Research Article


Abstract: This study aims to examine the effect of the reputation of the public accounting firm, audit opinion, institutional ownership, and timeliness of financial statement submission on the firm's value. The four exogenous variables will be tested for their effect on one endogenous variable, which is firm value. This study is a census study, which includes all manufacturing companies that have met the population criteria into observation. The observation period of research data from 2015-2017 amounted to 282 observations. The analytical method used is path analysis. The results of this study found that the reputation of the public accounting firm, audit opinion, and institutional ownership had a positive effect on firm value. These three variables also influence partially mediation through the timely submission of financial statements to the value of the company.

Keywords: Reputation of Public Accountant, Audit Opinion, Institutional Ownership, Timeliness of Financial Statement Submission, Firms Value.

INTRODUCTION

Increasing the value of a high company is a long-term goal that should be achieved by the company which will be reflected in the market price of its shares because the investor's assessment of the company can be observed through the movement of stock prices of companies that are traded on the exchange for companies that are listed on the exchange (Tahat, 2016). High company value can increase prosperity for shareholders, so that shareholders will invest their capital in these companies. The ups and downs in the value of the company are potentially influenced by the reputation of the public accounting firm, audit opinion, institutional ownership and the timeliness of financial statement submission (Chin, 2016; dan Bamahros, 2016).

Timeliness of submitting financial statements to the stock exchange becomes an important part of the company. This is because in a timely manner the company submits its financial statements to the stock, means that it will reflect that the company has a high commitment. According to the regulations Otoritas Jasa Keuangan (OJK) Nomor 29/PJOK.04/2016 concerning Reports of Issuers or Public Public Companies, is regulated in relation to the period of periodic financial report submission, one of which is the annual financial report. The annual financial statements must be submitted to OJK and LK and announced to the public no later than the end of the third month after the date of the annual financial statements.

Based on data from the Indonesia Stock Exchange during 2015-2017 manufacturing sector companies have a timeliness of the delivery of fluctuating financial statements. In 2015 34.03%, in 2016 as many as 20.4% and in 2017 as many as 38.6% of companies were late in submitting their financial reports to the stock exchange.

The characteristics of manufacturing companies discussed earlier are related to the timeliness of submitting financial statements to the stock exchange. There are several factors that have an influence, namely the reputation of a public accounting firm, audit opinion, and institutional ownership (Chin, 2016). Relevant matters were also expressed by Bamahros (2016). He revealed that the timely submission of financial statements cannot be separated from the institutional ownership factors that exist in the company.
The public accounting firm's reputation and audit opinion form the basis for not being late in submitting financial statements. This is because with a good reputation, financial statements tend to be quickly audited. Thus accelerating the submission of financial statements to the exchange. The same is true of audit opinions. If the audit opinion is good, then this good news is immediately conveyed in the financial statements. Thus it will accelerate the delivery of financial statements.

A high level of institutional ownership will lead to greater oversight efforts by the institutional side of the company, so that it can hinder managers' opportunistic behavior. Thanatawee, (2016) states that large shareholdings by institutional parties will have incentives to monitor company decision making. This connects the behavior of large shareholders to take over supervisory duties to the agent's poor performance. If the institutional party is not satisfied with the agent's performance, they immediately sell their shares by following a policy with an exit process.

The supervision action can be carried out by presenting an advisory committee (advisory committee) that works to protect the interests of shareholders (Thanatawee, 2016). In addition it can also present a board of experts (decision experts) that are not financed by the company, so it is not under the supervision of the agent. Thus the board of experts can oversee every agent's actions in running the company. Companies that have high institutional ownership cause the company to be monitored by the institution. Submission of financial reports to the stock exchange has been eagerly awaited by institutional shareholders, this is because institutional ownership has a dominant composition as shareholders in the company. So the higher the institutional ownership, the higher the timeliness of delivering financial statements to the stock exchange.

The reputation of the public accounting firm, audit opinion and institutional ownership will have an impact on the timeliness of delivering financial reports to the stock exchange. Furthermore, the timeliness of the submission of these financial statements will contribute to these three factors on the company's value. Timeliness does not guarantee relevance, but the relevance of information is not possible without the timeliness, timely financial statements will be more useful on those that are not on time. Once relevant information is available more quickly, it is able to increase its capacity to influence decisions and a lack of timeliness can reduce information from its usefulness (Kieso et al., 2008:47). Timeliness of financial reporting is regulated in regulations Bapepam-LK. Nomor. KEP-346/BL/2011 regarding Submission of Issuers or Public Companies' Financial Statements, states that each public company is required to submit an annual financial report that must be accompanied by the usual opinion of an independent auditor and submitted to Bapepam no later than the end of the third month (90 days) after the date of the company's annual financial statements.

This article aims to examine the effect of the reputation of public accounting firms, and institutional ownership on the timely delivery of financial reports, as well as their impact on company value. The discussion of this article starts from the introduction, literature review, then continues the research method, research results and discussion, finally the conclusions and suggestions.

**LITERATURE REVIEW**

The Agency Theory was put forward by Michael C. Jensen and William Meckling in 1976, which explained the relationship of employers with job recipients to carry out work. Employers are called principals or shareholders, while job recipients are called agents or management. Principals provide facilities and funds to be managed by agents in a contractual relationship. Agents try to manage the company as much as possible to prosper the principal. In return, the agent gets a salary and bonus. Whereas the principal gets a dividend distribution.

Company value is the company's performance which is reflected by the price of shares formed by the demand and supply of the capital market that reflects the public's assessment of the company's performance (Harmono 2009: 233). The relevant matter was also expressed by Sartono (2010: 487), he revealed that the value of a company is the sale value of a company as a business that is operating. The existence of excess selling value above the value of liquidation is the value of the management organization that runs the company. Furthermore, a relevant explanation was also disclosed by Noerirawan (2012), the company's value is a condition that has been achieved by a company as an illustration of public trust in the company after going through a process of activities for several years, ie since the company was founded until now.

Law of the Republic of Indonesia Number 8 of 1995 concerning the capital market has become a reference related to the submission of financial statements. Article 86 states that issuers whose registration statements have become effective or public companies are required to submit periodic reports to Bapepam and announce the reports to the public; and submit a report to Bapepam and announce to the public about material events that can affect the price of securities no later than the end of the second (second) working day after the event”. Based on article 86 it is clear that public companies are required to report periodically to the Capital Market Supervisory Agency.

The company submits a report or information about the company's performance to the public must be
accurate and reliable, so that it is asked to use the services of the PA firm. To increase the credibility of the report, the company must use the services of reputable accounting firms. This is indicated by KAP affiliated with large, universally accepted KAP, known as the Big Four Worldwide Accounting Firm. Large KAP are said to have accountants who behave more ethically than small accountants (Afza, & Mian, 2014).

Audit opinion is the opinion of one of the parties who plays an important role for the achievement of quality financial reports in the capital market or public accountants tasked with providing assurance of the fairness of the financial statements prepared and published by management. Assurance of the financial statements provided by public accountants through public accountant opinion. According to the Professional Standards of Public Accountants (PS 700). There are four types of accountant's opinions, namely unqualified opinion; qualified opinion; adverse opinion; and disclaimer opinion.

Institutional ownership is ownership of shares from external parties in the form of institutions, such as other companies or other institutions (Thanatawee, 2014). Institutional ownership is a portion or percentage of shares of companies owned by entities or institutions outside the company of the total shares issued by the company. Institutional ownership has a certain percentage in a company. In general institutional ownership has a high level and controls the majority of the company's shares. This is because the institution has more funds than other ownership (Thanatawee, 2014).

**Research Method**

The purpose of this study is to test the hypothesis, namely testing whether the reputation of public accounting firms, audit opinions and institutional ownership affect the timeliness of financial statement submission and its impact on company value. This type of investigation in this research is a causal study which aims to find the factors that cause fluctuations in the value of the company. Researcher's intervention in this study is minimal intervention. The researcher did not influence the fluctuation in the value of the manufacturing sector companies. The situation of the study in this study was not regulated. This means that all activities in the observation environment occur normally and naturally without any regulation from the researcher. Researchers only collect data and then analyze the data to answer the problem formulation in the study. So that the research objectives are achieved.

Unit of analysis refers to the level of unity of data collected during the next data analysis stage (Now, 2017: 173). The unit of analysis of this research is an individual manufacturing sector company. The unity of data collected in this study is the financial statements of manufacturing sector companies that have been audited by a public accounting firm. The time horizon in this study is a one shot or cross sectional study with an observation period of 2015-2017. Studies that collect data only once, whether daily, weekly or monthly, are called studies with a one-shot or cross-sectional time horizon (Sekaran, 2017: 177). Data collected only once in the period referred to in this study are the financial statements of manufacturing sector companies listed on the Indonesia Stock Exchange.

The population in this study are all manufacturing sector companies listed on the Indonesia Stock Exchange from 2015-2017. The number of populations that have met the criteria is 94 companies and with 282 observational population elements. This study looked at all study populations. Thus this study is called census research (Sugiyono, 2007: 68).

Furthermore, the measurement of variables in the study aims to operationalize each research variable. The company's value and reputation of the public accounting firm was adopted from Afza (2014). The timeliness of delivering financial statements and audit opinions adopts Daoud, (2014). Institutional ownership refers to Yeniatie (2010). Measurement of this variable is useful for further data processing to achieve the objectives of this study. The measurement of variables can be summarized on tabel 1 as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Measurement</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The value of the company</td>
<td>Market value per share</td>
<td>Ratio</td>
</tr>
<tr>
<td>2.</td>
<td>Timeliness of Submitting Financial Statements</td>
<td>On time = 1, Not On time = 0</td>
<td>Dummy</td>
</tr>
<tr>
<td>3.</td>
<td>Reputaion of a Public Accounting Firm</td>
<td>Affiliated with Large KAP =1, Who uses other than the Large KAP = 0</td>
<td>Dummy</td>
</tr>
<tr>
<td>4.</td>
<td>Audit Opinion</td>
<td>Who obtained an Audit Unqualified Opinion = 1, Who gets an opinion other than Unqualified Opinion = 0</td>
<td>Dummy</td>
</tr>
<tr>
<td>5.</td>
<td>Institutional Ownership</td>
<td>Institutional Ownership Total Shares</td>
<td>Ratio</td>
</tr>
</tbody>
</table>

Table 1: Variable Operationalization
Data analysis method in this study uses path analysis. Analysis of the data using application assistance software Statistical Package for the Social Science (SPSS). Equations consist of 2 types, namely equations 1 and 2.

\[ Y = \rho Yx_1 X_1 + \rho Yx_2 X_2 + \rho Yx_3 X_3 + \varepsilon_1 \]
\[ Z = \rho zx_1 X_1 + \rho zx_2 X_2 + \rho zx_3 X_3 + \rho zY Y + \varepsilon_2 \]

Note:
- \( X_1 \): Reputation of a Public Accounting Firm.
- \( X_2 \): Audit Opinion.
- \( X_3 \): Institutional Ownership.
- \( Y \): Timeliness of Submitting Financial Statements.
- \( Z \): Institutional Ownership.
- \( \varepsilon_2 \): Other variables that affect \( Z \).

**RESULTS AND DISCUSSIONS**

**Results:**
The finding of result based on hypothesis testing can be summarized on Table 2 as follows:

**Table 2. Hypothesis Testing Results**

<table>
<thead>
<tr>
<th>( \rho zx_1 )</th>
<th>( \rho Yx_1 )</th>
<th>( \rho zY )</th>
<th>( \rho Yx_2 )</th>
<th>( \rho zx_2 )</th>
<th>( \rho Yx_3 )</th>
<th>( \rho zx_3 )</th>
<th>( \varepsilon_1 )</th>
<th>( \varepsilon_2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.171</td>
<td>0.12</td>
<td>0.078</td>
<td>0.035</td>
<td>0.017</td>
<td>0.088</td>
<td>0.106</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DISCUSSIONS:**

1. **Effect of KAP Reputation on Timeliness of Submitting Financial Statements**

The results of statistical tests show that KAP's reputation has a positive effect on the timeliness of financial statement submission. The coefficient value of beta \( \beta_1 \) KAP reputation is 0.120. This value is not equal to zero (0.120 ≠ 0). Thus, \( H_a1 \) is accepted. This means that KAP's reputation has a positive effect on the timeliness of financial statement submission.

The reputation of the public accounting firm has an influence on the timeliness of financial statement submission. The relationship can be seen from the role of the reputation of the public accounting firm for the timely delivery of financial statements. Companies in submitting a report or information about the company's performance to the public must be accurate and reliable, so they are asked to use KAP services. To increase the credibility of the report, the company must use the services of a reputable or reputable KAP, so that it will be able to increase the timeliness of the company's financial statements.

The results of this study are relevant to Adebayo & Adebayo, (2016). They revealed that the reputation of the public accounting firm had a positive effect on the timeliness of financial statement submission. This shows that companies that use public accounting firms in good standing will be able to maximize their audit activities. This will have an impact on accelerating the completion of audits of financial statements, so that the impact on companies also quickly submit their financial statements.

2. **The Effect of Audit Opinions on the Timeliness of Submitting Financial Statements**

The results of statistical tests show that audit opinion has a positive effect on the timeliness of financial statement submission. The coefficient value of beta \( \beta_2 \) audit opinion is 0.035. This value is not equal to zero (0.035 ≠ 0). Thus, \( H_a2 \) is accepted. This means that audit opinion has a positive effect on the timeliness of financial statement submission.

Audit opinion has an influence on the timeliness of financial statement submission. This influence can be seen from the role of the audit opinion on the timeliness of financial statement submission. An audit opinion...
which is the opinion of a public accountant has the duty to provide an opinion on the reasonableness of the financial statements prepared and issued by the company. The opinions obtained by the company will reflect the quality of the financial statements. This means that when companies obtain a quality audit opinion, they will not delay submitting their financial statements. That is because quality audit opinion is pleasant news for companies to be conveyed to users of financial reports. This means that the company will immediately convey these opinions to the users of financial statements in the form of audited financial statements.

The results of this study are relevant to Daoud, Ismail & Lode (2014), finding that audit opinions have a positive effect on the timeliness of delivering financial statements to the stock exchange. This shows that companies that get good audit opinions will soon publish their financial statements. This causes the company to timely submit its financial statements. However, if the company obtains an audit opinion other than fair without exception, the company will postpone submitting its financial statements.

3. The Effect of Institutional Ownership on the Timeliness of Submitting Financial Statements

Statistical test results show that, institutional ownership has a positive effect on the timeliness of financial statement submission. The value of the beta coefficient (β3) of institutional ownership is 0.088. This value is not equal to zero (0.088 ≠ 0). Thus, Ha3 is accepted. This means that institutional ownership has a positive effect on the timeliness of financial statement submission.

Institutional ownership has an influence on the timeliness of financial statement submission. This influence can be seen from the role of institutional ownership on the timely delivery of financial statements. Institutional ownership which is the ownership of shares from external parties in the form of an institutional company, will monitor with maximum operational activity the company (Thanatawee, 2014). One of the observations is the timeliness of the submission of financial statements which is a summary of the company's operational results in one year. Institutional ownership has a certain percentage in a company. In general institutional ownership has a high level and controls the majority of the company's shares. This is because the institution has more funds than other ownership. As a result of this condition, the company is the center of attention for institutional shareholders.

The results of this study are relevant to Bamahros, & Hussin, (2016) revealed that institutional ownership has a positive effect on the timeliness of submitting financial statements to the stock exchange. This shows that the company which has a high institutional ownership causes the company to be monitored by the institution. Submission of financial statements to the exchange has been eagerly awaited by institutional shareholders, this is because institutional ownership has a dominant composition as shareholders in the company.

4. Effect of KAP Reputation on Company Value

The results of statistical tests show that KAP's reputation has a positive effect on firm value. The coefficient value of beta (β4) KAP reputation is 0.171. This value is not equal to zero (0.171 ≠ 0). Thus, Ha4 is accepted. This means that KAP's reputation has a positive effect on company value.

KAP's reputation has an influence on the company's value. This influence can be seen from the role of the public accounting firm's reputation for the company's value. Companies in submitting a report or information about the company's performance to the public must be accurate and reliable, so they are asked to use the services of a reputable public accounting firm. This is indicated by public accounting firms affiliated with large public accounting firms.

The results of this study are relevant to Afza, & Mian, (2014) found that the reputation of a public accounting firm has a positive effect on firm value. This shows that companies that use reputable public accounting firms, will have high company value. The reputed public accounting firm used by the company to audit its financial statements will reflect that the company also has a good reputation. The company does not want to be seen as worthless by users of financial statements due to the use of public companies that are not mutated.

5. Effect of Audit Opinion on Company Value

The results of statistical tests show that audit opinion has a positive effect on firm value. Beta coefficient (β5) of audit opinion is 0.017. This value is not equal to zero (0.017 ≠ 0). Thus, Ha5 is accepted. This means that audit opinion has a positive effect on firm value. Audit opinion has an influence on firm value. The pengaurh can be seen from the role of audit opinion on the value of the company. An audit opinion which is the opinion of a public accountant has the duty to provide an opinion on the reasonableness of the financial statements prepared and issued by the company. The opinions obtained by the company will reflect the quality of the financial statements. This means that when companies obtain a quality audit opinion, they will not delay submitting their financial statements. That is because quality audit opinion is pleasant news for companies to be conveyed to users of financial reports.

The results of this study are relevant to Ahmadi, Sedghiani, & Jamali (2014) revealed that audit opinion has a positive effect on firm value. Companies that obtain quality audit opinions, then reflect the company
has prepared financial reports with good quality too. The quality audit opinion will have a large impact on the parties' trust in the company. This will have an impact on increasing the value of the company.

6. The Effect of Institutional Ownership on Company Value

The results of statistical tests show that, institutional ownership influences company value. The value of the beta coefficient ($\beta_6$) of institutional ownership is 0.106. This value is not equal to zero ($0.106 \neq 0$). Thus, Ha6 is accepted. This means that institutional ownership has a positive effect on firm value.

Institutional ownership has an influence on firm value. This relationship can be seen from the role of institutional ownership of the company's value. Institutional ownership which is the ownership of shares from external parties in the form of an institutional company, will monitor with maximum operational activity the company (Thanatawee, 2014). Such monitoring will cause the company to immediately settle its obligations. One of these obligations is to increase the value of the company. Institutional ownership has a certain percentage in a company. In general institutional ownership has a high level and controls the majority of the company's shares. As a result, the company becomes the center of attention of institutional shareholders, so the company must be able to maximize the value of the company.

The results of this study are relevant to Chin, Chung, & Ho, (2016) states that the timely delivery of financial statements has a positive effect on company value. This shows that companies which submit their financial statements on time to the stock exchange have a good view in the eyes of financial statement users. This is because with the timely submission of the financial statements, the users of the financial statements especially prospective investors will immediately make an investment. This will immediately increase the value of the company. In addition, companies that submit financial statements on time, will reflect that the company is fully committed to realizing high company value. So the company does not want the company's value to fall due to the delay in submitting financial statements to the exchange.

8. Effect of KAP Reputation, Audit Opinion, Institutional Ownership and Timeliness of Submitting Financial Statements Directly and Indirectly to Company Value

Based on Figure 4.1, a direct effect of X1-Z is seen. Therefore it can be interpreted that KAP's reputation has a greater direct effect on company value, rather than having to go through the timeliness of financial statement submission. Because the direct effect is greater than the effect of mediation, it can be said that the independent variable partially mediates the dependent variable.

Furthermore, Figure 4.1 shows the direct effect of X2-Z. Therefore it can be interpreted that audit opinion has a greater direct effect on the company's value, rather than having to go through the timeliness of financial statement submission. Thus, because the direct effect is greater than the effect of mediation, it can be said that the independent variable partially mediates the dependent variable.

Furthermore, Figure 4.1 shows the direct effect of X3-Z. Therefore it can be interpreted that institutional ownership has a greater direct effect on the value of the company, rather than having to go through the timeliness of financial statement submission. Because the direct effect is greater than the effect of mediation, it can be said that the independent variable partially mediates the dependent variable.

CONCLUSIONS:

The reputation of the public accounting firm, audit opinion, institutional ownership have a positive effect on the timeliness of financial statement submission on the company's value. Public companies must submit their financial statements on time, no later than the end of the third month after the date of the company's annual financial statements. Timely financial statements are more useful for their capacity to influence the decisions of financial statement users (Kieso et al., 2008: 47).

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submission. Furthermore, the reputation of public accounting firms, audit opinions, institutional ownership and timeliness of financial statement submission have a positive effect on company value.

Recommendations:
The management of the manufacturing sector companies to maintain the reputation of the firm and institutional ownership that affect the increase in company value. In addition, in order to improve audit opinion and timeliness of financial statement submission. This is because the influence of the two variables is small, so it is better to increase the variable. Then for academics it is suggested that add some other independent variables that have the potential to have a big influence on the value of the company. These variables include operating income and company management. Observing other business sector industries, such as the primary sector consisting of mining and agriculture sub-sectors. The tertiary sector is like the financial sector.

REFERENCES