2013). Pengaruh Risiko Bisnis, Struktur Asset, Ukuran Dan Pertumbuhan Penjualan Terhadap Struktur Modal.
- Pramita, D. A. (2017). Pengaruh Ukuran Perusahaan, Kualitas Kap, Tingkat Leverage Dan Komite Audit Terhadap Audit Delay (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2013-2015).
- Pratama, A., & Syafrudin, M. (2016). Analisis Pengaruh Kualitas Laba dan Nilai Perusahaan Terhadap Audit Delay Abnormal. *Diponegoro Journal of Accounting Vol.5 No.3*, 1-12.
- Saifi, M. S., & Hidayat, R. R. (2017). Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan (Studi Pada Perusahaan Sub Sektor Food And Beverages Yang Terdaftar Di BEI Tahun 2012-2015). *E-Proceeding Of Management*, 2261-2266.
- Saragih, M. R. (2018). Pengaruh Ukuran Perusahaan, Solvabilitas Dan Komite Audit Terhadap Audit Delay (Studi Empiris Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Tahun 2013-2016). *Jurnal Akuntansi Berkelanjutan Indonesia Vol.1 No.3*, 352-371.
- Sondokan, N. V., Koleangan, R. A., & Karuntu, M. (2019). Pengaruh Dewan Komisaris Independen, Dewan Direksi, Dan Komite Audit Terhadap Nilai Perusahaan Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2017. *Jurnal Emba Vol.7 No.4*, 5821-5830.
- Sugiyono. (2016). *Metode Penelitian Kuantitatif dan Kualitatif, R & D*. Alfabeta.
- Wulandari, S., & Nurmala, P. (2019). Pengaruh Ukuran Perusahaan, Intensitas Rapat, Komite Audit Dan Ukuran Komite Audit Terhadap Biaya Audit. *Jurnal Ilmiah Akuntansi Universitas Pamulang Vol.7 No.2*, 2599-1922.