

The Influence Of Firm Size, Profitability, Leverage, And Kap Reputation On Audit Delay (Empirical Study on Manufacture Firms Food and Beverages Sub Sector Listed on the Indonesia Stock Exchange 2017-2019)

Jessica Iglasias Gunawan¹
Universitas Buddhi Dharma¹

Email : jessicaiglasias11@gmail.com

ABSTRAK

There has been an increase in the number of Firms listed on the Indonesia Stock Exchange (IDX) since 2017 – 2019 which was accompanied by an increase in Indonesia's Gross Domestic Product (GDP) in the same period. The IDX requires issuers to provide audited financial reports. This will increase the number of financial reports to be audited. The audited financial report must be submitted no later than the end of the 3rd month after the date of the annual financial report and if it is late, it will be subject to sanctions. This makes audit delay important.

This study aims to assess the effect of Firm size, profitability, leverage, kap reputation towards audit delay. The research used food and beverage Firms listed on IDX from 2017-2019 for research sample. Total of Firms used for sample research is 12 thus total sample become 36. The amount got by doing purposive sampling towards 27 Firms.

The research obtains Firm's size variable, profitability, leverage, and kap reputation have a significantly effect on audit delay. Firm size, profitability, leverage and kap reputation simultaneously have a significant effect towards audit delay.

Keywords: *In total asset, return on asset, debt to asset ratio, and kap reputation, and audit delay*

BACKGROUND

Financial reports are a major factor in the success of a Firm, where the report includes an overview of the financial position, performance and changes in the Firm's financial position which is important for almost all users in making business policies. The number of Firms listed on the Indonesia Stock Exchange (IDX) increased in 2017-2019. The increase in Firms was also followed by Indonesia's Gross Domestic Product (GDP). They must provide audited financial reports. The audited financial report must be submitted less than the end of the 3rd month after the date of the annual financial report. Sanctions will be given to the Firm late submitted financial report (Yanti & Oktari, 2018).

The deadline for the completion of the audit report, which is between the date of the financial statements and the date of the audit, is called audit delay. The Firm's delay in presenting financial reports can make the public, users, especially investors, think negatively. The delay in presenting financial reports make vanish reliability or unavailability of financial reports when needed which can have an impact on decreasing investor confidence in the Firm and will also have an impact

on the selling price of shares in the capital market. The Firm report audited financial reports on time can increase the trust of external parties to the Firm because audited financial reports are available when needed and can provide benefits to internal parties as well as external parties of the Firm. For internal parties of the Firm, audited financial reports can be used as evaluation material and as a basis for the Firm in making plans for the next period. The description of the achievement of performance contained in the financial reports is the focus for parties using reports outside the Firm to see future directions/goals and take further business or investment steps.

THEORETICAL REVIEW

Audit

The procedure carried out in the collection, analysis of evidence related to information for the assessment and reporting of conformity regarding the data presented against existing standards/rules is called an audit (Arens et al., 2017)

Audit Delay

The time interval between the closing year of the financial reports until the opinion on the audited financial report is signed (Manuel & Sutandi, 2018).

Financial Reports

A systematic description of the financial condition and performance of an entity (IAI, 2018).

Firm Size

The size measured using the total assets of the Firm listed in the audited financial reports using logarithms (Manuel & Sutandi, 2018).

Profitability

The Firm's ability to utilize all available resources for future profit creation (Apriyana, N; Rahmawati, 2017).

Leverage

Leverage is calculating how much the Firm is funded using debt (Witono & Yanti, 2019).

KAP Reputation

Public accountants are accountants who have obtained permission from the Minister to provide services as set in (*PERATURAN MENTERI KEUANGAN NOMOR 17/PMK.01/2008*, n.d.).

Research Hypothesis

Ha₀: Firm Size, Profitability, Leverage, KAP Reputation significantly do not affect Audit Delay.

Ha₁: Firm size significantly affect Audit Delay.

Ha₂: Profitability significantly affect Audit Delay.

Ha₃: Leverage significantly affect Audit Delay.

Ha₄: KAP's reputation significantly affect Audit Delay.

Ha₅: Firm Size, Profitability, Leverage, KAP Reputation significantly affect Audit Delay.

RESEARCH METHODOLOGY

Type of Research

This study uses a type of causal research aimed at assessing the effect of one or more independent variables on the dependent variable.

Object of Research

The object of research used in the financial reports of the food and beverage sub-sector Firms listed on the IDX in 2017-2019.

Data Types and Sources

In this study, secondary data is used, namely the Firm's financial reports which are downloaded via (www.idx.co.id) and www.idnfinancial.com

Research Population and Sample

The population are Firms in the food and beverage sub-sector for the period 2017-2019, where the number of samples based on purposive, determined according to the requirements:

1. Food and beverage sub-sector Firms listed on the Indonesia Stock Exchange in 2017-2019.
2. Firms that have published financial report as of December 31 and have been audited.
3. Firms that use rupiah currency.
4. Firms that earn positive profits.

Dependent Variable

Audit Delay

Audit delay is used as the dependent variable in this research. Audit delay is the time lapse between the closing date of the book and the date of signing the audit report. The formula for calculating audit delay is:

$$\text{Audit Delay} = \text{Audit Report Date} - \text{Financial Statements date}$$

Independent Variable

Firm Size

Firm size is a grouping of Firm size based on its total assets. The measurement scale for Firm size is the ratio scale. The formula for calculating Firm size is:

$$\text{Firm Size} = \text{LN}(\text{Total Asset})$$

Profitability

The Firm's ability to utilize all available resources for future profit creation. The formula for calculating profitability is:

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

Leverage

Leverage is an assessment ratio of the Firm's capability to settle long-term

obligations by utilizing its own assets. The leverage measurement scale is a ratio scale. The formula for calculating leverage is:

$$\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

KAP Reputation

KAP Reputation is the good name of a Public Accounting Firm for the services it has provided and can be sorted according to rank. The KAP reputation measurement scale is nominal. KAP reputation is measured using a dummy which is worth 1 if the financial report audited by The Big Four Public Accounting Firm, and 0 if the financial report audited not by The Big Four Public Accounting Firm.

Data Analysis Technique

Descriptive Statistics

Descriptive statistics describe data based on the mean, standard deviation, maximum, minimum, and range.

Classical Assumption Test

In this research, the classical assumption test consisted of normality, multicollinearity, autocorrelation, heteroscedasticity.

Hypothesis Testing

Multiple Regression Analysis

The multiple linear regression equation is:

$$\text{AD} = \alpha + \beta_1\text{UKP} + \beta_2\text{PROF} + \beta_3\text{LEV} + \beta_4\text{KAP} + e$$

Description:

AD : Audit Delay

- α : Constant
- UKP : Firm size
- PROF : Profitability
- LEV : Leverage
- KAP : KAP reputation
- $\beta_1, \beta_2, \beta_3, \beta_4$: regression coefficient
- e : Error of estimation

Correlation Coefficient Test

To determine the level of relationship can use the following guidelines:

Interval Koefisien	Tingkat Hubungan
0,00 – 0,199	Very Weak
0,200 – 0,399	Weak
0,40 – 0,599	Medium
0,60 – 0,799	Strong
0,80 – 1,000	Very Strong

Determination Coefficient Test (R2)

A test in assessing how a model can describe changes in the dependent variable. If the value of R2 is low, it means the independent variable is able to explain the variation of the dependent variable is very limited.

F Statistic Test

The F test assesses how all of the independent variables in the model show a simultaneous effect on the dependent variable. The significance level for the F statistical test was 5%. If the significance value of F (p - value) is less than 0.05, the alternative hypothesis which states that all

independent factors affect the dependent variable simultaneously is accepted.

T Statistic Test

T test decision making:

1. sig value. <0.05 = Ha is accepted; the variable x affects the variable Y
2. sig value. >0.05 = Ha is not accepted; the variable x does not affect the variable Y.

ANALYSIS DAN DISCUSSION

Descriptive Statistical Test Results

	Descriptive Statistics					
	N	Range	Minimum	Maximum	Mean	Std. Deviation
AD	36	111	46	157	80.42	20.550
UKP	36	5.02	27.18	32.20	29.1436	1.40575
ROA	36	.55	.00	.55	.1248	.12532
DAR	36	.50	.14	.64	.3888	.15448
KAP	36	1	0	1	.47	.506
Valid N (listwise)	36					

The table above show that audit delay has the highest value of 157 days, Firm size of Ln 32.20, profitability of 0.55, leverage of 0.64, and hood reputation of 1 due to the dummy variable. The lowest value of audit delay is 46 days, Firm size is Ln 5.02, profitability is 0.00, leverage is 0.14 and KAP reputation is 0 because of the dummy variable.

Classical Assumption Test

Normality Test Result

The normality test that has been transformed and outliers, the Kolmogorov-Smirnov value is 0.184 with a significance value of 0.184 so that the data has been normally distributed because it has a significance value > 0.05.

Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
SQRT_UKP	0.885	1.130
SQRT_ROA	0.835	1.198
DAR	0.947	1.056
KAP	0.749	1.335

The tolerance value is greater than 0.1 and the VIF value is less than 10, so it can be assessed that there is no multicollinearity between the variables.

Autocorrelation Test Results

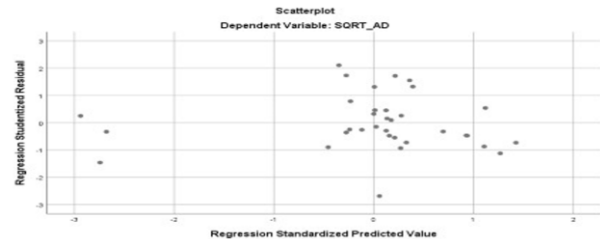
Runs,Test	
	Unstandardized, Residual
Test Value ^a	-.09715
Cases < Test Value	17
Cases >= Test Value	17
Total Cases	34
Number of Runs	22
Z	1.219
Asymp. Sig. (2-tailed)	.223

The autocorrelation test showed that the significance value was 0.223. There was no autocorrelation in this research because the significance value was > 0.05, which was 0.223.

Heteroscedasticity Test Result

One-Sample, Kolmogorov-Smirnov, Test

		Unstandardized, Residual
N		34
Normal, Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.38644531
Most, Extreme, Differences	Absolute	.127
	Positive	.127
	Negative	-.089
Test, Statistic		.127
Asymp Sig (2-tailed)		.184 ^c



The heteroscedasticity test show that there is no heteroscedasticity in the regression model because the points are spread out and do not form a certain pattern.

Hypothesis Test

Results of Multiple Regression Analysis and Partial Test Results t

Model	Coefficients ^a				
	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig
1 (Constant)	3.236	3.090		1.047	.304
SQRT_UKP	1.324	.577	.272	2.294	.029
SQRT_ROA	-1.831	.478	-.468	-3.833	.001
DAR	-2.202	.469	-.539	-4.697	.000
KAP	-.488	.163	-.385	-2.985	.006

a. Dependent Variable: SQRT_AD

The regression equation can be arranged:

$$AD = 0,272 \text{ UKP} - 0,468 \text{ ROA} - 0,539 \text{ DAR} - 0,385$$

The results of the t test are:

1. Firm size with a significance of 0.029, it is assessed that the firm size influences audit delay.

2. Profitability with a significance of 0.001, it is assessed that the profitability influences audit delay.
3. Leverage with a significance of 0.000, it is assessed that the leverage variable influences audit delay.
4. KAP reputation with a significance of 0.006, it is assessed that the KAP reputation variable influences audit delay.

F Statistical Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.722	4	2.180	12.830	.000 ^b
	Residual	4.928	29	.170		
	Total	13.650	33			

The F test show that the significance value is 0.000 < 0.05 so it can be concluded that Firm size (UKP), profitability (ROA), leverage (DAR) and KAP reputation (KAP) simultaneously have a significant effect on audit delay (AD).

Correlation Coefficient Test Results and Coefficient of Determination

Model Summary ^b				
Model	R	R,Square	Adjusted R Square	Std Error of the Estimate
1	.799 ^a	.639	.589	.41224

The correlation coefficient test is 0.799 or 79.9%. This value is at the level of 0.60 – 0.799, which means it has a strong relationship between the independent variables, namely: Firm size (UKP), profitability (ROA), leverage (DAR) and KAP reputation.

The adjusted R₂ value is 0.589 or 58.9%, the independent variable (Firm size, profitability, leverage and KAP reputation) can explain the dependent variable (audit delay) of 58.9% and another 41.1 % is explained by other variables not tested.

DISCUSSION

Effect of Firm Size on Audit Delay

The Firm size has a significance value of 0.029 and the value is < 0.05 so Ha₁ is accepted, which means firm size influences audit delay. This is in accordance (Clarisa & Pangerapan, 2019), (Simatupang, L; Putra, W.E; Herawaty, 2018), (Astrina, 2020), (Alawiah, M; Hasibuan, 2019), (Apriyana, N; Rahmawati, 2017) which states that Firm size influences audit delay.

The larger the size of the Firm, the faster the audit delay. This is because the size of the Firm can affect the internal control system. A large Firm size on average has good internal control. Good internal control can speed up the process of auditing financial reports because it can reduce the sample that will be taken for testing.

Effect of Profitability on Audit Delay

The profitability calculated by ROA has a significance value of 0.001 so Ha₂ is accepted which means profitability influences audit delay. This is in accordance with research (Clarisa & Pangerapan, 2019), (Andika Hermawan, 2019), (Indriani, Alfiah; Alamsyah, 2020), (Manuel & Sutandi, 2018), (Dewi & Wi, 2018) which states that profitability influences audit delay.

The high level of Firm profitability makes the Firm tend to speed up its audit delay. This is because high profitability reflects the Firm's extraordinary performance and makes the Firm want to immediately announce the good news by speeding up the submission of financial reports.

Effect of Leverage on Audit Delay

The leverage calculated by DAR has a significance value of 0.000 so H_{a3} is accepted, which means that leverage influences audit delay. This is in accordance with research (Indriani, Alfiah; Alamsyah, 2020), (Herdyansyah et al., 2020), (Apriyana, N; Rahmawati, 2017) which explain that leverage influences audit delay.

A high level of solvency indicates the Firm does not have the ability to pay all its debts. This will make the auditor more careful in auditing financial reports because it is related to the survival of his clients. This makes the auditor increase the number of samples that will be taken to be used as audit evidence so that the audit process will take longer.

Effect of KAP Reputation on Audit Delay

The KAP reputation has a significance value of 0.006 so H_{a4} is accepted, which means that the KAP reputation influences audit delay. This is in accordance with research (Clarisa & Pangerapan, 2019), (Simatupang, L; Putra, W.E; Herawaty, 2018), (Herdyansyah et al., 2020), (Astrina, 2020), (Dewi & Wi, 2018) explain that the reputation of KAP influences audit delay.

KAP The Big Four is considered to be able to carry out the audit on time because it has a larger number of employees and

more competent employees. This can make the audit process faster than other KAPs so that the audit delay becomes faster.

CONCLUSION

The following are the conclusions obtained based on the research that has been done:

1. Firm size calculated by LN total assets influences audit delay. The T test result is 2.294 with a significance value of 0.029 < 0.05 so that H_{a1} is accepted.
2. Profitability calculated by ROA has an influence on audit delay. The T test result is -3.833 with a significance value of 0.001 < 0.05 so that H_{a2} is accepted.
3. Leverage calculated by DAR influences audit delay. The T test result is -3.833 with a significance value of 0.000 < 0.05 so that H_{a3} is accepted.
4. KAP reputation has an influence on audit delay. The T test result is -2,985 with a significance value of 0.006 < 0.05 so that H_{a4} is accepted.

REFERENCES

- Alawiah, M; Hasibuan, D. H. (2019). PENGARUH UKURAN PERUSAHAAN, SOLVABILITAS, DAN PROFITABILITAS TERHADAP AUDIT DELAY. *Jurnal Ilmiah Akuntansi*, 7 (2), 318-330.
- Apriyana, N; Rahmawati, D. (2017). PENGARUH PROFITABILITAS, SOLVABILITAS, UKURAN PERUSAHAAN, DAN UKURAN KAP TERHADAP AUDIT DELAY PADA PERUSAHAAN PROPERTI DAN REAL ESTATE YANG

- TERDAFTAR DI BURSA EFEK INDONESIA PERIODE 2013-2015. *Nominal*, VI (2), 108-124.
- Arens, A. A., Elder, R. J., & Beasley, M. S. (2017). *Auditing and Assurance Services (terjemahan)*. 1-856.
- Astrina, F. R. (2020). PENGARUH UKURAN PERUSAHAAN DAN REPUTASI KANTOR AKUNTAN PUBLIK (KAP) TERHADAP AUDIT DELAY PADA PERUSAHAAN SEKTOR PERBANKAN YANG TERDAFTAR PADA BURSA EFEK INDOENSIA. *Accountia*, 04 (2), 126-141.
- Clarisa, S., & Pangerapan, S. (2019). THE EFFECT OF COMPANY SIZE, SOLVABILITY, PROFITABILITY, AND KAP SIZE ON AUDIT DELAY IN MINING SECTOR COMPANIES LISTED IN INDONESIA STOCK EXCHANGE. In *Pengaruh Ukuran... 3069 Jurnal EMBA* (Vol. 7, Issue 3).
- Dewi, G., & Wi, P. (2018). Pengaruh Profitabilitas , Ukuran Perusahaan Dan Ukuran Kap Terhadap Audit Delay Pada Perusahaan Properti Dan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2017 THE EFFECT OF PROFITABILITY , FIRM SIZE AND SIZE OF PUBLIC ACCOUNTANT FIRM OF. *Akuntoteknologi: Jurnal Ilmiah Akuntansi Dan Teknologi - Vol . 10 . N O . 1 (2018)*, 1, 27-42.
- Herdyansyah, R., Dan, F., & Yuliaty, F. (2020). PENGARUH PROFITABILITAS, LEVERAGE, REPUTASI KAP TERHADAP AUDIT DELAY. 2(11).
- IAI. (2018). *Standar Akuntansi Keuangan*.
- Indriani, Alfiah; Alamsyah, S. (2020). Analisis Faktor-faktor yang Mempengaruhi Audit Delay. *Jurnal Akuntansi Dan Ekonomika*, 10(2), 198-205.
- <https://doi.org/10.37859/jae.v10i2.2060>
- Manuel, A., & Sutandi. (2018). Pengaruh Ukuran Perusahaan, Umur Perusahaan dan Profitabilitas terhadap Audit Delay (Studi Empiris pada Perusahaan Manufaktur Sub Sektor Makanan dan Minuman yang Terdaftar Di Bei Periode 2013-2017). *Jurnal Ilmiah Akuntansi Dan Teknologi (AKUNTOTEKNOLOGI)*, 10(1), 1-13.
- PERATURAN MENTERI KEUANGAN NOMOR 17/PMK.01/2008. (n.d.).
- Simatupang, L; Putra, W.E; Herawaty, N. (2018). PERBANDINGAN PENGARUH UKURAN PERUSAHAAN, OPINI AUDIT, PROFITABILITAS, DAN REPUTASI KAP TERHADAP AUDIT DELAY. *Wahan*, 13(2), 143-156.
- Witono, K., & Yanti, L. D. (2019). Pengaruh Leverage, Reputasi Auditor, Ukuran Perusahaan Dan Audit Tenure Terhadap Audit Delay (Studi Empiris Pada Perusahaan Real Estate Yang Terdaftar Di Bursa Efek Indonesia Pada Tahun 2014-2017. *AKUNTEKNOLOGI: Jurnal Ilmiah Akuntansi Dan Teknologi*2, 11(1), 1-15.
- Yanti, L. D., & Oktari, Y. (2018). Pengaruh Tingkat Profitability, Solvability, Ukuran Perusahaan dan Ukuran Kantor Akuntan Publik Pada Penundaan pemeriksaan (Studi Empiris : Perusahaan Manufaktur Terdaftar di BEI Tahun 2013-2016). *ECo-Buss*, 1(2), 15-32. <https://doi.org/10.32877/eb.v1i2.37>
- www.bps.go.id
- www.kemenperin.go.id
- www.cnbcindonesia.com
- www.idx.co.id
- www.idnfinancials.com