


The Effect of Price, Product Quality and Promotion on Consumer Buying Interest in the Originote Skincare

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Article Info	ABSTRACT
Keywords: Company Size; Company Risk; Audit Fees.	The purpose of this study is to examine the effect of company size and company risk on audit fees in companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2022 period. The total sample used in this study consisted of 224 observations. The dependent variable in this study is audit fees, while the independent variables are company size and company risk. The data were analyzed using multiple linear regression analysis. The results indicate that company size has a significant effect on audit fees because larger companies generally have more complex operational activities, which require more extensive audit procedures and longer audit completion times, thereby increasing audit fees. In addition, company risk also has a significant effect on audit fees because companies with higher levels of risk require auditors to perform more comprehensive audit procedures, resulting in higher audit fees.
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INTRODUCTION

Companies that have gone public are required to submit annual financial statements to the Indonesia Stock Exchange (IDX) and are obligated to undergo an audit process. An audit is a process of examining information provided by company management to reduce information risk and increase the reliability of financial statements. Information errors or information asymmetry can create agency costs, one of which is audit fees.

From the perspective of external auditing, an audit is an objective evaluation process conducted on a company's or organization's financial statements with the aim of determining the fairness of the financial statements presented, based on materiality, the company's financial condition, and the results of its operations (Mulyadi, 2002). The audit results of corporate financial statements are regulated by the Financial Services Authority (OJK) through Regulation Number 29/POJK.04/2016 and by the Indonesia Stock Exchange (IDX) through Regulation Number 306/BEJ/07-2004. These regulations emphasize the responsibility of publicly listed companies to disclose financial information to the capital market in a transparent and timely manner.

One example of a conflict in the auditing field occurred at PT Garuda Indonesia. On June 28, 2019, the Financial Services Authority (OJK) imposed sanctions related to violations involving the Public Accounting Firm that audited PT Garuda Indonesia's 2018 financial

statements. It was discovered that PT Garuda Indonesia recognized revenue from a cooperation agreement with PT Mahata Aero Teknologi before the payment had actually been received, merely based on the signing of the agreement. This recognition significantly affected PT Garuda Indonesia's profit and loss statement. The investigation highlighted issues related to the application of accounting standards and weaknesses in the audit quality control system.

Two factors that influence audit fees are company size and company risk. Company size refers to the scale of a company, which can be measured by its total assets. The larger the assets owned by a company, the larger its size. Company size affects audit fees because larger companies generally have more complex operations, requiring more extensive audit procedures and longer audit completion times, which ultimately increase audit fees.

Another factor that affects audit fees is company risk. Company risk refers to uncertain events that may adversely affect a company's operations and financial performance. If a company faces a higher level of risk, the costs incurred for the audit process will also be higher because auditors must perform more comprehensive audit procedures. Conversely, companies with lower levels of risk tend to incur lower audit fees.

Based on the above explanation, this study aims to analyze the influence of company size and company risk on audit fees among companies listed on the Indonesia Stock Exchange (IDX). Therefore, this research is entitled "The Effect of Company Size and Company Risk on Audit Fees in Companies Listed on the Indonesia Stock Exchange (IDX)."

RESEARCH METHODS

This study employed a quantitative research method, with audit fees as the dependent variable, while company size and company risk served as the independent variables. The study used secondary data obtained from the official website of the Indonesia Stock Exchange (IDX). Data collection was conducted through literature review, documentation, and observation methods. The sampling technique used was purposive sampling, resulting in a sample of 224 companies listed on the Indonesia Stock Exchange during the 2021–2022 period.

The data analysis methods included descriptive statistics, which describe the characteristics of the data through minimum, maximum, mean, and standard deviation values. Furthermore, multiple linear regression analysis was employed to determine whether there was a relationship between the independent variables and the dependent variable.

Hypothesis testing was carried out using the t-test to examine the partial effect of each independent variable on the dependent variable. In addition, the F-test was used to assess the overall significance and suitability of the research model. The coefficient of determination (R^2) was used to measure the extent to which the independent variables explain the variation in the dependent variable (Y).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical analysis is intended to provide an overview of the research data by presenting the minimum, maximum, mean, and standard deviation values. The results of the descriptive statistical analysis conducted in this study are presented in the table below.

Table 1. Descriptive Statistical Analysis

Variabel	N	Mean	Std. Dev	Min	Max
LN Fee	224	21.16381	1.055189	18.82615	24.30331
LN Aset	224	29.17355	1.227448	26.40250	32.27157
THE	224	1.692324	2.512295	0.0194474	23.86281

Source: Processed data output from Stata 17.

The audit fee variable in this study was measured using the natural logarithm (LN) of audit fees for companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2022 period. The mean value of audit fees was 21.16381, with a standard deviation of 1.055189. The minimum value was recorded by PT Sunson Textile Manufacturer Tbk at 18.82615, equivalent to IDR 150,000,000 in 2021, while the maximum value was recorded by PT Semen Indonesia (Persero) Tbk at 24.30331, equivalent to IDR 35,875,000,000 in 2022.

Company size was measured using the natural logarithm (LN) of total assets for companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2022 period. The mean value of company size was 29.17355, with a standard deviation of 1.227448. The minimum value was recorded by PT Unggul Jaya Indah Tbk at 26.4025, equivalent to IDR 292,723,782,000 in 2021, while the maximum value was recorded by PT Waskita Karya (Persero) Tbk at 32.27157, equivalent to IDR 103,601,611,883,340 in 2021.

Company risk was measured using the Debt-to-Equity Ratio (DER) for companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2022 period. The mean value of company risk was 1.692324, with a standard deviation of 2.512295. The minimum value was recorded by PT Sitara Propertindo Tbk at 0.0194474, with total liabilities of IDR 20,607,280,051 and total equity of IDR 1,059,641,445,506 in 2022. Meanwhile, the maximum value was recorded by PT XL Axiata Tbk at 23.86281, with total liabilities amounting to IDR 61,504,000,000,000 and total equity of IDR 2,577,400,000,000 in 2022.

Multiple Linear Regression Analysis

Multiple linear regression analysis was conducted to determine the extent to which the independent variables influence the dependent variable in this study. The results of the multiple linear regression analysis are presented in the table below.

Table 2. Multiple Linear Regression Analysis

Variabel	B	t	Sig.	Std. Error
(Constant)	7.707509	5.50	0.000	1.401337
LN Aset	0.4581115	9.51	0.000	0.0481596
THE	0.0541063	2.30	0.022	0.0235297

Source: Processed data output from Stata 17.

Based on the results of the multiple linear regression analysis above, the regression model used in this study is as follows:

$$LN\ Fee = 7.707509 + 0.4581115\ LN\ ALset + 0.0541063\ DER + e$$

The results of the multiple linear regression analysis can be interpreted as follows:

The constant value (α) is 7.707509 and is positive. This indicates that if company size (X1) and company risk (X2) are assumed to be zero, the predicted value of audit fees would be 7.707509. The constant is statistically significant with a significance value of 0.000.

The regression coefficient for company size is 0.4581115 and has a positive sign, indicating a positive relationship between company size and audit fees. This means that for every one-unit increase in company size, audit fees are expected to increase by 0.4581115 units, assuming other variables remain constant. The significance value of 0.000 indicates that this effect is statistically significant.

The regression coefficient for company risk is 0.0541063 and is also positive, indicating a positive relationship between company risk and audit fees. This means that for every one-unit increase in company risk, audit fees are expected to increase by 0.0541063 units, assuming other variables remain constant. The significance value of 0.022 indicates that this effect is statistically significant.

Hypothesis Testing (t-test)

The t-test (partial test) was conducted to determine the individual effect of each independent variable on the dependent variable. The results of the t-test performed in this study are presented in the table below.

Table 3. Hypothesis Testing (t-test)

Variabel	B	Std. Error	t	Sig.
(Constant)	7.707509	1.401337	5.50	0.000
LN Aset	0.4581063	0.0481596	9.51	0.000
THE	0.0541063	0.0541063	2.30	0.022

Based on the results of the hypothesis testing presented in the table above, the following conclusions can be drawn:

First Hypothesis

The first hypothesis examined the effect of company size on audit fees. The Stata 17 output shows that the calculated t-value (9.51) is greater than the critical t-table value (1.651778), and the significance value is 0.000, which is lower than 0.05. Therefore, it can be concluded that company size has a positive and statistically significant effect on audit fees.

Second Hypothesis

The second hypothesis examined the effect of company risk on audit fees. The Stata 17 output indicates that the calculated t-value is greater than the critical t-table value of 1.651778, and the significance value is 0.022, which is lower than 0.05. Therefore, it can be concluded that company risk has a positive and statistically significant effect on audit fees.

F-Test Model Evaluation (Goodness of Fit)

The F-test was conducted to evaluate whether the regression model used in this study is appropriate and whether the independent variables, collectively, have a significant effect

on the dependent variable. The results of the F-test (Goodness of Fit) are presented in the table below.

Table 4. F-Test Model Evaluation (Goodness of Fit)

Sumber	SS	df	MS	F	Sig.
Model	79.2747383	2	39.6373692	51.83	0.000
Residual	169.018624	221	0.764790155		
Total	248.293363	223	1.11342315		

Source: Processed data output from Stata 17.

Based on the table above, the critical F-table value at a significance level of 0.05 with 221 degrees of freedom is 3.036710. Since the calculated F-value (51.83) is greater than the F-table value (3.036710), it can be concluded that the independent variables simultaneously have a significant effect on the dependent variable.

Furthermore, the significance value obtained is 0.000. Since this value is lower than 0.05 ($0.000 < 0.05$), the regression model is considered statistically significant, indicating that the independent variables jointly influence the dependent variable.

Coefficient of Determination Test (R^2)

The coefficient of determination (R^2) is used to measure the extent to which the independent variables simultaneously explain the variation in the dependent variable. The results of the coefficient of determination (R^2) test conducted in this study are presented in the table below.

Table 5. Coefficient of Determination Test (R^2)

Model	R Square	Adjusted R Square
LN Aset	0.3193	0.3131

Source: Processed data output from Stata 17.

The results of the coefficient of determination test (R^2) show a value of 0.3193. This indicates that the independent variables in this study explain approximately 30% of the variation in audit fees, while the remaining 70% is influenced by other variables outside the research model.

CONCLUSION

Based on the research conducted on companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2022 period, with data obtained from www.idx.co.id and processed using Stata 17, the following conclusions can be drawn:

1. The first hypothesis states that company size has a significant positive effect on audit fees. This means that larger companies tend to incur higher audit fees due to the increased complexity of their operations, which requires more extensive audit procedures.
2. The second hypothesis states that company risk, measured using the Debt-to-Equity Ratio (DER), has a significant effect on audit fees. Higher company risk leads to higher audit fees because auditors must perform more detailed and extensive audit

procedures. Conversely, companies with lower risk tend to incur lower audit fees due to lower audit complexity.

3. The third hypothesis indicates that both company size and company risk simultaneously influence audit fees. Company risk also affects audit fees because higher-risk companies require auditors to apply a higher level of professional scrutiny, increasing audit effort and cost. Conversely, lower-risk companies require less complex audit procedures, resulting in lower audit fees.

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