THE EFFECT OF COMPANY SIZE AND AUDIT FEE ON AUDIT QUALITY

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THE EFFECT OF COMPANY SIZE AND AUDIT FEE ON AUDIT QUALITY (IN PROPERTY AND REAL ESTATE COMPANIES ON INDONESIAN STOCK EXCHANGE PERIOD 2020-2023)

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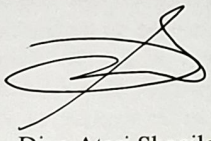
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THE EFFECT OF COMPANY SIZE AND AUDIT FEE ON AUDIT QUALITY

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ABSTRACT

There are several factors that can influence audit quality, including company size and audit fees. The aim of this research is to determine the factors related to audit quality in companies on the Indonesia Stock Exchange. The population data used in this research are companies in the property and real estate sector in the 2020-2023 period. This research is quantitative research. The data source used is secondary data in the form of company annual financial reports for the period 2020 to 2023. Sampling was carried out using a purposive sampling method and the data obtained was 10 companies as a sample with 40 observational data. The analytical method used in this research is multiple linear regression analysis. The results of this research show that the influence of company size has a positive effect on audit quality. Likewise, audit fees have a positive effect on audit quality, because the higher the audit provided by the company, the higher the auditor's performance.

***Keywords**: Company Size, Audit Fee, Audit Quality, Auditor Performance*

THE EFFECT OF COMPANY SIZE AND AUDIT FEE ON AUDIT QUALITY

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ABSTRAK

Ada beberapa faktor yang dapat mempengaruhi kualitas audit diantaranya adalah ukuran perusahaan, audit fee. Tujuan penelitian ini untuk mengetahui faktor-faktor yang berhubungan dengan kualitas audit pada perusahaaan di Bursa Efek Indonesia. Data populasi yang digunakan dalam penelitian ini adalah perusahaan di sektor property dan real estate pada periode 2020-2023. Penelitian ini merupakan penelitian kuantitatif. Sumber data yang digunakan merupakan data sekunder dalam bentuk laporan kuangan tahunan perusahaan periode 2020 hingga 2023. Pengambilan sampel dilakukan dengan metode purposive sampling dan data yang diperoleh yakni 10 perusahaan sebagai sample dengan 40 data amatan. Metode analisisi yang digunakan pada penelitian ini yakni Analisis regresi linear berganda. Hasil dari penelitian ini menunjukan jika pengaruh ukuran perusahaan berpengaruh positif terhadap kualitas audit. Begitu juga dengan audit fee, berpengaruh positif terhadap kualitas audit, karena semakin tinggi audit yang diberikan oleh perusahaan dapat membuat kinerja auditor semakin tinggi.

***Kata kunci**: Ukuran Perusahaan, Biaya Audit, Kualitas Audit, Kinerja Auditor*

PENGARUH UKURAN PERUSAHAAN DAN BIAYA AUDIT TERHADAP KUALITAS AUDIT

RINGKASAN

1. Latar Belakang

Penelitian ini berfokus pada perusahaan Properti dan Real Estate yang terdaftar di Bursa Efek Indonesia (BEI) pada tahun 2020–2023 untuk menilai kinerja bisnis berdasarkan laporan keuangan. Laporan keuangan yang akurat dan andal menjadi acuan bagi para pemangku kepentingan dalam pengambilan keputusan. Oleh karena itu, perusahaan menggunakan jasa auditor eksternal untuk memastikan keakuratan laporan dan menghindari konflik kepentingan.

Perlunya audit bermula dari tiga faktor utama: (1) perselisihan antara manajemen dan pihak eksternal, (2) kemungkinan adanya kesalahan dalam laporan keuangan, dan (3) perlunya opini wajar tanpa pengecualian agar laporan tersebut sesuai dengan standar akuntansi. Auditor bertanggung jawab untuk memberikan opini yang objektif demi kepentingan berbagai pihak, seperti investor, kreditor, dan regulator.

Kasus Enron menunjukkan pentingnya kualitas audit, di mana manipulasi laporan keuangan berujung pada kebangkrutan perusahaan dan rusaknya reputasi Kantor Akuntan Publik (KAP) Arthur Andersen. Hal ini menegaskan bahwa audit yang berkualitas harus mampu menemukan dan mengungkapkan salah saji material, dengan auditor yang memiliki profesionalisme, independensi, dan pemahaman mendalam terhadap klien.

Dalam penelitian sebelumnya, hasil mengenai pengaruh ukuran perusahaan dan biaya audit terhadap kualitas audit masih beragam. Beberapa penelitian menunjukkan bahwa ukuran perusahaan tidak berpengaruh terhadap kualitas audit, sedangkan penelitian lainnya menemukan hubungan yang positif. Begitu pula dengan biaya audit, yang dalam beberapa penelitian tidak berdampak pada kualitas audit, namun dalam penelitian lainnya terbukti berpengaruh positif.

Penelitian ini akan mengkaji ulang pengaruh ukuran perusahaan dan biaya audit terhadap kualitas audit pada industri Properti dan Real Estate di BEI.

2. Rumusan Masalah

Dari uraian latar belakang, penelitian ini bertujuan untuk mengetahui: (1) apakah pengaruh ukuran perusahaan pada perusahaan properti dan real estate berpengaruh terhadap kualitas audit?, (2) apakah biaya audit berpengaruh terhadap kualitas audit pada perusahaan properti dan real estate.

3. Tujuan Penelitian

Tujuan penelitian ini adalah sebagai berikut: (1). Untuk mengetahui pengaruh ukuran perusahaan terhadap kualitas audit, (2) Untuk mengetahui pengaruh biaya audit terhadap kualitas audit.

4. Metode Penelitian

a. Jenis Penelitian

Penelitian yang dilakukan adalah penelitian kuantitatif. Variabel yang digunakan dalam penelitian ini menggunakan dua variabel independen yaitu Ukuran Perusahaan dan Audit Fee, sedangkan variabel dependen yaitu Dampak Ukuran Perusahaan terhadap Audit Fee menjadi fokus penelitian ini. Oleh karena itu, fokus penelitian ini adalah pada perusahaan properti dan real estate yang terdaftar di Bursa Efek Indonesia tahun 2020–2023."

b. Populasi dan Sampel

Populasi penelitian ini adalah Selama tahun 2020–2023 sebanyak sepuluh perusahaan dari industri real estate dan properti yang terdaftar di Bursa Efek Indonesia (BEI). Data yang digunakan sebagai sampel berasal dari sumber sekunder yaitu catatan keuangan tahun 2020–2023. Kesesuaian karakteristik dan standar tertentu digunakan untuk memilih sampel. Berikut ini adalah kriteria yang digunakan sebagai sampel dalam penelitian ini:

a. Perusahaan yang bergerak di bidang real estate dan properti yang akan terdaftar di Bursa Efek Indonesia tahun 2020–2023.

b. Perusahaan-perusahaan tersebut akan mencantumkan akun professional fee dalam laporan keuangan tahunannya.

c. Perusahaan-perusahaan akan mengungkapkan informasi mengenai total aset mereka dalam laporan keuangan yang telah diaudit.

d. Perusahaan-perusahaan tersebut tidak mengalami delisting dari BEI selama periode penelitian.

5. Hasil

a. Pengujian Hipotesis Pertama

Uji hipotesis pertama (H1) yang dilakukan dengan menggunakan analisis regresi linier berganda menghasilkan nilai t sebesar 0,497 untuk variabel ukuran perusahaan. Dampak ukuran perusahaan terhadap kualitas audit secara statistik signifikan (p = 0,622, p > 0,05). Berdasarkan hasil penelitian, kualitas audit seringkali lebih besar pada organisasi yang lebih besar (B = 0,016 pada metrik Koefisien Tidak Terstandar).

b. Pengujian Hipotesis Kedua

Berdasarkan hipotesis kedua, biaya audit memiliki pengaruh yang baik terhadap kualitas audit. Nilai biaya audit sebesar 0,910 dan nilai B sebesar 0,091 diperoleh dari uji regresi linier berganda. Karena nilai signifikansi lebih besar dari 0,05, penelitian ini menyimpulkan bahwa biaya audit meningkatkan kualitas audit. Kesimpulan yang dapat diambil dari hal ini adalah semakin besar biaya audit yang dibayarkan perusahaan kepada auditor, maka semakin baik pula kualitas atau kinerja pekerjaan mereka. Organisasi dan bisnis yang menyediakan audit berkualitas tinggi kepada auditor dapat menginspirasi mereka untuk bekerja lebih keras, yang pada gilirannya meningkatkan standar kualitas audit (Dabor 2017).

6. Kesimpulan dan Saran

Kesimpulan

Perusahaan yang terdaftar di Bursa Efek Indonesia pada industri properti dan real estate tahun 2020 sampai dengan 2023 akan dilakukan analisis kualitas audit untuk mengetahui pengaruhnya terhadap ukuran perusahaan. Pengaruh positif ukuran

perusahaan dan biaya audit terhadap kualitas audit ditunjukkan dengan hasil analisis regresi linier berganda.

Saran

Berdasarkan simpulan yang telah dipaparkan, maka dapat diberikan beberapa saran kepada peneliti selanjutnya, yaitu: Penelitian ini masih menggunakan sampel data yang sangat kecil. Untuk meningkatkan efektivitas pengujian yang dilakukan, disarankan kepada peneliti selanjutnya untuk menyertakan sampel data yang lebih banyak. Pada penelitian selanjutnya dapat ditambahkan faktor-faktor independen yang dapat mempengaruhi kualitas audit. Pada penelitian selanjutnya sebaiknya menyertakan sampel dari bidang usaha yang lain. Disarankan untuk memilih sektor perusahaan yang sedang berkembang pesat.

THE EFFECT OF COMPANY SIZE AND AUDIT FEE ON AUDIT QUALITY

SUMMARY

1. Background

This study focuses on Property and Real Estate companies listed on the Indonesia Stock Exchange (IDX) in 2020–2023 to assess business performance based on financial reports. Accurate and reliable financial reports are a reference for stakeholders in decision making. Therefore, companies use the services of external auditors to ensure the accuracy of reports and avoid conflicts of interest.

The need for an audit stems from three main factors: (1) disputes between management and external parties, (2) the possibility of errors in the financial statements, and (3) the need for an unqualified opinion so that the report complies with accounting standards. Auditors are responsible for providing objective opinions for the benefit of various parties, such as investors, creditors, and regulators.

The Enron case shows the importance of audit quality, where manipulation of financial statements led to the bankruptcy of the company and damaged the reputation of the Arthur Andersen Public Accounting Firm (KAP). This confirms that a high-quality audit must be able to find and disclose material misstatements, with auditors who have professionalism, independence, and a deep understanding of the client.

In previous studies, the results regarding the effect of company size and audit fees on audit quality were still mixed. Several studies show that company size has no effect on audit quality, while other studies find a positive relationship. Likewise with audit fees, which in some studies have no impact on audit quality, but in other studies have been shown to have a positive effect.

This study will re-examine the effect of company size and audit fees on audit quality in the Property and Real Estate industry on the IDX.

2. Formulation of Problem

From the background description, this study aims to find out: (1) does the influence of company size on property and real estate companies affect audit quality?, (2) does the audit fee affect audit quality on property and real estate companies.

3. Research Objectives

The objectives of the research are as follows: (1). To determine the effect of company size on audit quality, (2) To determine the effect of audit fees on audit quality.

4. Research Method

a. Type of Research

The research conducted is quantitative research. The variables used in this study use two independent variables, namely Company Size and Audit Fee, while the dependent variable, namely the Impact of Company Size on Audit Fees, is the focus of this study. Therefore, the focus of this study is on property and real estate companies listed on the Indonesia Stock Exchange in 2020–2023."

b. Population and Sample

The population of this study was During 2020–2023, ten companies from the real estate and property industry listed on the Indonesia Stock Exchange (IDX). The data used as a sample comes from secondary sources, namely financial records for 2020–2023. The suitability of certain characteristics and standards is used to select the sample. The following are the criteria used as samples in this study: a. Companies engaged in real estate and property that will be listed on the Indonesia Stock Exchange in 2020–2023. b. These companies will include professional fee accounts in their annual financial statements. c. The companies will disclose information about their total assets in their audited financial statements. d. The companies were not delisted from the IDX during the study period.

5. Result

a. First Hypothesis Testing

The first hypothesis test (H1) conducted using multiple linear regression analysis produced a t value of 0.497 for the company size variable. The impact of company size on audit quality is statistically significant (p = 0.622, p > 0.05). According to the research findings, audit quality is often greater in larger organizations (B = 0.016 on the Unstandardized Coefficient metric).

b. Second Hypothesis Testing

According to the second hypothesis, audit fees have a good effect on audit quality. The audit fee value of 0.910 and the B value of 0.091 were obtained from the multiple linear regression test. Because the significance value is greater than 0.05, this study concludes that audit fees improve audit quality. The conclusion that can be drawn from this is that the greater the audit fee a company pays to auditors, the better the quality or performance of their work.

Organizations and businesses that provide high-quality audits to auditors can inspire them to work harder, which in turn improves audit quality standards (Dabor 2017).

6. Conclusion and Suggestion

Conclusion

Companies listed on the Indonesia Stock Exchange in the property and real estate industry in 2020 to 2023 will be analyzed for audit quality to determine its effect on company size. The positive impact of company size and audit fees on audit quality is shown by the findings of multiple linear regression analysis.

Suggestions

Based on the conclusions that have been presented, several suggestions can be given to further researchers, namely: This study still uses a very small data sample. To increase the effectiveness of the testing carried out, it is recommended that further researchers include more data samples, Additional independent factors that may affect audit quality may be included in further research., Future research should include samples from other business fields. It is recommended to choose a rapidly growing company sector

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CHAPTER I
INTRODUCTION

1.1 Background

The focus of this study is on companies listed on the IDX for the property and real estate industry in 2020 to 2023. to be able to find out how good or bad a business is performing by looking at its financial statements. Both internal and external stakeholders of the company rely on financial statements as important information when making decisions. Reliable, actionable, and easy-to-read financial data must be included in the report. A third-party or independent public accountant is appointed by the company to review the financial statements and ensure their accuracy (Meiden, 2015; Saraswati & Alam, 2022). The professional services of public accountants or external auditors as third parties are trusted so that there are no disputes or conflicts of interest between management and shareholders. Therefore, auditors are needed for the company because they are the entities responsible for all monetary transactions and economic activities. The need for an impartial third party to audit financial statements arises from three main sources: (1). A reliable third party is needed because of the many disputes that arise between external parties and company management. (2) Intentionally or not, errors can be found in the financial statements. (3) financial statements that have been audited with an unqualified opinion, with the expectation that users will not find major misstatements and that the statements are issued in accordance with widely accepted accounting standards (Kamil, 2021).

When conducting an audit, the auditor acts in the best interests of all parties involved, including the client and all those who benefit or lose from the audited financial statements. These groups include the general public, potential investors, creditors, and government agencies that have the authority to evaluate and decide the company's long-term strategy. Therefore, the auditor must provide a reasonable view and provide acceptable assurance on the fairness of the financial statements. The Enron case is one of the most famous audit cases. Energy giant Enron, which had revenues of $100 billion in 2000, went bankrupt, leaving creditors with debts

of $31.2 billion. The lawsuit included Arthur Andersen, one of the five largest CPA firms in the world, which audited Enron's financial statements. The investigation found that Enron's financial statements were fabricated. It turned out that the majority of Enron's accounting personnel, as well as a number of executives and managers, had backgrounds as Andersen auditors. The investigation into the incident resulted in Andersen being convicted of obstruction of justice and the destruction of audit documentation. Users of financial statements, in particular, are affected by the public's perception of these events. The purpose of establishing a KAP service is to improve the quality of audited financial statements by empowering auditors to provide accurate opinions. This is because consumers will get reliable financial data if the audit quality is very good.

Auditors must be careful about the quality of their audits because users have great confidence in audited financial statements and other services. If an auditor does his job well, then the audit will be of high quality. If an audit meets the requirements or audit standards, then the audit can be considered qualified according to the Public Accountant Professional Standards (SPAP). Professionalism, independence, and good judgment in auditing and report writing are components of a high-quality audit. The extent to which an accounting firm understands its client company is called audit quality. According to Andriansyah (2022), many factors contribute to this level of capacity. One of them is the ability to use generally accepted accounting principles (GAAP) as a standard guideline, which allows more flexibility in describing the company's economic position through accounting values. A high-quality audit is an audit in which the auditor finds and discloses major misstatements. Reliability in finding or reporting violations is very important in the reporting process carried out by the auditor. This persuasion or encouragement depends on the auditor's autonomy (Deangelo, 1981)

Several studies have previously tested several variables that have an influence on audit quality. In this study, the researcher used variables such as company size and audit fees. In a study using the company size variable, it was stated that company size has no effect on audit quality (Indriyani & Meini, 2021). Furthermore, in a study conducted by Paramita & Latrini (2015), it was also stated

that company size has no effect on audit quality. In a study conducted by Yustari et al. (2021), it was found that audit quality increases with increasing business size. The correlation between company size and audit quality has been discussed. Large companies often have stronger and more efficient Internal Control Systems (ISCs). In addition, audit fees have been shown to have no impact on audit quality in this study. Audit quality is not affected by how much or how little the company pays the auditor. Then Cahyati et al. (2021), showed that the results of the study stated that audit fees have a positive effect on audit quality. This study focuses on Property and Real Estate companies listed on the Indonesia Stock Exchange. The main objective of this study is to examine the relationship between company size and audit quality and the effect of audit fees on audit quality. The research questions include: (1) does company size have a significant impact on audit quality? and (2) does audit fee affect audit quality in the company? Through this study, it is expected to gain a deeper understanding of the factors that influence audit quality, especially in the context of the Property and Real Estate sector, which plays an important role in the Indonesian economy. The results of this study are also expected to contribute to the development of audit theory and practice in the sector.

1.2 Formulation Of Problem

From the background description, this study aims to find out: (1) does the influence of company size on property and real estate companies affect audit quality?, (2) does the audit fee affect audit quality on property and real estate companies.

1.3 Research Objectives

The objectives of the research are as follows: (1). To determine the effect of company size on audit quality, (2) To determine the effect of audit fees on audit quality.