CHAPTER III

METHODOLOGY

3.1 Types and Source of Data

Sources of data used in this study is the type of secondary data, the data in the form of financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX).

3.2 Method of Collecting Data

Data collection method used in this research is Documentation Method. In carrying out the method of documentation, researchers retrieve data based on source documents such as income statements, newspapers, literature books, reference journals, and regulations. This method is used to obtain data on the main financial statements balance sheet and other necessary data such as private ownership capital, total assets of the company that became the sample of research in IDX.

3.3 Population and Sample

Population is a generalization region consisting of objects or subjects that have certain qualities and characteristics set by the researchers to be studied and then drawn conclusions (Sugiyono, 2012).

The population in this study are Manufacturing Companies listed in Indonesia Stock Exchange (IDX) in the period 2012-2015. The use of companies listed on the Stock Exchange as a population because the company has an obligation to submit financial statements to external parties, thus allowing the financial statement data obtained in this study. The object of research is all manufacturing companies listed on the Indonesia Stock Exchange. Selected by using purposive random sampling method with the following criteria:

1. Manufacturing companies listed on the Indonesia Stock Exchange (IDX) until December 31, 2015.
2. Financial companies whose financial statements from 2012-2015 are not delisting and constant.
3. Companies that have complete financial statements to support this research.

   Sampling of all manufacturing companies listed on the Indonesia Stock Exchange will be eliminated by several research criteria: manufacturing companies listed on the Indonesia Stock Exchange, companies that are not delisted, and possess complete financial statements from 2012-2015 to support this research.

3.4 Research Variables and Operational Definition of Variables

The variables used in this study include size company, audit committee, implementation of IFRS (International Financial Reporting Standards), and ownership public as independent variable and audit delay as dependent variable.

3.4.1 Independent Variables

Independent variable (independent variable) is a type of variable that explains or influence dependent variable. The independent variables in this research are:

1. Company Size

   Company Size can be defined as a scale in which small companies can be classified in various ways, such as expressed in total assets, stock market value, and others. The size of the company is characterized by several sizes including total sales, total assets, log size, number of employees, market value of company, and book value of company. This study uses the total log of assets owned by the company as the size of the company.

   Size Company = Ln (Total Assets).

2. Audit Committee

   The Audit Committee is a committee composed of one or more members of the Board of Commissioners and may request outside parties with the skills, experience, and other qualities required to achieve the objectives of the Audit Committee. Therefore, the Audit Committee assists the Board of Commissioners or the Supervisory Board in ensuring the effectiveness of the internal control system and the effectiveness of the execution of external and internal auditor duties. Proportion of Audit Committee = (Total Audit Committee) divided by (Total Board of Commissioners)

3. Implementation of IFRS (International Financial Reporting Standards)

   The International Financial Reporting Standards (IFRS) are the Principles of Standards, Interpretation and Framework (1989) adopted by the International Accounting Standards Board (IASB). The IFRS structure is considered a principle based on the set of standards in that they set broad rules and dictate special care. The use of International Standards can improve the accuracy in assessing the performance of a company as reflected in the financial statements. It is possible to compare companies between domains in two different places. Measurement of IFRS implementation using dummy variables. If the company implements IFRS codes 1, whereas if not then it is coded 0 (Achmad: 2012).

4. Public Ownership

   Company ownership by outsiders has great power in influencing companies through mass media in the form of criticism or comments that are all considered public or public votes. The existence of the concentration of outside ownership has the effect of the outsiders, thus changing the management of the company which originally went according to the wish of the company itself has its limitations (Ali: 2008). From these statements can be concluded that companies whose

level of public ownership is higher will be more likely to be timely in delivering its financial statements.

Public ownership is the ownership of shares of public companies by the general public, the amount of public ownership can be seen from the percentage of ownership public in Financial Statement.

3.4.2 Dependent Variables

These variables are called independent variables or dependent variable that are variables that will change due to changes in independent variables, where in the test the influence of this dependent variable is often called the criterion is a variable that is influenced by variables or predictor variable (Sudarmanto, 2013).

Dependent variable in this research are:

1. Audit Delay

   The delay audit implies that the financial statements are presented at a time interval, meaning to explain changes within the firm that may affect the user at the time of making predictions and decisions. If such information is not delivered on time will cause the information to lose its value in influencing the quality of the decision.

   Audit Delay = Date End of Period - Date of Issue of Financial Statement (Difference).