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THE EFFECT OF POLITICAL CONNECTIONS, LEVERAGE, AUDIT COMMITTEE GENDER, AND COMPANY SIZE ON AUDIT DELAY

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Abstract: Audit delay is the number of days needed by the auditor to complete the audit work, measured from the end of the financial year until the issuance of the audited financial report. Timeliness means having information available to make decisions before it loses its capacity to influence decisions. This study aims to determine the effect of political connections, leverage, audit committee gender, and company size on audit delay in property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021, both simultaneously and partially. The population in this study are property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. This study uses secondary data in the form of annual financial reports from the property and real estate sector listed on the Indonesia Stock Exchange (IDX).) in 2017 to 2021. With a company population of 10 companies with an observation period of five years and obtained a sample data of 50 observational data. This research is quantitative. The data collection technique used purposive sampling with the logistic regression research method which was processed using SPSS software. The results of the tests that have been carried out indicate that simultaneously the variables of political connections, leverage, audit committee gender, and company size have a significant effect on audit delay. Partially, political connections, leverage, and audit committee gender have no significant effect on audit delay. Meanwhile, company size has a significant effect on audit delay.
Keywords : Audit Committee Gender; Audit Delay; Political Connections; Leverage.

INTRODUCTION

Every company certainly has obligations that must be obeyed and carried out in the capital market. According to Article 73 of RI Law No. 8 of 1995 concerning the capital market, it is explained that "every public company is obliged to submit a registration statement to Bapepam". Upon the Registration Statement, the Financial Services Authority (formerly Bapepam-LK) provides an effective statement indicating the completeness or fulfillment of all procedures and requirements for the Registration Statement required by the applicable laws and regulations. This effective statement does not constitute a license to conduct a Public Offering nor does it mean that the Financial Services Authority states that the information disclosed by the Issuer or Public Company is correct or sufficient (Ashton et al., 1987).

All companies in any sector that have been listed on the IDX have obligations that must be complied with, one of which is the company's obligation to publish audited financial reports. However, in reality many companies that have been listed on the IDX actually violate or are accidentally late in submitting their audited financial reports. Therefore, the case is called audit delay. Audit Delay is the difference in time between the date of the financial statements and the date of the audit opinion in the financial statements indicating

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the length of time for completion of the audit conducted by the auditor (Sayidah, 2019)

There are several factors that are thought to influence audit delay, the factors used in this study include: political connections, leverage, audit committee gender, and company size (Andhika Wijasari & Ary Wirajaya, 2021). The purpose of this study is to find out and analyze how the influence of political connections, leverage, audit committee gender, company size on audit delay of property and real estate sector companies listed on the Indonesia Stock Exchange (IDX). Therefore, the authors are interested in conducting research with the aim of knowing the effect of Political Connection, Leverage, Audit Committee Gender, and Company Size on Audit Delay in Property and Real Estate Sector Companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

METHODS

This research uses quantitative research methods. The quantitative method is a research method that uses data in the form of numbers and the data collected is analyzed using statistical formulas (Ghozali, 2013). The data used in this research is secondary data. The population in this study are property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) with a total of 10 companies. In this study the method used was purposive sampling which was adjusted based on certain criteria. The sampling criteria in this study are: a.) Property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period b.) Property and real estate companies that do not publish annual financial reports consistently for the 2017-2021 period c.) property and real estate companies that did not experience audit delays for the 2017-2021 period. So, based on these criteria, this study produced 50 samples with a 5-year study period. The analysis techniques in this study are descriptive statistics, logistic regression and hypothesis testing. There are 4 hypotheses in the study as follows:

H1: Political connection influences audit delay
H2: Leverage has an effect on audit delay
H3: The gender of the audit committee has an effect on audit delay
H4: Firm size has an effect on audit delay

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

This study uses the dependent variable and independent variable. The dependent variable used in this study is audit delay. While the independent variables used in this study are political connections, leverage, audit committee gender, and company size. The data in this study were obtained through documentation from the financial statements of the property and real estate sector which were listed on the Financial Stock Exchange (IDX) for the 2017-2021 period.

Nominal Scale Descriptive Statistical Analysis

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Table 1. Descriptive Statistical Results of Audit Delay Variables

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Perusahaan tang tidak delay	33	66.0	66.0	66.0
	Perusahaan yang delay	17	34.0	34.0	100.0
	Total	50	100.0	100.0	

Source: Data processed by the author in (2023)

In table 1 above, it can explain the descriptive statistical analysis of nominal scale variables from 50 sample data, there are 17 (34%) experiencing audit delay and as many as 33 (66%) do not experience audit delay. The results of the analysis show that two-thirds of the companies in the property and real estate sector from observations did not experience audit delay.

Table 2. Descriptive Statistical Results of Political Connection Variables

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tidak memiliki koneksi politik	30	60.0	60.0	60.0
	Memiliki Koneksi Politik	20	40.0	40.0	100.0
	Total	50	100.0	100.0	

Source: Data processed by the author (2023)

Table 2 shows that of the 50 samples, there are 20 (40%) who are politically connected and 30 (60%) who have no political connections. The results of the analysis show that less than half of the companies in the property and real estate sector have political connections during the year of research.

Ratio Scale Descriptive Statistical Analysis

Table 3. Descriptive Statistics of Ratio Scale Variables

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X2	50	0.0127	1.3418	0.4725	0.3260
X3	50	0.0000	0.6667	0.2446	0.2725
X4	50	24.9707	30.5359	28.3192	1.6502
Valid N (listwise)	50				

Source: SPSS Statistics Output 26 (2023)

In table 3, it can be explained that the leverage and company size variables have an average value that is greater than the standard deviation value which illustrates that these variables have data that is not diverse or homogeneous. Meanwhile, the audit committee gender variable has an average value that is lower than the standard deviation value which illustrates that the variable has diverse or heterogeneous data. In this study, the majority

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of leverage variables have a DER value below 1, indicating that the majority of companies have low financial risk and minimal opportunities for financial distress. For the audit committee gender variable, in this study the majority of companies have male audit committee members compared to women. Female audit committee members tend to have a higher level of accuracy, so they tend to be able to analyze financial reports better and produce higher quality audited financial reports. So it is indicated in this study that the majority of companies have poor audited financial report quality because the majority use male audit committee members. For company size, in this study the majority of companies have large company sizes compared to small company sizes. Large companies tend to have competent accounting staff, more human resources, and sophisticated accounting information system tools. So that it can be indicated that the majority of companies in this study have quality audited financial reports and minimize the chances of auditors making mistakes in auditing their financial statements.

Logistic Regression Analysis

Testing the Feasibility of the Regression Model

Table 4. Goodness of Fit Test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	13.516	8	.095

Source: SPSS Statistics Output 26 (2023)

In table 4 above, a significant value was obtained from the model feasibility test results of 0.095 with a significant value > 0.05 indicating that the regression model formed was able to predict the observed values well and fit the observation data, so that the regression model used in this study was feasible to use for further analysis. Thus, there is no significant difference between the predicted classification and the observed classification.

Assessing the Overall Model

Table 5. Overall Model Fit Test

Interation	-2 Log Likelihood
Step 0	64.104
Step 1	54.263

Source: SPSS Statistics Output 26 (2023)

In table 5 above the initial -2 log likelihood value was 64.104 and after the independent variables were included the final -2 log likelihood value was 54.253, this indicates a decrease in the -2 log likelihood value of 9.841. Decreasing the -2 log likelihood value indicates a good regression model or a model that is hypothesized to be fit with the data.

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Coefficient of Determination

Table 6. Coefficient of Determination

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	54.263a	0.179	0.247

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Source : Output SPSS Statistic 26 (2023)

Based on table 6, the Cox & Snell R Square value of 0.179 is obtained, this indicates that the effective contribution given by the variables Political Connection, Leverage, Audit Committee Gender, and Company Size is 17.9%. Furthermore, the Nagelkerke R Square value in the regression model is 0.247, which means that the variance of the Y variable which can be explained by the variables Political Connection, Leverage, Audit Committee Gender, and Company Size is 24.7% while the rest is influenced by other factors outside model.

Simultaneous Significance Test

Table 7. Omnibus Tests of Model Coefficients

Omnibus Tests of Model Coefficients				
		Chi-square	df	Sig.
Step 1	Step	9.841	4	.043
	Block	9.841	4	.043
	Model	9.841	4	.043

Source: Output SPSS Statistic 26 (2023)

Based on table 7, the chi-square value of the model is 9.841 with a significant value of 0.043. A value of 0.043 <0.05 indicates that the variables Political Connection, Leverage, Audit Committee Gender, and Company Size simultaneously affect the Audit Delay (Y) variable.

Partial Significance Test

Table 8. Variables in the Equation

		B	S.E.	Wald	dF	Sig.	Exp(B)
Step 1[a]	X1	-1.084	.799	1.876	1	.171.	.335
	X2	.022	1.280	.000	1	.986	1.022
	X3	1.028	1.443	.507	1	.476	2.795
	X4	.807	.323	6.244	1	.012	2.241
	Constant	-23.527	9.303	6.396	1	.011	.000

Source: Output SPSS Statistic 26 (2023)

Based on table 8, which is the result of an analysis of logistic regression, namely a

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constant value (β0) = -23.527 with a significance of 0.011 <α = 0.05, which means that if the political connection variables, leverage, audit committee gender, and company size are constant or zero, then the value of the audit delay variable is -23.527. The political connection variable has a negative coefficient value with a significant value above 0.05, leverage, and audit committee gender has a positive coefficient value with a significant value above 0.05, meaning that political connections, leverage, and audit committee gender have no effect on audit delay. Meanwhile, the firm size variable has a positive coefficient value with a significant value below 0.05, meaning that firm size has a positive effect on audit delay.

Discussion

The Effect of Political Connection on Audit Delay

Based on the partial statistical test in table 8, the significance value of the political connection variable is 0.171 > 0.05, which means that the political connection variable has no partial effect on audit delay. It can be concluded that H0 is accepted so that political connections partially have no effect on audit delay. The research results contradict the hypothesis which states that political connections have a negative effect on audit delay.

In this study, it gave the same results as previous research, namely (Rarastri, 2020) who concluded that political connections did not have a significant effect on audit delay because how big and how small the political connections owned by a company did not affect how fast or slow the process of submitting audited financial reports was. This shows that companies that submit financial reports on time to the public or not on time ignore information about the political connections that the company has.

Effect of Leverage on Audit Delay

Based on the partial statistical test in table 8, the significance value of the leverage variable is 0.986 > 0.05, which means that the leverage variable has no partial effect on audit delay. It can be concluded that H0 is accepted so that leverage partially does not affect audit delay. The research results contradict the hypothesis which states that leverage has a positive effect on audit delay.

In this study, it gave the same results as previous research, namely (Ananda et al., 2021; Masyta et al., 2021) who concluded that leverage has no significant effect on audit delay because how large and small the level of debt owned by a company does not affect how fast or slow the process of submitting audited financial statements is. This shows that companies that submit financial reports on time to the public or not on time ignore information about the level of debt owned by the company, and ignore the high or low risk of loss owned by a company.

Effect of Audit Committee Gender on Audit Delay

Based on the partial statistical test in table 8, the significance value of the audit committee gender variable is 0.476 > 0.05, which means that the audit committee gender variable has no partial effect on audit delay. It can be concluded that H0 is accepted so that the gender of the audit committee partially has no effect on audit delay. The research results contradict the hypothesis which states that the gender of the audit committee has a negative effect on audit delay.

In this study, it gave the same results as previous research, namely (Bagaskara & Triyanto, 2021) who concluded that the gender of the audit committee has no significant

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effect on audit delay because how many female audit committee members a company has does not affect how fast or slow the process of submitting audited financial reports is. This shows that companies that submit financial reports on time to the public or not on time ignore information about the number of women's audit committees owned by companies, and ignore the level of accuracy, thoroughness, and quality of women's audit committees owned by a company.

Effect of Company Size on Audit Delay

Based on the partial statistical test in table 8, the significance value of the firm size variable is 0.012 <0.05, which means that the firm size variable has a partial effect on audit delay, where firm size has a coefficient of 0.807 which means it has a positive relationship. It can be concluded that H0 is rejected so that company size partially has a positive effect on audit delay. The results of this study are in line with the hypothesis which states that company size has an effect on audit delay.

In this study, it gave the same results as previous research, namely (Masyta et al., 2021; Monica et al., 2022; Yuliusman et al., 2020) who concludes that company size has a significant effect on audit delay because the large size scale owned by a company can affect how fast or slow the process of submitting audited financial statements is. This shows that companies that have large company sizes tend to be able to submit their audited financial reports on time to the public. Due to the size of the company, a large company tends to have competent accounting staff, a large number of human resources, and more sophisticated information system tools. So as to minimize the opportunity for the auditor to make mistakes in working on the audit report. And also companies with large company sizes tend to get higher external pressure, get tighter supervision from investors, capital supervisors, and the government. So that the auditors will further accelerate the process of submitting their audited financial reports.

CONCLUSION

Based on the results of this study simultaneously Political Connection, Leverage, Audit Committee Gender, and Company Size have a significant effect on the Audit Delay variable in property and real estate sector companies for the 2017-2021 period with a significant value of 0.043. Based on the partial results, the political connection variable has a coefficient value of -1,094 with a significant value of 0.171 > 0.05, leverage has a coefficient value of 0.022 with a significant value of 0.986 > 0.05, company size has a coefficient value of 1,028 with a significant value of 0.476 > 0.05, meaning political connections, leverage, and audit committee gender have no effect on audit delay. Meanwhile, the variable firm size has a coefficient value of 0.807 with a significant value of 0.012 <0.05, meaning that firm size has a positive effect on audit delay.

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