THE EFFECT OF COMPANY SIZE, REPUTATION OF AUDITOR, PUBLIC OWNERSHIP, AND COMPANY AGE ON AUDIT DELAY (STUDY ON MANUFACTURING COMPANIES LISTED ON THE IDX IN 2018)

By: Reza Isnargono

Supervised by: Drs. Imam Subekti, Ak., M.Si., Ph.D.

ABSTRACT

This research aims to examine the influence of Company Size, Reputation of Auditor, Public Ownership, and Age of Company on audit delay on manufacturing company listed on IDX in 2018. The approach in this study is a quantitative approach because this research is presented with numbers and try to see the effect of company size, reputation of auditor, ownership and age of the company on audit delay in the manufacturing companies listed on the Indonesia Stock Exchange in 2018. The sample was gathered using purposive sampling with specific criteria. Based on the sampling technique presented, the number of samples taken in 2018 are 159 Manufacturing Companies. The data analysis technique in this research used descriptive analysis, multiple regression test, the classical assumption test, and hypothesis used t test and determination R^2 with the help of SPSS software version 23. The results of this research indicate that Company Size has a negative influence on Audit Delay, Reputation of Auditor has no influence on audit delay, Public Ownership has no influence on the audit delay, and Age of Company has no influence on audit delay.

Keywords: Company size, Reputation of Auditor, Public Ownership, Age of Company, Audit Delay

1. INTRODUCTION

Along with the developing and coupled with progress in the globalization era, many companies carry out go public activities. If we see the development, companies that go public will have many requests for auditing. Timeliness is one way to increase the market price of shares of companies that have gone public. With the existence of timeliness, it makes the development of audits of companies going public not easy. This is because the auditing system is carried out systematically and requires a short time to audit, resulting in a delay in earnings announcements and the issuance of financial statements.

Carslaw and Kaplan (1991) stated that timeliness of reporting is a major qualitative attribute in financial statements. One important factor in determining the timeliness of financial reporting and earnings announcements is the length of time the audit is completed (Givoly and Palmon, 1982). According to PSAK (2017), the purpose of financial statements is to provide information relating to financial position, performance, and changes in the financial position of a company that benefits a large number of users in economic decision making. Relevant information will be useful to users if it is available on time before the user loses the opportunity or ability to influence the

decisions to be made. Financial statements are also a means of communication used by companies and economic measurement of the resources owned by the company and the company performance to various parties who have an interest in the information. Therefore, the information to be conveyed will be more useful if delivered promptly, that is the point of providing the parties in decision making. According to Afifi (in Mazkiyani and Handoyo, 2017), the timeliness of financial statements is considered as one of the important aspects that concern the users of accounting information. When financial statements are not presented on time, it will lose the value of information, because it is not available when users of financial statements need consideration in decision making.

The timeliness of the presentation of financial statements and audit reports (timeliness) is the main requirement for increasing market prices of shares of companies that gone public. Fulfillment of audit standards by auditors can have an impact on the length of completion of the audit report. Timeliness in the submission of an annual financial report is an obligation that must be fulfilled by an entity that has been listed on the Indonesia Stock Exchange (IDX), the purpose is to deliver financial reports regularly. This also applies to a provision regulated by the Financial Services Authority, hereinafter referred to as OJK, in Regulation No. XK2, Attachment to Decision of Chairperson of Bapepam and LK Number: KEP-346/BL/2011 as of 5 July 2011 concerning Obligation to Submitted Periodic Financial Reports Issuers or Public Companies, namely Annual Financial Reports and Mid-Term Financial Reports.

Considering the timeliness of financial report submission is important for the company which will have an impact on investors' decisions in investing and forming positive trust and reaction. OJK in the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) and the Indonesia Stock Exchange (IDX) has set the deadline for submission that has previously been presented.

Rule Number XK6 about the Submission of the Annual Report of Issuers or Public Companies stated in point two that in the event where the Issuer or Public Company obtains an effective statement for the first time after the financial year ends up to the deadline for submitting the annual report as referred to in letter ”a”, then Issuer or Public Company must submit an annual report to Bapepam and LK no later than the call of the Annual General Meeting of Shareholders (AGM) or at the end of the 6th month (six) after the financial year ends, whichever comes first.

Regulations concerning the submission of financial statements are listed in the Financial Services Authority Regulation (POJK) No.29/POJK.04/2016 concerning the Annual Report of Public Company Issuers. Issuers of public companies must submit an Annual Report to the Financial Services Authority no later than the end of the fourth month (120 days) after the financial year ends. Especially on holidays, the due date for submitting a financial report can be postponed no later than one working day on the next working day. If a company is late in submitting its financial statement information at a predetermined time, then the company can be penalized. Giving sanctions and fines to companies that are late in submitting financial statements exceeding the time limit set by the exchange is intended so that investors and other business people can quickly obtain the financial information needed as investment decision making.

In addition, this also relates to an independent auditor where there are several regulations that are important references for public entities which have been stated regarding the Financial Services Authority

Regulation No. 29/PJOK.04/2016 concerning the Annual Report of the Issuer or Public Entity. Financial service authority no later than the end of the fourth month after the book closing. Sanctions imposed if the submission of financial statements is submitted to exceed this limit in accordance with Financial Services Authority Regulation No. 29/PJOK.04/2016 concerning the Annual Report of the Issuer or Public Entity Article 19 Paragraph (1), violates the provisions of the Financial Services Authority Regulations, including those that cause violations of these provisions, in the form of (a) written warnings, (b) fines that require to pay a certain amount of money, (c) restrictions on business activities, freezing of business activities revocation of business license, (e) cancellation of approval, and (f) cancellation of registration.

Timeliness in the submission of financial statements can be caused by internal auditors and independent auditors from the Public Accountant Office whose task is to audit the issuer's financial statements. According to Chan et al., and Palmrose (in Alkhatib and Marji, 2012) suggested that external factors originate from the size or reputation of the Public Accountant Office or can be referred to as KAP. It means that KAPs with large resources can employ high-standard staff to do their audit services. Fancis and Wilson (in Alkhatib and Marji, 2012) suggested that large-scale KAPs with a reputation have a goal to protect their reputation and maintaining their audit costs, with big names tend to offer superior audit services and attracting large companies to take advantage of guarantees and protection of their audit services and vice versa.The results of research conducted by Alkhatib and Marji (2012) showed that the reputation or size of KAP has a negative relationship to the timeliness of submission of financial statements.

This phenomenon brought up in terminology associated with research on auditing time is known as audit delay. Stephani (2010), explained that "the length of time for an audit to be completed from the closing date of the fiscal year to the date that an audit report is issued called an audit report lag or audit delay." Audit delay is actually the time between the company's fiscal year up to the tempo of the audit date. The length of the audit delay will affect the timeliness of information to be published so that it can affect the level of uncertainty in making decisions based on the published information.

According to Amani (2016), many factors are likely to affect audit delay in a company. Among them are company size, profitability, audit opinion, and age of the company. The size of the company used in this research was measured using total assets or the amount of the company's wealth. The company size factor is one of the factors that is often used in previous studies. According to Pourali et al. (2013), company size has a negative effect on audit delay. It is because larger companies have better internal controls. Companies with better internal control will facilitate the auditor so it can reduce the auditor's error in working on the audit report.

In contrast to research conducted by Novelia and Dicky (2012), company size does not have a significant effect on audit delay. The results of this research indicate that the size of the company does not affect the length of the audit delay because company size assessment using total assets is more stable than market value and sales level, so that company size does not affect audit delay.

Company size is the size of a company that is measured by the number of total assets or assets owned by a company. According to Mas'ud Machfoedz (1994), the size of the company is categorized into three, namely: 1)

Large Entities, 2) Intermediate Entities, 3) Small Entities. Company size is the entity size that is measured by the number of total assets or assets owned by an entity. Mazkiyani and Handoyo (2017) suggested that company size as one of the characteristics of a company which is an important factor to be tested in various studies. Related to the timeliness of annual financial reports, the size of the company is also a function of the completion of faster financial reporting. The size of the company is also influenced by operational complexity, variability and intensity of company transactions, which will affect the timeliness of financial statement presentation to the public.

According to Lianto et al. (in Mazkiyani and Handoyo, 2017), companies on a large scale tend to be faster in presenting audited financial statements compared to small companies. Generally, large companies are monitored by investors, capital securities, and the government, so there is a tendency to reduce the slowness of audit reports. According to Prasetya and Irwandi (in Abdullah et al., 2017), large companies have large agency costs because the company must inform its full financial statements to shareholders as management's responsibility. The practice of IFR in financial reports aims to reduce the costs of large agencies. However, it is different from the opinion of Boynton and Kell (in Wiwik Utami, 2006), who argued that "the timeliness of submitting financial statements will be longer if the size of the company to be audited is getting bigger". It means that the larger the entity, the longer the audit process will be until the occurrence of timeliness.

Based on the research results of Alkhatib and Marji (2012), Mazkiyani and Handoyo (2017) showed that company size is negatively correlated with the timeliness of the audit. While the results of research by Mustafa and Al-Shwiyat (2013) and Abdullah *et.al*., (2017) showed that company size is positively correlated with the time of the company's annual financial statements.

In addition, other internal factors are the age of the company. According to Umoren and Asogwa (2013), a positive level is based on the age of the company that older, experienced and established companies tend to disclose more information because they have built and effective reporting systems while negative associations are the opposite, indicating that younger companies express more much information to increase investor confidence and reduce skepticism. According to Saleh (2004), long-established companies tend to be more skilled in collecting, processing and producing information when needed, because the company has gained sufficient experience. It means that the company has a lot of experience in various problems related to processing information and how to overcome them. The company has also felt the changes that occur during operations, so companies tend to have flexibility in dealing with changes in the future.

Company age is the length of time the company has operated. According to Novelia Sagita Indra and Dicky Arisudhana in Saemargani (2015), the older the company's age, the smaller the audit delay, because companies with older age are able to collect, process, and produce information when needed because they already have a lot of experience in this matter. The results of research conducted by Armanto Witjaksono and Mega Silvia in Saemargani (2015), stated that the Company's Age had no impact on Audit Delay. Companies that have been operating for a long time will not be approved by an audit because they are complex in their financial statements.

The results of the study by Mazkiyani and Handoyo (2017) showed that the company age does not affect the timeliness of submitting financial statements. While the

results of research conducted by Mustafa and AL-Shwiyat (2013) and Abdullah *et.al*., (2017) showed that the company age has a positive influence on the timeliness of submission of financial statements.

Besides that, ownership is a factor that can affect the timeliness of submitting financial statements. Public ownership in companies that go public is the percentage of share ownership held by the public compared to the total number of shares of the company, namely individuals or institutions that have under 5% (five per cent) shares outside management and are not associated with the company (Mayasari, 2014). The greater the share of public ownership, the more parties need information about the company, the more detailed information that must be opened in the annual report. The reason is that the greater the number of shares held by the public, the more information that must be disclosed, and as much public demand for corporate transparency as possible (Jannah, 2015).

The concentration of ownership is the percentage of the largest number of shares in a company, in addition to public ownership in the structure of share ownership (Pratomo in Sutikno and Hadiprajitno, 2015). The more concentrated ownership of shares in a company will reduce management policies that diverge. That is because their large shareholding makes their sense of ownership large (Lee in Sutikno and Hadiprajitno, 2015)

Various references relating to company ownership related to the timeliness of a financial report include the results of research conducted by Abdullah *et al*., (2017) which indicated that ownership has a positive influence on the timeliness of submission of financial statements. It can be concluded that the greater the share of ownership, the more parties who need information about the company.

Therefore, it is necessary to find The Effect of Company Size, Reputation of Auditor, Public Ownership, and Company Age on Audit Delay (Study on Manufacturing Companies Listed on the IDX in 2018).

2. LITERATURE REVIEW

a. Agency Theory

According to Jensen and Meckling (in Abdullah *et al*., 2017), agency theory is a contractual relationship between principals, in this case, acts as shareholders who responsible for duties and authority of agent or commonly called as manager in making decision tied to existence of contract agreed work. Agency theory is a relationship that subsists when one person or group of persons called agent is acting on behalf of another called principal. This theory arises due to the possible conflict of separating ownership from day to day management of organization (Okpala, 2012).

b. Signaling Theory

Signaling theory is useful for describing behavior when two parties (individuals or organizations) have access to different information. Typically, one party, the sender, must choose the way to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal (Connelly, *et al*, 2011). The signaling theory assumes that managers are more eager to increase voluntary disclosure if they have propitious news to announce or expect growth in future profits (Verrecchia, 1983). Perhaps, more profitable companies are expected to benefit from open communication with investors since, in this way, they signal their competitive advantage.

c. Audit Delay

Audit Delay is the length of time in the completion of the audit measured from the closing date of the financial year, until the date of the completion of the independent

audit report (Utami, 2006: 4). Evidence of its accuracy and accuracy will affect the level of its usefulness. Empirical evidence has shown that decisions made based on financial statements are influenced by the accuracy of the delivery of financial statements (Carslaw and Kaplan, 1991). Furthermore, the conceptual misrepresentation presented by the Indonesian Accounting Standards (IAI, 2013) revealed that if there are undue delays in reporting, the information produced will lose its relevance. IAI (2013) stated that the timeliness of financial statement submission becomes an obstacle for relevant and reliable information. Furthermore, research conducted by Givoly and Palmon (1982) has provided empirical evidence relating to the contents of financial information in the form of earnings announcements, in which investors will postpone their purchases or sales until the issuance of the company's audited financial statements.

Delays occur if the company reports its financial information after the specified date. This is in accordance with XK2 regulations issued by Bapepam and supported by XK6 number dated December 7, 2006, so that the audited annual financial statements are submitted on time if submitted before or no later than the end of the third month after the date of the public company annual financial report that is. Whereas for the semi-annual report: (1) no later than 30 days after the next financial year, if not accompanied by an accountant report, (2) no later than 60 days after the end of the year if accompanied by an accountant report in the context of limited review, (3) at the latest 90 days after the middle of the financial year ends if accompanied by an accountant report that provides opinions on the fairness of the overall financial statements.

d. Company Size

The risk-sharing problem appears between cooperating parties, which have various attitude to risk due to different risk preferences. The agency theory extends the risk-sharing problem and emphasizes a dilemma of divergent attitudes to corporate objectives of two parties, where the first one is an agent who performs that work (Eisenhardt in Abdullah., *et al*, 2017). As a result of agency problems, which may be reflected in unsatisfactory value decreasing investments, investors are stimulated to enforce disclosure of information on managerial decision what aims at a congruence on investor and manager interests and this resulting in occurring agency cost (Ojah and Mokoteli in Abdullah et al., 2017). Large companies have big agency costs because companies must inform their full financial statements to the shareholders as management responsibility.

This kind of thing relates to the increasing number of samples taken and the broader audit procedures that must be undertaken. However, in this case the underlying research from Ashton can be explained and elaborated in more detail by Dyer and McHugh (1975). Large-scale companies tend to be more intensive in delivering financial reports and reduce the occurrence of inaccuracy because the company is monitored by interested parties such as investors, capital supervisors, and the government. Therefore, large-scale companies tend to experience a higher pre-pressure level to announce earlier audit reports.

According to Amani (2016), many factors are likely to affect audit delay in a company. Among them are company size, profitability, audit opinion, and age of the company. The size of the company used in this study was measured using total assets or the amount of the company's wealth.

Pourali *et al*. (2013), explained that company size has a negative effect on audit delay. This happens because larger companies have better internal controls. Companies that have better internal control

will make it easier for auditors so that this can reduce the auditor's error in working on his audit report.

e. Reputation of Auditor

According to Jensen and Meckling (1976) in Masdupi (2005), agency costs include three things, namely monitoring costs, bond costs and residual losses. Monitoring costs are costs paid by the head to measure, observe and control agent behavior so as not to deviate. The fee arises because of an imbalance of information between the principal and the agent. In certain situations, the agent may spend company resources (bond costs) to ensure that the agent will not harm the principal or to ensure that the principal will compensate if he does the action. However, differences can still occur between the agent's decision and the decision to maximize the welfare of the institution.

Meanwhile, the principal will experience difficulties in controlling the agent, because the principal has less company information than the agent. Therefore, in the management of companies, managers (agents) need to be monitored and controlled to prevent fraud and also to ensure that management has been carried out in accordance with the applicable rules and regulations.

f. Public Ownership

Agency relations arise because delegates from responsibility in making decisions from principal to agent, from this case, agent relations can create information injustice (information asymmetry). Information asymmetry occurs when one group or manager has information that is better or more timely than other groups in the company (Ballwieser et al., 2012). So, it can open opportunities for managers (agents) to act opportunistically such as seeking personal gain.

The essence of the agency relationship is the separation of functions between investor ownership and control in management. The separation between business owners and management by management institutions tends to cause conflicts between principals and agents. A conflict of interest between the principal and the agent occurs because the agent who may not always act in accordance with the principal wishes causes agency costs. The value for money equals the reduction in welfare experienced by the perpetrator is called residual loss.

g. Age of Company

Signaling theory is useful for describing the behavior when two parties (individuals or organizations) have access to different information. Typically, one party, the sender, must choose the way to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal (Connelly, et al, 2011). The signaling theory assumes that managers are more eager to increase voluntary disclosure if they have propitious news to announce or expect growth in future profits (Verrecchia, 1983). Perhaps, more profitable companies are expected to benefit from open communication with investors since, in this way, they signal their competitive advantage.

Signaling theory emphasizes that the reporting company can increase the value of the company through its reporting. Accurate reporting is based on information that will provide a good view of the future that the company will have a high profit by reading several aspects, one of which is the age of the company. With a very long company life, it will be seen that the company is running a business well plus more profits in the future to be higher.

Hypotheses:
H1: Company size has a negative effect on Audit delay.
H2: auditor's reputation has a negative effect on audit delay
H3: Public Ownership has a positive effect on the audit delay
H4: The Company Age has a negative influence on audit delay

3. RESEARCH METHODOLOGY

This research is quantitative research. The population used in this research is the entire time-series data of company size, reputation of auditor, Public Ownership, company age, and audit delay of the manufacturing companies listed on the Indonesia Stock Exchange in 2018.

The research sample used was a purposive sample. The sample aims to be done by taking the subject rather than based on strata, random, or area but based on the existence of certain objectives. So this research uses samples. The purpose of purposive random sampling is to obtain samples that can meet randomly determined criteria (Cozby, 2009).

Criteria for the company type used in this research has certain considerations, namely:

1. Manufacturing companies listed on the Indonesian stock exchange were 177.
2. Manufacturing companies did not present the annual financial statement period of 2018 were 14.
3. Manufacturing companies have incomplete data period 2018 were 4.

Based on the sampling technique presented, the number of samples in this research taken in 2018 amounted to 159 Manufacturing Companies.

a. Definition and Measurement Variables Independent Variables

1) Company Size

The risk-sharing problem appears between cooperating parties, which have various attitude to risk due to different risk preferences. The agency theory extends the risk-sharing problem and emphasizes a dilemma of divergent attitudes to corporate objectives of two parties, where the first one is an agent who performs that work (Eisenhardt in Abdullah., et al, 2017). As a result of agency problems, which may be reflected in unsatisfactory value decreasing investments, investors are stimulated to enforce disclosure of information on managerial decision what aims at a congruence on investor and manager interests and this resulting in occurring agency cost (Ojah & Makoaleli-Mokoteli in Abdullah et al., 2017). Large companies have big agency costs because companies must inform their full financial statements to the shareholders as management responsibility.. Company size formulated as, Company Size = Ln Total Assets. According to Amani (2016), many factors are likely to affect audit delay in a company. Among them are company size, profitability, audit opinion, and age of the company. The size of the company used in this study was measured using total assets or the amount of the company's wealth.

2) Reputation of Auditor

Auditor quality can be known from the size of the audit company that audits the annual financial statements, relying on whether the Public Accountant Office (KAP) is affiliated with the big four or not. Carslaw and Kaplan (2009) mention the absence of a significant positive relationship between timeliness and auditor quality, while Hossain and Taylor (1998) show a positive correlation between the two.

3) Public Ownership

The larger portion of public Public Ownership, more parties need information about the company, more detailed information items that should be opened in the annual report. The reason is that the larger number of shares owned by the public will be more of the information that should be disclosed, and public demand for corporate transparency as much as possible (Jannah, 2015).

4) Age of Company

According to Umoren and Asogwa (in Abdullah *et al*., 2017), the positive association is based on the premise that older, experienced, and well-established companies that are likely to disclose more information because they have established and cost effective reporting systems whereas the negative association on the contrary, signifies that younger companies disclose more information to boost investor confidence and reduce skepticism.

Dependent Variable

1) Audit Delay

Dependent variable in this research is audit delay. Audit Delay is the length of time in the completion of the audit measured from the closing date of the financial year, until the date of completion of the independent audit report (Wiwik Utami, 2006: 4). Evidence of its accuracy and accuracy will affect the level of its usefulness. Empirical evidence has shown that decisions made based on financial statements are influenced by the accuracy of the delivery of financial statements (Carslaw and Kaplan, 1991). Audit Delay is the time-span for completing the audit from the closing date of the financial year to the date the audit report is issued. Audit Delay is measured by the date the audit opinion minus year end, which is 1 January 2019.

b. Analysis of Data Method

The data analysis technique in this research is using descriptive analysis, multiple regression Test, the classical assumption test, and hypothesis using t test and determination R^2.

4. RESEARCH RESULTS AND DISCUSSIONS

In this study, the researchers took the data from manufacturing companies listed on the IDX period of 2018. The sample in this research was taken using purposive sampling method. The data analysis technique in this study is using descriptive analysis, multiple regression test, determination R^2, the classical assumption Test, and hypothesis using t test.

a. Linear Multiple Regression

Multiple Linear Regression Analysis is a tool for forecasting the value of the influence of two or more independent variables on the dependent variable to prove the presence or absence of a function or causal relationship between two or more independent variables with one dependent variable. This study uses independent variables, namely SIZE (X1), BIG 4 (X2), OWN (X3), and AGE (X4), while the dependent variable used in this study is Audit Delay (Y). Results of Multiple Linear Regression Analysis Tests are presented in the following table.

Table 1. Multiple Linear Regression Analysis Test Results

Variables	Standardized Coefficients	t_{count}	Sig.	Information
Size	-0.180	-1.987	0.049	Negative Significant
Big 4	-0.015	-0.168	0.867	Not Significant
P. Ownership	0.107	1.318	0.189	Not Significant
Age	-0.050	-0.589	0.557	Not Significant
A			0.05	
R			0.236	
R Square			0.056	
Coefficient of Determination (Adj. R^2)			0.031	

Variables	Standardized Coefficients	t_{count}	Sig.	Information
t – table			1.654	

Based on the table of the Multiple Linear Regression Analysis Test Results, the form of the multiple linear regression equation can be formulated as follows:

1) A constant value of (133.518) means that if all the independent variables, namely SIZE, BIG 4, OWN, and AGE are constant or stable, the dependent variable of Audit Delay will increase by 133.518.
2) The regression coefficient of the SIZE variable is negative, which is -0.180, which means that an increase in the value of SIZE by 1 will decrease the audit delay by -0.180 and assuming that the value of the other independent variables is fixed.
3) The value of the regression coefficient of BIG 4 is negative, that is -0.015, which means that an increase in the value of BIG 4 by 1 will decrease the audit delay by -0.015 assuming that the value of the other independent variables is fixed.
4) The OWN regression coefficient value is positive, that is 0.107, which means that an increase in OWN value of 1 will increase audit delay by 0.107 assuming that the value of the other independent variables is fixed.
5) The regression coefficient AGE value is negative, that is -0.050, which means that an increase in AGE value of 1 will decrease the audit delay by -0.050 assuming that the value of the other independent variables is fixed.

b. Determination Coefficient Results (R^2)

The coefficient of determination is used to measure the ability of the variable X to influence the variable Y (Ghozali, 2016: 95). This test is intended to determine the percentage contribution of the influence of independent variables on the dependent variable. The smaller (R2) shows that the more limited the ability of independent variables in explaining the dependent variable. Determination Coefficient Test Results (R2) are presented in the following table.

Table 2. Determination Coefficient Test Results (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.236[a]	.056	.031	16.415

a. Predictors: (Constant), Age, Ownership, Size, Big 4
b. Dependent Variable: Audit Delay

Source: *Output SPSS Ver.23* (2019)

The results of the calculation of the coefficient of determination (R2) in this regression model are as follows:

Coefficient of Determination (R^2): 0.031 x 100% = 3.1%

The Coefficient of Determination (R^2) is 3.1%, which means that the influence of the independent variables namely Size (X1), Big 4 (X2), Ownership (X3), and Age (X4) in explaining the dependent variable, Audit Delay (Y) is equal to 3.1%. The rest is influenced by other variables which are not discussed by 96.9%. If the independent variable increases by 100%, the dependent variable will also increase by 3.1%.

c. Classic Assumption Test Results

Based on the results of tests on the classical assumption test, it can be concluded that the criteria in the classical assumption test stage are met.

d. Hypothesis Test Results (t-test)

The t-test (partial) aims to find out whether there is an influence between the independent variables on the dependent variable partially, assuming the other variables are constant. Testing is done by looking at the significance value of 0.05 (α =

5%). Measurements are said to be significant if the value of t count> t table and significance <0.05. The t-test results (partial) are as follows:

Table 3. T test result (Partial)

Variables	t value	Sig	Decision on H0
Size (X_1) to Audit Delay (Y)	-1.987	0.049	Rejected
Big 4 (X_2) to Audit Delay (Y)	-0.168	0.867	Accepted
Own (X_3) to Audit Delay (Y)	1.318	0.189	Accepted
Age (X_4) to Audit Delay (Y)	-0.589	0.557	Accepted

Source: *Output SPSS Ver.23* (2019)

The significance of the estimated parameters provides very useful information about the relationship between the research variables. In the PLS, a statistical test of each hypothesized relationship is carried out using simulation. In this case, the bootstrap method is performed on the sample. Bootstrap testing is also intended to minimize the problem of research data abnormalities. The test results with bootstrapping from PLS analysis are as follows:

1) Size (X_1) to Audit Delay (Y)

Based on the table above, it shows that the calculated t value for the Size variable is -1.987, and the significance is below 0.05. When compared with t table, then the value of t table is 1.654 and when compared with d arithmetic and significance is -1.987 > 1.654 and sig. <0.05. That is, the SIZE variable negative effect on Audit Delay.

2) Big 4 (X_2) to Audit Delay (Y)

Based on the table above, it shows that the calculated t value for the variable of Big 4 is -0.168 and the significance is higher than 0.05. When compared with t table, then the value of t table is 1.654 and when compared with d arithmetic and significance is -0.168 < 1.654 and sig. > 0.05. That is, the Big 4 variable has no effect on audit delay.

3) Own (X_3) to Audit Delay (Y)

Based on the table above, it shows that the calculated t value for the variable of Own is 1.318 and the significance is higher than 0.05. When compared with t table, then the value of t table is 1.654 and when compared with d arithmetic and significance is 1.318 < 1.654 and sig. > 0.05. That is, the ownership variable has no effect on audit delay.

4) Age (X_4) to Audit Delay (Y)

Based on the table above, it shows that the calculated t value for the variable of Age is -0.589 and the significance is higher than 0.05. When compared with t table, then the value of t table is 1.654 and when compared with d arithmetic and significance is -0.589 > 1.654 and sig. > 0.05. That is, the age variable has no effect on audit delay.

e. Discussion

1) The Influence of Company Size on Audit Delay to Manufacturing Company listed by IDX period of 2018

Hypothesis 1 (H1) states that Company Size has a negative influence on audit delay. Based on the results of testing of H1 in the t test, this study found a negative influence between Company Size on audit delay. The results show that the calculated t value for the Size variable is -1.987, and the significance is below 0.05. When compared with t table, the value of t table is 1.654, and when compared with d arithmetic and significance is -1.987 > 1.654 and sig. <0.05. That is, the SIZE variable partially negative influences on Audit Delay.

The risk-sharing problem appears between cooperating parties, which have various attitude to risk due to different risk preferences. The agency theory extends the risk-sharing problem and emphasizes a dilemma of divergent attitudes to corporate objectives of two parties, where the first one is an agent who performs that work

(Eisenhardt in Abdullah., *et al*, 2017). As a result of agency problems, which may be reflected in unsatisfactory value decreasing investments, investors are stimulated to enforce disclosure of information on managerial decision what aims at a congruence on investor and manager interests and this resulting in occurring agency cost (Ojah and Makoaleli-Mokoteli in Abdullah et al., 2017). Large companies have big agency costs because companies must inform their full financial statements to the shareholders as management responsibility.

This kind of thing relates to the increasing number of samples taken and the broader audit procedures that must be undertaken. However, in this case the underlying research from Ashton can be explained and elaborated in more detail by Dyer and McHugh (1975). Large-scale companies tend to be more intensive in delivering financial reports and reduce the occurrence of inaccuracy because the company is monitored by interested parties such as investors, capital supervisors, and the government. Therefore, large-scale companies tend to experience a higher pre-pressure level to announce earlier audit reports.

Large companies have big agency costs because companies must inform their full financial statements to the shareholders as a management responsibility. IFR practice in the financial statements aims to lower the cost of major agencies (Prasetya and Irwandi, 2012).

Dyer and McHugh in Halim (2000) suggest that large-scale companies tend to be more intensive in delivering financial statements and reduce the occurrence of inaccuracy because the company is monitored by interested parties such as investors, capital supervisors, and the government. Therefore, large-scale companies tend to experience a higher pre-pressure level to announce earlier audit reports.

The results of this study also agree with those put forward by Mazkiyani and Handoyo (2017) who suggest that company size as one of the characteristics of a company which is an important factor to be tested in various studies. Related to the timeliness of annual financial reports, the size of the company is also a function of the completion of faster financial reporting. The size of the company is also influenced by operational complexity, variability, and intensity of company transactions, which of course will affect the timeliness of financial statement presentation to the public.

According to Amani (2016), many factors are likely affected audit delay in a company. Among them are company size, profitability, audit opinion, and age of the company. The size of the company used in this study was measured using total assets or the amount of the company's wealth. The company size factor is one of the factors that is often used in previous studies. According to Pourali *et al*. (2013), company size has a negative effect on audit delay. It happens because larger companies have better internal controls. Companies that have better internal control will facilitate the auditor so that this can reduce the auditor's error in working on the audit report.

2) The Influence Reputation of Auditor on Audit Delay to Manufacturing Company listed by IDX period of 2018

Hypothesis 2 (H2) states that Reputation of Auditor has no effect on audit delay. The results show that the calculated t value for the reputation of auditor variable is -0.168, and the significance is higher than 0.05. When compared with t table, then the value of t table is 1.654, and when compared with d arithmetic and significance is $-1.168 < 1.654$ and sig. > 0.05. That is, the Reputation of auditor variable has no effect on Audit delay.

According to Jensen and Meckling (1976) in Masdupi (2005), agency costs

include three things, namely monitoring costs, bond costs and residual losses. Monitoring costs are costs paid by the head to measure, observe and control agent behavior so as not to deviate. The fee arises because of an imbalance of information between the principal and the agent. In certain situations, the agent may spend company resources (bond costs) to ensure that the agent will not harm the principal or to ensure that the principal will compensate if he does the action. However, differences can still occur between the agent's decision and the decision to maximize the welfare of the institution.

Meanwhile, the principal will experience difficulties in controlling the agent, because the principal has less company information than the agent. Therefore, in the management of companies, managers (agents) need to be monitored and controlled to prevent fraud and also to ensure that management has been carried out in accordance with the applicable rules and regulations.

Fancis and Wilson (in Alkhatib and Marji, 2012) argued that auditors with a large size and reputation have the purpose of protecting their reputation and maintaining the level of their audit costs, big-name auditors tend to offer superior audit services and attract large companies to take advantage of guarantees and protection of their audit services and vice versa. The results of research conducted by Alkhatib and Marji (2012) show that the reputation or size of the auditor has a negative relationship to the timeliness of financial statement submission.

Auditor quality can be known from the size of the audit company that audits the annual financial statements, relying on whether the Public Accountant Office (KAP) is affiliated with the big four or not. Companies that use large KAP services tend to be timely in presenting their financial statements (Hilmi and Ali, 2008).

A public accounting firm with a good reputation is judged to be more efficient in conducting the audit process and will produce information that matches the fairness of the company's financial statements. These indicators can be assessed by using the services of a Public Accountant Office affiliated with the Big Four (big4) or not (Wulantoro, 2011).

3) The Influence Public Ownership on Audit Delay to Manufacturing Company listed by IDX period of 2018

Hypothesis 3 (H3) states that ownership has no effect on audit delay. The results show that the calculated t value for the ownership variable is 1.318 and the significance is higher than 0.05. When compared with t table, then the value of t table is 1.654 and when compared with d arithmetic and significance is $1.318 < 1.654$ and sig. > 0.05. That is, the ownership variable has no effect on Audit delay.

Agency relations arise because delegates from responsibility in making decisions from principal to agent, from this case, agent relations can create information injustice (information asymmetry). Information asymmetry occurs when one group or manager has information that is better or more timely than other groups in the company (Ballwieser et al., 2012). So, it can open opportunities for managers (agents) to act opportunistically such as seeking personal gain.

The essence of the agency relationship is the separation of functions between investor ownership and control in management. The separation between business owners and management by management institutions tends to cause conflicts between principals and agents. A conflict of interest between the principal and the agent occurs because the agent who may not always act in accordance with the principal wishes causes agency costs. The value for money equals the

reduction in welfare experienced by the perpetrator is called residual loss.

Public ownership is a percentage of the ownership of publicly owned shares compared to the total number of shares the company. That is an individual or institution that own under 5% (five percent) of shares outside management and not related to the company (Mayasari, 2014). The larger the portion of public ownership, the more the parties who need information about the company, the more detailed information items that should be opened in the annual report.

Concentration of ownership is the percentage of the largest number of shares in a company, in addition to public ownership in the structure of share ownership (Pratomo in Sutikno and Hadiprajitno, 2015). The more concentrated ownership of shares in a company will reduce management policies that diverge. That is because their large shareholding makes their sense of ownership large (Lee in Sutikno and Hadiprajitno, 2015).

4) The Influence Age of Company on Audit Delay to Manufacturing Company listed by IDX period of 2018

Hypothesis 4 (H3) states that company age has no effect on audit delay. The results show that the calculated t value for the ownership variable is -0.589, and the significance is higher than 0.05. When compared with t table, then the value of t table is 1.654, and when compared with d arithmetic and significance is $-0.589 < 1.654$ and sig. > 0.05. That is, the age variable has no effect on Audit delay.

Signalling theory emphasizes that the reporting company can increase the value of the company through its reporting. Accurate reporting is based on information that will provide a good view in the future so that the company will have a high profit by reading several aspects, one of which is the age of the company. With a very long company life, it will be seen that the company is running the business well plus more profits in the future get higher.

Company age is the length of time the company has operated. According to Novelia Sagita Indra and Dicky Arisudhana in Saemargani (2015), the longer the company's age, the smaller the Audit Delay, because companies that have an older age are able to collect, process, and produce information when it is needed because they already have quite a lot of experience in this matter. This indicate the relevance between age of company and agency theory. The results of research conducted by Armanto Witjaksono and Mega Silvia in Saemargani (2015) stated that the Company's Age had no impact on Audit Delay. Companies that have been operating for a long time will not be approved by an audit, because they are complex in their financial statements.

The results of this study also disagree with those put forward by Novelia Sagita Indra and Dicky Arisudhana (2012) who said that the Company's Age has a negative effect on Audit Delay, which means that the older the Company's Age, the Audit Delay will be shorter. The longer the company's life, investors will judge that the company will be more efficient so that relevant information can be presented on time.

The results of this study also agree with those put forward by Armanto Witjaksono and Mega Silvia in Saemargani (2015) who stated that the Company's Age had no impact on Audit Delay. Companies that have been operating for a long time will not be approved by an audit because they are complex in their financial statements.

5. CONCLUSIONS

a. Conclusions

Based on the results of the research that has been carried out, several conclusions are obtained, as follows:

1. Company size has a negative influence on Audit delay in manufacturing company listed on the IDX Period 2018.
2. Reputation of Auditor has no influence on audit delay in manufacturing company listed on the IDX Period 2018.
3. Public Ownership has no influence on the audit delay in manufacturing company listed on the IDX Period 2018.
4. Age of Company has no influence on audit delay in manufacturing company listed on the IDX Period 2018.

b. Suggestions

Based on the conclusions obtained in this study, suggestions are made as a complement to the results of the study, which can be given as follows:

1. For companies, it is expected to be a consideration for companies to pay attention to company size, reputation of auditor, ownership, and age of the company; because by knowing this, companies can make consideration in analyzing financial statements for decision making.
2. For further research, it is expected to increase the number of variables in the study as well as more research periods.

BIBLIOGRAPHY

Alkhatib, Khalidand & Qais Marji. (2012). Audit reports timeliness: Empirical evidence from Jordan. *Social and Behavioral Sciences 62 (2012) 1342 – 1349*.

Abdullah, MDF., Noor Ardiansyah & Nurul Hamidah. (2017). The Effect of Company Size, Company Age, Public Ownership and Audit Quality on Internet Financial Reporting. *SIJDEB, Vol 1 No.2, 153-166*.

Aziz, Musdalifah, et al. (2015). Fundamental, Technical Investment Management, Investor Behaviour and Stock Return. *Yogyakarta*: *Deepublish Publisher*.

Arikunto, S. (2006). Metode Penelitian Kualitatif. Jakarta: Bumi Aksara.

Apadore, Kogilavani, dan Marjan Mohd Noor. (2013). “Determinants of Audit Report Lag and Corporate Governance in Malaysia.” *International Journal of Business and Management 8 (15): 151*.

Afify, H. A. E. (2009). Determinants of audit report lag: Does implementing corporate governance have any impact? Empirical evidence from Egypt. *Journal of Applied Accounting Research, 10:1, 56-86*.

Ballwieser, W., Bamberg, G., Beckmann, M. J., Bester, H., Blickle, M., Ewert, R., Feichtinger, G., Firchau, V., Fricke, F., Funke, H., and others. 2012. *Agency theory, information, and incentives*, Springer Science & Business Media.

Carslaw and Kaplan. (1991). *An Examination of Audit Delay : Further Evidence from New Zealand*. Accounting and Business Research.

Carslaw, C.A.P.N. dan S.E. Kaplan. 1991 ”An Examination of Audit Delay: Further Evidence from New Zealand”, *Accounting and Business Research 22 (85) , 21 - 32*.

Connelly, Brian L. (2011). “Signaling Theory: A Review and Assessment”. *Journal of Management.Vol. 37.No. 1. Page 39-67*.

Dyer, J. C. I. V., dan A. J. McHugh. 1975. The Timeliness of The Australian

Annual Report. *Journal of Accounting Research. Autumn. Vol. 13. No.2. Hal: 204- 219*.

Damodar N. Gujarati and Dawn C. Porter. (2012). *Dasar–dasar Ekonometrika*. Jakarta: Salemba Empat.

Givoly. D., & Palmon. D. (1982). Timeliness of Annual Earnings Announcements: Some Empirical Evidence. *The Accounting Review, 7(3)*.

Ghozali, I. 2013. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21 Update PLS Regresi*. Semarang: Badan Penerbit Universitas Diponegoro.

Hossain, M. A. & Taylor, P. (1998). *An examination of audit delay: Evidence from Pakistan*. Working Paper. University of Manchester.

Ikatan Akuntan Indonesia, Pernyataan Standar Akuntansi Keuangan (PSAK) No. 1 Pengungkapan Kebijakan Akuntansi, Jakarta, 2017.

Indonesia Stock Exchange. (2017). Companies those are late in reporting financial statements and subject to fines in 2017. World Federation of Exchange.

Indriantoro,Nur dan Bambang Supomo. (2011). "*Metodologi Penelitian Bisnis Untuk Akuntansi Dan Manajemen", Edisi Pertama*. BPFE,Yogyakarta.

Jannah, Raihanil. (2015). Test on Factors Influencing Disclosure Development through Internet Financial Reporting, Empirical Study on 100 Companies in Indonesia. *Jom FEKON. Vol. 2.No. 2*.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency costs and Ownership Structure. *Journal of Financial Economics*, 3, 305–360.

Kieso, D. E., Weygandt, J. J., & Warfield, T. D (2011). *Intermediate Accounting Volume 1 IFRS Edition*. United States of America : Wiley.

Mazkiyani, Nur., & Sigit Handoyo. (2017). Audit Report Lag of Listed Companies in Indonesia Stock Exchange. *Journal of Business Application*, *Vol.17 No.1*.

Machfoedz, Mas'ud. (1994). *Financial Ratio Analysis and The Predictions of Earnings Changes in Indonesia*. Kelola, No. 7/III/, Universitas Gajah Mada.

Mustafa, Ziyad Al-Shiwat. (2013). Affecting Factors on The Timing of The Issuance of Annual Financial Report "Empirical Study on The Jordanian Public Shareholding Companies". *European Scientific Journal, vol.9, No.22 ISSN: 1857 – 7881*.

Mayasari, Kartika, Verawaty, and Ade Kemala Jaya. 2014. Accessibility of Internet Financial Reporting Determinants on Website in Public Manufacturing Companies. *Profita Komunikasi Ilmiah Akuntansi dan Perpajakan.Vol. 6.No. 1*.

Modigliani, F., & Miller, M. H. (1963). Corporate Income Taxes and the Cost of Capital: A Correction. *The American Economic Review*, *53(3), 433–443*.

Masdupi, (2005)." Analisis Dampak struktur kepemilikan pada Kebijakan Hutang dalam Mengontrol Konflik Keagenan." *Jurnal Ekonomi Bisnis* vol.20, No.1. Desember .56-69.

Prasetya, Mellisa and Soni Agus Irwandi. (2012). Faktor–Faktor yang Mempengaruhi Pelaporan Keuangan Melalui Internet (Internet Financial Reporting) pada Perusahaan Manufaktur di Bursa Efek Indonesia (Factors Affecting Internet Financial Reporting on Manufacturing Companies in Indonesia Stock Exchange). *The Indonesian Accounting Review.Vol. 2.No. 2*.

Saleh, R. (2004). Studi Empiris Ketepatan Waktu Pelaporan Keuangan Perusahaan Manufaktur di Bursa Efek

Jakarta. *Simposium Nasional Akuntansi VII,897-910*.

Santoso, Singgih.2010. *Statistik Parametrik, Konsep dan Aplikasi dengan SPSS*. Cetakan Pertama, PT Elex Media Komputindo, Jakarta, PT Gramedia, Jakarta.

Sekaran, Uma. (2007). *Metode Pnelitian untuk Bisnis*. Edisi 4. Buku 2. Jakarta: Salmba Empat.

Sumarwan, U. et al. (2011). *Riset Pemasaran dan Konsumen: Panduan Riset dan Kajian Kepuasan, Perilaku, Pembelian, Gaya Hidup, Loyalitas dan Persepsi Risiko*. IPB Press. Bogor.

Suharyadi dan Purwanto, S. K. 2004. *Statistika Dasar*. Jakarta: Salemba Empat.

Umoren, Adebimpe O. and Ikenna E. Asogwa. (2013). "Internet Financial Reporting and Company Characteristics: a Case of Quoted Companies in Nigeria". *Research Journal of Finance and Accounting.Vol. 4.No. 12*.

Verrecchia, R. E. (1983). "Discretionary Disclosure". *Journal of Accounting and Economics.Vol. 5. Page 179-194*.

Zikmund & Babin. (2011). *Menjelajahi Riset Pemasaran Ed.10 Buku 1*. Salemba Empat.