E-ISSN 2985-7910

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

The Effect of Company Size, Profitability, Solveny, and Liquidity on Audit Delay on Food and Beverage Companies Listed on the Indonesia Stock Exchange

Putri Marito Siregar[1*], Widia Astuty[1]

[1]Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah Sumatera Utara
Jl. Kapten Mukhtar Basri No. 3 Medan, Sumatera Utara, Indonesia
***Email:** Putrimaritosiregar02@gmail.com

ABSTRACT

This study aims to examine whether the effect of firm size, profitability, solvency and liquidity on audit delay in food and beverage companies listed on the Indonesia Stock Exchange. This study uses an associative approach which aims to analyze the relationship between one variable and another or how one variable affects other variables. The number of samples analyzed was 18 samples of companies with the determination of the sample using purposive sampling. Analysis of research data using multiple linear regression analysis, hypothesis testing and coefficient of determination. The results of the research show that firm size has no effect on audit delay. Profitability has no effect on audit delay. Solvency has a positive and significant effect on audit delay. Liquidity has a positive and significant effect on audit delay and simultaneously company size, profitability, solvency and liquidity have a positive and significant effect on audit delay in food and beverage companies listed on the Indonesia Stock Exchange.

Keywords: Firm Size, Profitability, Solvency, Liquidity, Audit Delay

INTRODUCTION

Companies that have been registered are required to prepare and submit financial statements in accordance with the Statement of Financial Accounting Standards (PSAK) which have been audited by a public accountant registered with the Capital Market Supervisory Agency (BAPEPAM). Provisions for the submission of financial reports have been regulated through the decision of the chairman of Bapepam-LK (Capital Market and Financial Institution Supervisory Agency) Regulation Number: KEP-346/BL/2011 in regulation Number XK2 regarding the submission of periodic financial reports of issuers or public companies. As stated in letter b point c that the annual financial report must be submitted to Bapepam-LK and announced to the public no later than the end of the third month after the date of the annual financial report. BL/2012, public companies are required to submit annual financial reports to Bapepam-LK no later than 4 (four) months after the closing year of the book.

However, in reality, many companies have not submitted their financial statements in accordance with applicable regulations or have not complied with these regulations. According to Efriyenty (2021) audit delay is the time span required by the audit to complete the audit. The length of time for completion of the audit is measured from the closing date of the book, which is December 31, until the issuance of the independent audited report. Meanwhile, according to Efriyenty, (2021) audit delay is the difference in time between the end of the fiscal year and the date of issue of the audit report. The longer the auditor takes to complete the audit work, the longer the audit delay.

Associated with the number of companies that are late in submitting their audited financial statements. There are several factors that may affect audit delay, namely firm size (Amani and (Waluyo, 2015) , profitability (Amani & Waluyo, 2016) ; solvency (Ariyanto, 2018) and liquidity (Putri & Fuadati, 2019) .

The size of large companies will be faster in completing their audits than small companies, presumably because in general large companies are monitored by investors, capital supervisors, and the government so that they tend to reduce audit delay.

Profitability can be related to audit delay because companies that announce relatively low profitability refer to the decline in the publication of audited financial statements.

If the company has a higher proportion of debt than the amount of equity, the longer it takes the auditor to audit the company's financial statements because of the complexity of the debt account procedures and the discovery of more complex audit evidence against the company's creditors.

The high level of liquidity in the company so that the company can meet its short-term obligations properly. Meanwhile, a low level of liquidity will indicate that the company cannot fulfill its short-term obligations properly.

Research Purposes

1. To test whether firm size has an effect on audit delay
2. To test whether profitability has an effect on audit delay
3. To test whether solvency has an effect on audit delay
4. To test whether liquidity has an effect on audit delay
5. To test whether Company Size, Profitability, Solvency and Liquidity affect audit delay

LITERATURE REVIEW

Audit Delay

According to Lawrence and Briyan in (Yulianti, 2011), audit delay is the length of days it takes the auditor to complete his audit work, measured from the closing date of the financial year to the date of issuance of the audit report. In several studies, audit delay is often also referred to as audit report lag which is defined as the time difference between the end of the fiscal year and the date of issuance of the audit report (Astuty, 2016).

Company Size

According to (Agustina, 2022) company size is a company size that shows the size of the company. In this study, the size of the company is measured by using the total assets owned by the company. According to (Kalsum.U, 2018) stating the size of the asset is used to measure the size of the company, the size of the asset is measured as the logarithm of total assets. The value of total assets is usually of large value compared to other financial variables, for this reason the asset variable is refined to Log Asset or Ln Total Asset. Companies that have large asset values are expected to complete the audit process faster than companies with small assets. This is due to several factors, namely the management of large-scale companies that tend to be given incentives to reduce audit delays because these companies are closely monitored by investors, capital supervisors and the government.

Profitability

According to (Siregar & Lufriansyah , 2017) profitability is a ratio for us to manage business un luck n . A high level of profitability in the company will open new branches and increase investment or open new investments related to the parent company (Dahrani & Maslinda, 2014). The company's ability to earn profits has a relationship with audit delay. It can be said that profit is good news, the company will not delay the submission of its financial statements so that it can be immediately submitted to investors and other users of financial statements. The reasons that encourage the delay in the publication of financial statements are reporting profit or loss as an indicator of good news or bed news on the company's managerial performance in a year. In this study, researchers used the calculation of profitability with Return on Assets (ROA), a ratio that measures the company's ability to generate profits based on certain asset levels (Dahrani, 2021).

Solvency

According to Hanafi and Halim (2007) in Agustina (2022) solvency or so-called leverage is the ratio used to measure the extent to which the company's assets are financed by debt. This means how much debt burden is borne by the company compared to its assets. In this study, researchers used solvency calculations with Debt to Total Equity (DER). According to (Basri & Dahrani, 2017) Debt to Total Equity Ratio (DER) is a debt ratio used as a comparison to measure total debt and total equity. In other words, how much total equity can bear the debts of the company. The high Debt to Total Equity (DER) shows the company's high risk. Allows companies to have difficulty paying off their debts. As a result, management tends to delay or be late in submitting financial statements.

Liquidity

Liquidity is a ratio that shows the company's ability to pay or pay off its short-term obligations (Hafsah, 2017). That way, the company's liquidity can be shown by the size of its current assets. Companies that have a high level of liquidity show good news for the company if the liquidity ratio can meet its short-term obligations at maturity. This ratio is measured using the current ratio (CR). Where the current ratio is a tool to show the extent to which the company's ability to meet its financial obligations (H. Muis Fauzi Rambe, et al 2017).

METHOD

Types of research

The research approach used in this research is to associative approach". In this study, researchers want to know the relationship or influence of firm size, profitability, solvency and liquidity on audit delay.

Variable Operational Definition

Table 1. Variable Operational Definition

Variabel	Defenisi	Indikator	Skala
Company Size (X1)	Total assets owned by a company	= Ln (Total assets)	Ratio
Profitability (X2)	The company's ability to generate net income based on certain asset levels	$= \frac{\text{Profit After Tax}}{\text{Total Assets}}$ x 100 %	Ratio
Solvency (X3)	The company's ability to pay all of its obligations.	$= \frac{\text{Total Debt}}{\text{Total Equity}}$ x100%	Ratio
Liquidity (X4)	The company's ability to pay or pay off its short-term obligations	$= \frac{\text{Total Current Assets}}{\text{Total Current Debt}}$ x100%	Ratio
Audit Delay (Y)	Length / time span for audit completion which is measured from the closing date of the financial year to the date the audit report is issued	= Book Closing Date – Audit Report Date	Ratio

Population and Sample

The population used in this study are Food and Beverage companies listed on the Indonesia Stock Exchange in 2017-2020 and publishing complete financial reports through the Indonesia Stock Exchange website throughout 2018-2020 there are 26 companies.

The sampling technique used is purposive sampling technique. According to Ikhsan. A, et al (2018 p. 160) that purposive sampling is a sampling technique for data sources with certain considerations. The reason for using purposive sampling technique is because not all samples have criteria that match the phenomenon under study.

RESULT AND DISCUSSION

Descriptive Analysis

Descriptive statistical analysis provides information about the data description including the number of samples, minimum value, maximum value, average value (mean) and standard deviation of the research variables. Table. 2 presents the results of the descriptive analysis.

Table 2. Descriptive Statistics Test Results Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
Company Size	54	24.89	32,20	28.0041	1.62503
Profitability	54	-,071	,607	,10435	,137318
Solvency	54	-2,127	5,370	,74863	1.015425
Liquidity	54	,152	13,120	2.92660	2.905809
Audit Delay	54	46.0	401.0	96.704	49.5602
Valid N (listwise)	54				

Classic assumption test

The purpose of the classical assumption test is to find out whether a variable is normal or not. Normal here in the sense of having a normal data distribution. Normal or not the data is based on the normal distribution of the data with the same mean and standard deviation. So the classical assumption basically has the following criteria.

Normality test

The normality test was conducted to determine whether the variables in a regression model, namely the dependent variable and the independent variable, were normally distributed or not.

Table 3. Normality Test Results Before Outliers/Eliminations One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		54
Normal Parameters [a,b]	Mean	,0000000
	Std. Deviation	44,51927434
Most Extreme Differences	Absolute	,163
	Positive	,163
	Negative	-,156
Test Statistic		,163
Asymp. Sig. (2-tailed)		,001[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Histogram Graphic

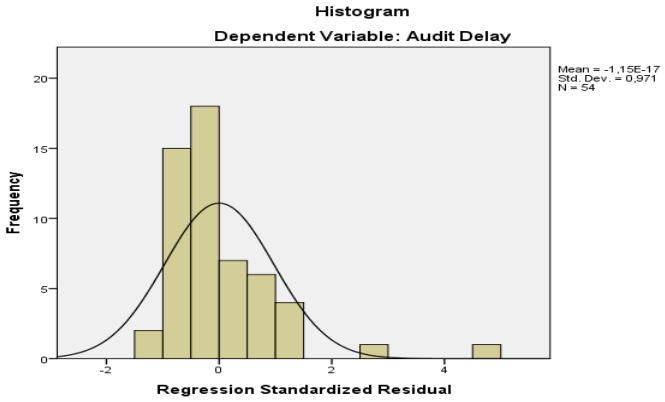

Figure 1. Histogram Variabel Dependen Audit Delay Sebelum Outlier
Source : Output SPSS, data diolah 2022

Normal Test P-Plot of Regression Standardized Residual

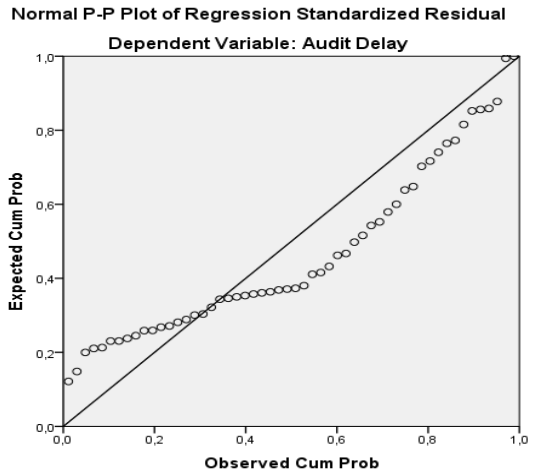

Figure 2. Normality Test with Normal Probability Plot before outlier
Source: SPSS output, data processed 2022

To reduce the influence of the abnormality, it can be done by eliminating or deleting outlier data (Thompson, 2014), Field, (2009) also said as follows.
"If you are approaching outliers in the data, there are several options to reduce the impact of these values. However, before you do any of these things, it's worth checking if the data has been entered correctly for issues. If the data is correct, then the three main options you have are: Delete case: this means removing data from the person who contributed the outlier".

Based on the opinion of the statisticians above, to reduce the effect of abnormality, the outlier data is eliminated. After the outlier data is eliminated, the data that originally amounted to 54 research samples is eliminated to 47. The results of the second normality test are shown in table 2

Table 2. Normality Test Results After Outlier/Elimination One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		47
Normal Parameters [a,b]	Mean	,0000000
	Std. Deviation	12.80792696
Most Extreme Differences	Absolute	0.079
	Positive	0.077
	negative	-,079
Test Statistics		0.079
asymp. Sig. (2-tailed)		,200 [c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

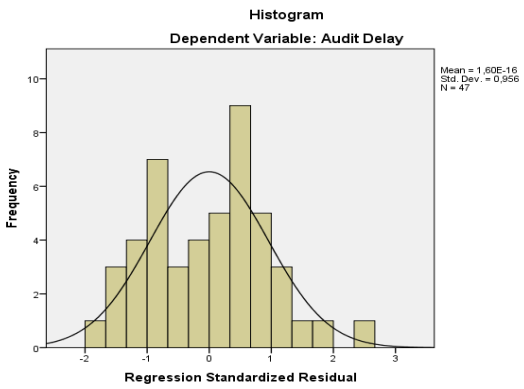

Figure 3. Histogram of Dependent Variable Audit Delay After Outlier
Source: SPSS output, data processed 2022

Similarly, the results of the normality test using a p-plot graph.

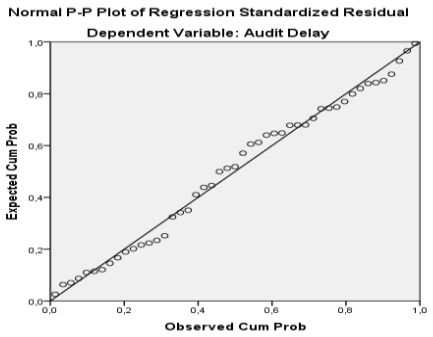

Figure 4. Normality Test with Normal Probability Plot After Outlier
Source: SPSS output, data processed 2022

Multicollinearity Test

Table 3. Multicollinearity Test Results Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	119.538	35,736		3,345	,002		
	Company Size	-1,672	1,235	-,170	-1,353	,183	,941	1.063
	Profitability	-31,682	16,596	-,238	-1.909	,063	,954	1.048
	Solvency	8,228	2,538	,465	3,241	,002	,720	1.389
	Liquidity	2,258	,759	,419	2,975	,005	,749	1.335

a. Dependent Variable: Audit Delay

Heteroscedasticity Test

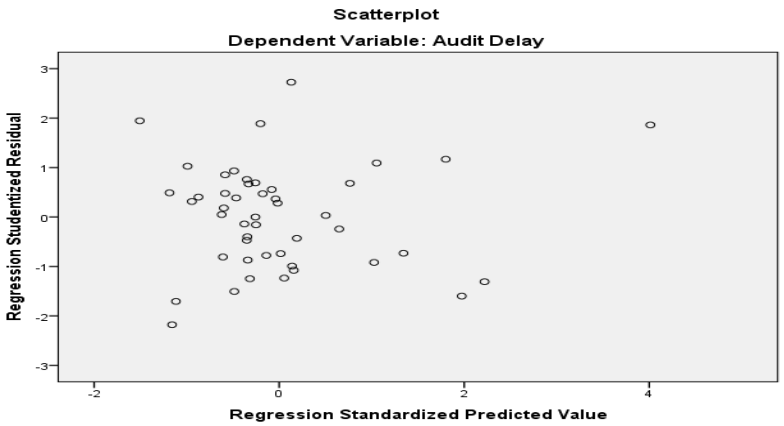

Figure 5. Heteroscedasticity Test Results

Autocorrelation Test

Table 4. Autocorrelation Test Results Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,614 [a]	,377	,318	13,404	1,787

a. Predictors: (Constant), Liquidity, Profitability, Firm Size, Solvency

b. Dependent Variable: Audit Delay

T-Test Results (partial)

Table.5. Multiple Linear Regression Analysis Test Results Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	119.538	35,736		3,345	,002
	Company Size	-1,672	1,235	-,170	-1,353	,183
	Profitability	-31,682	16,596	-,238	-1.909	,063
	Solvency	8,228	2,538	,465	3,241	,002
	Liquidity	2,258	,759	,419	2,975	,005

a. Dependent Variable: Audit Delay

F Test (simultaneous)

Table 6. F Test Results (Significant) ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4563,512	4	1140,878	6,350	,000 [b]
	Residual	7545,978	42	179,666		
	Total	12109,489	46			

a. Dependent Variable: Audit Delay
b. Predictors: (Constant), Liquidity, Profitability, Firm Size, Solvency

Coefficient of Determination Test (R-square)

Table 7. Coefficient of Determination Test Results Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,614 [a]	,377	,318	13,404

a. Predictors: (Constant), Liquidity, Profitability, Firm Size, Solvency
b. Dependent Variable: Audit Delay

DISCUSSION

1. Effect of Company Size on Audit Delay

Based on the output of SPSS, the results of the study in table 4. 5 show that the significance value of Firm Size is 0.183, which means this value is greater than 0.05 (0.183>0.05), while the t-count value is 1.353. This t-count value is smaller than the t-table value of 2.015 (−1.353<2.015) in a negative direction. Based on this value, it can be concluded that firm size has no effect on audit delay.

2. Effect of Profitability on Audit Delay

Based on the SPSS output , the results in table 4.5 show that the significance value of Profitability (ROA) on audit delay is 0.063, which means this value is greater than 0.05 (0.063 <0.05), while the t-count value is -1.909. . This t-count value is smaller than the t-table value of 2.015 (-1.909>2.015) with a negative direction. Based on this value, it can be concluded that profitability (ROA) has no effect on audit delay.

3. The Effect of Solvency on Audit Delay

Based on the output of SPSS, the results of the study in table 4.5 show that the significant value of Solvency (DER) on audit delay is 0.002, which means this value is smaller than 0.05 (0.002 <0.05), while the t-count value is 3.241. This t-count value is greater than the t-table value of 2.015 (3.241<2.015) with a positive direction. Based on this value, it can be concluded that solvency (DER) has a positive and significant effect on audit delay.

4. Effect of Liquidity on Audit Delay

Based on the SPSS output , the results in table 4.5 show that the significant value of Liquidity (CR) on audit delay is 0.005, which means this value is greater than 0.05 (0.005 <0.05), while the t-count value is 2.975. This t -count value is smaller than the t-table value of 2.015 (2.975<2.015) with a positive direction. Based on this value, it can be concluded that liquidity (CR) has a positive and significant effect on audit delay.

5. Effect of Firm Size, Profitability, Solvency and Liquidity on Audit Delay

Based on the SPSS output , the results of the study in table 4.6 show that the significant value of Firm Size, Profitability, Solvency, and Liquidity on audit delay is 0.000 which is smaller than 0.05 (0.000 <0.05), where the F-count value is 6.350 greater. Than the F-table value, which is 2.59 (6.350>2.56). Based on this value, it can be concluded that simultaneously firm size, profitability, solvency and liquidity have a positive and significant effect on audit delay.

CONCLUSION

Partially, company size has no effect on audit delay in food and beverage companies listed on the Indonesia Stock Exchange. Partially, profitability has no effect on audit delay in food and beverage companies listed on the Indonesia Stock Exchange. Partially solvency has a positive and significant effect on audit delay in food and beverage companies listed on the Indonesia Stock Exchange. Liquidity partially has a positive and significant effect on audit delay in food and beverage companies listed on the Indonesia Stock Exchange. Simultaneously company size, profitability, solvency and liquidity have a positive and significant effect on audit delay in food and beverage companies listed on the Indonesia Stock Exchange

SUGGESTION

Based on the conclusions above, some suggestions that can be given are as follows:

1. For further research, it is expected to add variations to other variables that can be estimated to affect audit delay such as audit opinion, company age and others.
2. Future researchers are expected to be able to increase the observation period so that they can show the trend of audit delay trends in a wider scope.
3. Further researchers can use other types of companies besides food and beverage companies.

REFERENCES

Agustina, SD (2022). Profitability, Solvency and Liquidity Against. 6, 648–657.

Amani, FA, & Waluyo, I. (2016). The Effect of Firm Size, Profitability, Audit Opinion and Company Age on Audit Delay. Nominal, Barometer of Accounting and Management Research, 5 (1), 74–81. https://doi.org/10.21831/nominal.v5i1.11482

Ariyanto, A. (2018). The Influence of Total Assets, Profitability, Solvency, Firm Size, and Cap Size on Audit Delay. Nominal, Barometer of Accounting and Management Research, VI (3), 60–87. https://journal.uny.ac.id/index.php/nominal/article/view/16653/9897

Astuty, W. (EUMSU Faculty (2016). Profitability, Company Size, Reputation of Public Accounting Firms, Audit Report Lag Against Reporting Timeliness.

Basri, M., & Dahrani. (2017). Moderating Effect of Firm Size on the Effect of Debt to Equity Ratio and Long-term Debt To Equity Ratio on Return on Equity on the Indonesia Stock Exchange. 1, 65–78. https://doi.org/10.5281/zenodo.1048970

Dahrani. (2021). Effect Of Return On Assets And Debt To Equity Ratio To Tax Avoidance In Company. International Journal of Economics, Technology and Social Sciences, 2 (2), 454–461. http://ypppal-amsi.or.id/penelitian/index.php/IFR/article/view/3

Dahrani, & Maslinda, N. (2014). Analysis of the Effect of Working Capital in Increasing Profitability in Cosmetics and Household Goods Companies Listed on the Indonesia Stock Exchange. Journal of Economics and Development Studies, 14 (1), 82–98.

Efriyenty, D. (2021). Analysis of Factors Affecting Audit Delay. Journal of Accounting and Business Research, 21 (1), 26–31. https://doi.org/10.30596/jrab.v21i1.6331

H. Muis Fauzi Rambe, D. (2017). Introduction to Financial Management (Revised).

Hafsah, H. (2017). Financial Performance Assessment by Analyzing Current Ratio, Quick Ratio and Return On Investment. Economists: Journal of Economics and Development Studies, 17 (6), 1–10.

Ikhsan, A., Albra, W., Gaddafi, M., Hayat, A., Oktaviani, A., & Lesmana, S. (2018). Research Methodology (H. Harmain, Ed.). Madenatera.

Kalsum, U. (nd). The Effect of Firm Size, Liquidity, Financial Performance and Debt Policy on Firm Value Dividend Policy as Moderating Variable in Banking Companies on the Indonesia Stock Exchange .

Putri, MP, & Fuadati, SR (2019). Effect of liquidity, solvency, and profitability, on profit growth in mining companies. Management Science And Research, 8 (9), 1–17.

Siregar, SA, & Lufriansyah. (2017). Analysis of Profitability Determinants on the Indonesia Stock Exchange. Accounting, 1, 43. https://doi.org/10.1017/CBO9781107415324.004

Sugiyono. (2016). Basic Practical Guide to Analysis of Corporate Financial Statements Revised Edition. Grasindo.

Waluyo. (2015). Indonesian Taxation. Book 1. Edition 10. Salemba Four.

Yulianti, A. (2011). Yulianti, Ani. 2011. Factors Affecting Audit Delay (Empirical Study on Manufacturing Companies Listed on the Indonesia Stock Exchange in 2007-2008. Journal of Accounting Education. , 2 (1), 1–7.