Impact of Reputation of Public Accounting Firms as Mediating Between Leverage, Profitability, and Company Size Against Audit Delay of Large Trading Companies on Indonesia Stock Exchange

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Abstract. Financial statements delivered promptly are useful in analyzing and making decisions in the economic field that can contribute to national economic growth. The timeliness of financial statements on the results of the audit report can also affect the value of the financial statements. This research aims to determine the influence of leverage, profitability, and company size on audit delay as well as the impact of the reputation of public accounting firms (KAP) as a mediating influence of leverage, profitability, and company size towards audit delay. This research was conducted on twenty Large Trading Companies during the period 2015-2019 which totaled 100 data. The data analysis techniques used in this research are descriptive statistical analysis, classical assumption test, multiple regression analysis, and hypothesis testing. The results showed that partially leverage, profitability, and KAP's reputation had an insignificant influence on audit delay, while the company size has a significant influence on audit delay. Furthermore, the reputation of public accounting firms can moderate the influence of leverage on audit delay but is unable to moderate the influence of the company size and profitability on audit delay.

Keywords: Audit delay; Company size; Leverage; Profitability; Reputation of Public Accounting Firms.

Abstrak. Laporan keuangan yang disampaikan secara tepat waktu bermanfaat dalam menganalisis dan mengambil keputusan dalam bidang ekonomi yang dapat memberikan kontribusi dalam pertumbuhan ekonomi nasional. Ketepatan waktu suatu pelaporan keuangan atas hasil laporan audit juga dapat mempengaruhi nilai dari laporan ke-uangan tersebut. Penelitian ini bertujuan untuk mengetahui pengaruh leverage, profita-bilitas dan ukuran perusahaan terhadap audit delay *serta dampak dari reputasi KAP (Kantor Akuntan Publik) sebagai pemediasi pengaruh* leverage*, profitabilitas dan ukuran perusahaan terhadap* audit delay*. Pelaksanaan penelitian dilakukan pada dua puluh perusahaan perdagangan besar selama periode 2015-2019 yang berjumlah 100 data secara keseluruhan. Teknik analisis data yang digunakan dalam penelitian ini*

adalah analisis statistik deskriptif, uji asumsi klasik, analisis regresi linear berganda, dan pengujian hipotesis. Hasil penelitian menunjukkan bahwa leverage*, profitabilitas, dan reputasi KAP tidak berpengaruh signifikan terhadap* audit delay *secara parsial, sedangkan ukuran perusahaan berpengaruh signifikan terhadap* audit delay*. Selanjutnya, reputasi KAP mampu memoderasi pengaruh* leverage *terhadap* audit delay *tetapi tidak mampu memoderasi pengaruh ukuran perusahaan dan profitabilitas terhadap* audit delay*.*

Kata kunci*: Audit delay; Leverage; Profitabilitas; Reputasi KAP; Ukuran perusahaan.*

BACKGROUND

Each company listed on the Indonesia Stock Exchange is required to submit financial statements that have been prepared following Financial Accounting Standards and have been audited by public accountants registered with the Capital Market Supervisory Agency. The fulfillment of standards by auditors not only affects the length of reporting of audit results but also affects the quality of the audit. The timeliness of a financial report supplemented by the results of the audit report can influence the value of the financial statements and is also useful in analyzing and making decisions in the economic field that can contribute to national economic growth (Siswanto & Fatchurrochman, 2021). One of the obstacles for companies to publish financial statements to the public and also to the capital market supervision agencies is the timeliness in the case of completion of audit reports by auditors (Putri et al., 2021).

The period of completion of the annual financial statement audit report is calculated based on the number of days required to obtain the financial statements that have been audited by an independent auditor of the company's financial statements from the company's bookkeeping deadline, which is as of December 31 up to the date specified in the independent auditor's report, this is called audit delay. Audit delays that exceed the deadline for the provisions of the Financial Services Authority (OJK) certainly result in the publication of untimely financial statements. OJK requires public companies that have been listed on the Indonesia Stock Exchange to submit annual financial statements no later than 4 (four) months after the financial year ends or 120 days after the book closes. This is following OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies (OJK, 2016). Companies that are not on time to submit financial statements will get written or unwritten sanctions (Lapinayanti & Budiartha, 2018).

Based on the Indonesia Stock Exchange Announcement dated June 10, 2020, concerning the Submission of Audited Financial Statements Ended December 31, 2019, there are sixty-four (64) companies that have not submitted financial statements promptly with percentages in Figure 1 (Indonesia Stock Exchange, 2020). Quoted from the IDX Announcement, 20 Trading Companies are late to submit financial statements for the period ended December 31, 2019, seven of which are Large Trading Companies namely PT Asia Sejahtera Mina, Tbk, PT Exploitation Energi Indonesia, Tbk, PT

Evergreen Invesco, Tbk, PT Intraco Penta, Tbk, PT Modern International, Tbk, PT Tira Austenite, Tbk, and PT Triwira Insanlestari, Tbk.
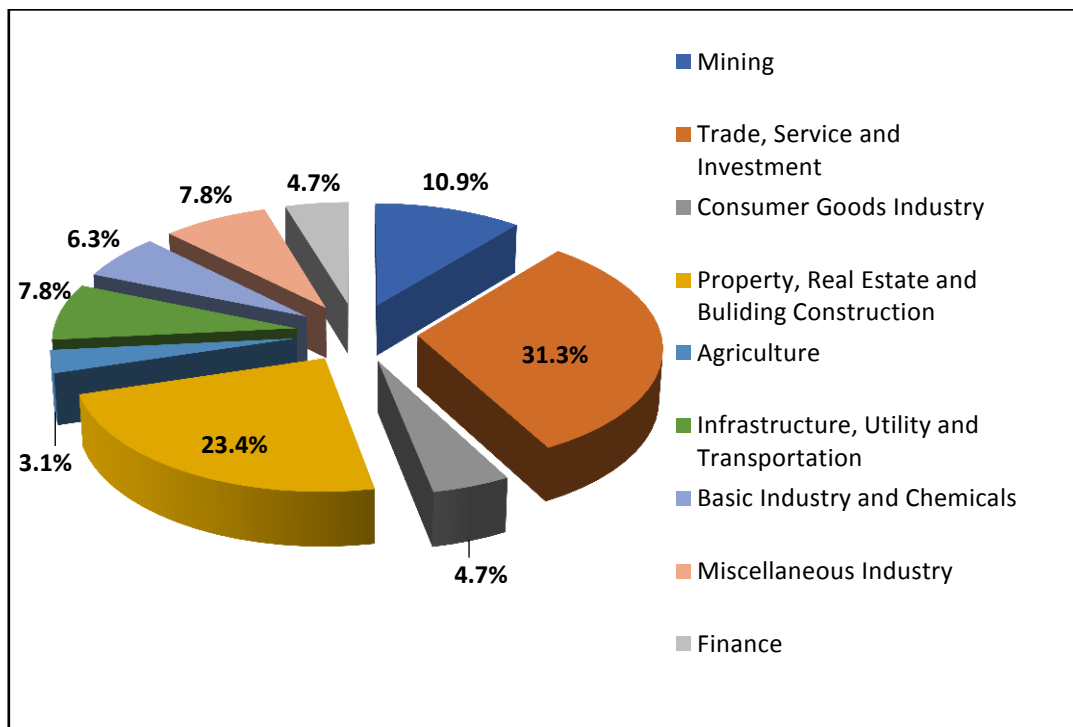
Source: Indonesia Stock Exchange (2020).

Figure 1. Percentage of Companies that Submitted Audited Financial Statements Ended December 31, 2019

There are several factors that can influence the timeliness of financial statements, including leverage, profitability, the company size and the reputation of the Public Accounting Firm (KAP). Leverage is the ratio used to measure the ability or absense of a company ability to pay its liability. The high leverage ratio indicate the company's financial risk is high (Lapinayanti & Budiartha, 2018). Profitability is a measurement tool to evaluate a company's ability to generate profits under a certain level of sales, assets and capital (Sumiati & Indrawati, 2019). The size of a company can be inter-preted as a comparison of the size or small business of a company or organization (Hery, 2017). The reputation of the public accounting firm (KAP) is reflected in the audit process performed in accordance with the auditing standards so that the audit results are useful for making a decision of financial statements's users (Sunarsih et al., 2021).

Previous research related to audit delays included Elvienne and Apriwenni (2019) examining the effect of profitability, solvency, and the size of the company on audit delay with KAP's reputation as a moderation with the result are profitability has negative but not significant effect towards audit delay, this is because the audit process of companies with small and large levels of profitability is no different. Then solvency has a positive and significant effect on audit delay, meaning that the more debt received by the company, the longer the audit delay, while the company size has a positive but

insignificant influence on audit delay. Furthermore, KAP's reputation is able to strengthen the profitability correlation to audit delay, has no significant effect in weakening the correlation between solvency to audit delay and has no significant effect in strengthening the correlation between the size of the company to audit delay.

Another research examined the influence of profitability, the company size and the audit committee on audit delays are moderated by KAP's reputation with results profitability, company size, and audit committee negatively affecting audit delay (Prabasari & Merkusiwati, 2017). This means that profitability, the company size and the audit committee will shorten the audit delay range. Furthermore, KAP's reputation is able to strengthen the influence of profitability, company size, and the audit committee on audit delays. In addition, there is also research related to audit delay, which is conducted by Lapinayanti and Budiartha (2018) with the title "Effect of Profitability and Leverage on Audit Delay with Company Size as Moderation" with the results profitability and leverage have a significant positive influence on audit delays. Further-more, the size of the company weakens the interaction between profitability on audit delays. Large companies with high profitability ratios show that the company's per-formance is getting better, so large companies will be able to maintain the survival of their business. This can make it less likely that the company has an audit delay. The company size weakens the interaction between leverage on audit delays. High leverage can occur in companies large and small because it still bears large financial risks. The condition of the company can slow down the reporting of financial statements, causing bad news.

The usefulness of this research is to make academic contributions, especially for financial accounting and auditing courses for students who are completing the final task as well as a material for corporate evaluation to increase contributions in national economic growth, especially related to punctuality in the publishing of financial statements so that the information produced is more accurate, timely, available when needed, new and reliable. The difference between this research and previous research was conducted on Large Trading Companies listed on the Indonesia Stock Exchange and this research also used parameters that are different from previous research, one of which is on the company size using total sales as parameters. The novelty of this research, among others, uses the research period from 2015 to 2019, where previously there was still little research that examined audit delays at Large Trading Companies with the period 2015 to 2019. This research uses the latest data in the period 2015 to 2019 for 5 years which is intended to distinguish from previous research so that this research is expected to produce more significant research results.

Based on the description above, the formulation of the problems in this research is how the influence of leverage, profitability, and the company size on audit delay and how the impact of KAP's reputation in mediating the influence of leverage, profitability, and company size towards audit delay. Based on this formulation, this research aims to find out and analyze the influence of leverage, profitability, and company size on audit delays and the impact of KAP's reputation as a mediating influence of leverage, profitability, and company size towards audit delay.

THEORETICAL REVIEW

Agency Theory

Agency theory is a theory used by companies in looking at the correlation of management and capital owners to the process of running their business. An agency correlation arises when one or more people (principals) hire another person (agent) to provide a service that then delegates decision-making authority to the agency (Sunarsih et al., 2021). Audit delays cannot be separated from the agency's theory. Audit delay is closely related to the timeliness in publishing financial statements, if the information is not submitted on time will cause the value of the information in the financial statements to be reduced. Indications of audit delay for the company is the need for agency costs to restore investor trust such as costs for disclosure of additional information, link is the longer and the more often audit delays occur, the greater the agency costs that must be incurred (Elvienne & Apriwenni, 2019).

Signaling Theory

Signaling Theory, which was proposed by Ross in 1977, states that company executives who have better information about their company will be encouraged to pass the information on to potential investors so that the company's stock price increases. Complete, relevant, accurate, and timely information is needed by investors in the capital market as an analytical tool for making investment decisions. The assumptions of this signal theory provide room for investors to know how the decisions they will take relate to the value of the company. As a result, when the profitability ratio, leverage, and company size show a changing value, it automatically provides infor-mation to investors in providing valuations of the company (Elvienne & Apriwenni, 2019).

Compliance Theory

Obedience means being obedient and subject to the rules of teaching. Demands for compliance in the timeliness of the publishing of the company's annual financial statements going public in Indonesia have been mentioned in Law No. 8 of 1995 on Capital Markets, and further regulated in OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies (OJK, 2016), where OJK requires public companies that have been listed on the Indonesia Stock Exchange to submit annual financial statements and independent auditor's report at most four months after the financial year ends or 120 days after the book closes. The regulations signal the compliance of every public company involved in the Indonesian capital market to submit the company's annual financial statements promptly (Anita & Cahyati, 2019).

Audit Delay

Audit delay is the length of time the audit is completed as measured from the closing date of the financial year to the date of publication of the audit report. Audit delays can be calculated by way of the date of the auditors report was issued minus the end date of the company's fiscal year (Herdyansyah et al., 2020). Based on the regulation of the Financial Services Authority (OJK) Number 29/POJK.04/2016 on Annual Report of Issuers or Public Companies where OJK requires public companies that have been listed on the Indonesia Stock Exchange to submit annual financial statements at most four months after the financial year ends and must be submitted to the Financial Services Authority on the same date as the availability of the Annual Report for shareholders (OJK, 2016).

Leverage

Leverage is the ratio used to measure a company's ability to pay its liability. The high leverage ratio reflects the high financial risk of the company (Lapinayanti & Budiartha, 2018). The small amount of leverage can be measured by Debt Ratio, Debt to Equity Ratio, Time Interest Earned Ratio, and Long Term Debt to Equity Ratio. Debt Ratio is used to measure the proportion of funds sourced from debt to finance the assets of a calculated company by comparing total debt with total assets. Debt to Equity Ratio is used to measure the proportion of funds sourced from a company's equity to be used as collateral for calculated debt by comparing total debt with total equity. The Time Interest Earned Ratio is used to measure a company's ability to pay a fixed charge of interest using EBIT (Earning Before Interest and Taxes) calculated by comparing EBIT with interest. Long Term Debt to Equity Ratio is used to measure the small use of long-term debt compared to the company's capital (Aisyah, Febrianty, Batubara, Siswanti, Jony, Supitriyani, Astuti, Inrawan, Jatiningrum, & Yuniningsih, 2020). The leverage in the research was measured with the Debt to Equity Ratio (DER), calculated by the formula in the equation [1].

$$\text{Debt to Equity Ratio (DER)} = \frac{\text{Total liability}}{\text{Total equity}} \qquad \text{---------------------------------[1]}$$

Profitability

Profitability is the company's ability to generate profits from its normal business activities to the sale, total assets, and capital of the shares themselves (Herdyansyah et al., 2020). The small amount of profitability can be measured by Net Profit Margin on Sales which is measuring the return on each sale in rupiah, Return on Total Assets (ROA) which shows the company's ability to generate returns on assets used, and Return on Equity (ROE) which is measuring the rate of return on investment for common stockholders (Harahap, 2018). In this research, profitability was measured by using Return on Equity (ROE), calculated by the formula in the equation [2].

$$\text{Return on Equity (ROE)} = \frac{\text{Net Profit}}{\text{Total equity}} \qquad \text{---------------------------------[2]}$$

Company Size

The company size can be interpreted as a comparison of the size or small business of a company or organization (Hery, 2017). The company size is usually seen from the total assets, sales, and market capitalization. Of the three variables above, the size of the company through total assets tends to be more stable than through sales. This is because sales tend to fluctuate more each year than total assets. While the market capitalization value is the value of the company calculated through the results of times between the number of outstanding shares and the market value of shares per share (Anita & Cahyati, 2019). In this research, the size of the company as measured by total sales, with the formula in the equation [3].

$$\text{The company size} = \text{Ln (sales)} \qquad \text{--[3]}$$

Reputation of Public Accounting Firm (KAP)

KAP's reputation can be interpreted as public trust in the big name, achievements that have been achieved, and the good name that has been owned so far. The better the reputation of a KAP, it is directly proportional to the competence of human resources in it. The reputation of the Public Accounting Firm (KAP) is reflected in the performance in the audit process inconsistent with audit standards so that results of the audit are useful for decision making for users of financial statements (Sari & Sujana, 2021). Public accounting firms are often categorized by size. The largest offices are the "Big 4" public accounting firms: Deloitte, Ernst &Young, KPMG, and Pricewaterhouse Coopers (Prabasari & Merkusiwati, 2017). In this research, the Reputation of Public Accounting Firms (KAP) was calculated by dummy variables, with the criteria if the company uses KAP services with big four affiliates then given a value of 1. Otherwise, it is given a value of 0.

Leverage's Effect on Audit Delay

Signaling theory explains that companies that have bad news are considered negative signals to the market. In this case, companies that have a high leverage ratio indicate that the high financial risk of the company is bad news in the public eye, so management is likely to delay the submission of financial statements. The results of the research by Lapinayanti and Budiartha (2018), and Siswanto and Fatchurrochman (2021) stated that leverage had a significant positive effect on audit delays. The results of this research are in line with the results of research by Al-Faruqi (2020) and Herdyansyah et al. (2020) which found that leverage has a significant influence on audit delay, then the research by Tryana (2020) states that leverage affects audit delay. Based on the description above, the first hypothesis (H1) can be formulated as follows.

H1: Leverage has a significant effect on audit delays.

Profitability's Effect on Audit Delay

Signaling theory explains that companies that have good news are considered as positive signals to the market. For companies with high levels of profitability then audit delays tend to be shorter because the company will not delay delivering the company's good news through the publication of financial statements. The research by Putri et al. (2021), Lapinayanti and Budiartha (2018), and Prabasari and Merkusiwati (2017) found that profitability had an effect on audit delays. The results of this research are not in line with the results of the research Elvienne and Apriwenni (2019) and Anita and Cahyati (2019) that profitability has no significant effect on audit delays. Based on the description above, the second hypothesis (H2) can be formulated as follows.

H2: Profitability has a significant effect on audit delays.

Company Size's Effect on Audit Delay

Agency theory describes the correlation between agents (management of a company) authorized by the principal. The companies with large scale are rigorously evaluated by governments, capital supervisors, and investors, encouraging companies to complete their audit processes more quickly so that audit delays tend to be shorter. The

research conducted by Sunarsih et al. (2021), Prabasari and Merkusiwati (2017), and Putri et al. (2021) concluded that the company size affects audit delays. The results are consistent with the research of Elvienne and Apriwenni (2019) conclude that with the larger company size, then the audit delay will tend to be shorter. Based on the description above, the third hypothesis (H3) can be formulated as follows.

H3: The company size has a significant effect on audit delays.

KAP's Reputation's Effect on Audit Delay

Signaling theory explains that companies that have good news are considered positive signals to the market. For companies with reputable KAP then audit delays tend to be shorter because the company will not delay delivering good news, namely the company's financial statements are audited by reputable KAP which is already known for its performance around the world. The research by Sunarsih et al. (2021), Putri et al. (2021), and Elvienne and Apriwenni (2019) found that the reputation of public accounting firms influences audit delays. These results are consistent with the research by Sari and Sujana (2021) which states that KAP's reputation has an impact on audit delays. Based on that explanation, the fourth hypothesis (H4) can be formulated as follows.

H4: The KAP's reputation has a significant effect on audit delays.

KAP's Reputation Impact in Moderating Leverage's Effect on Audit Delay

Companies with high leverage will choose to use a reputable KAP to speed up the timeliness of the submission of financial statements so that audit delays can be reduced. According to research by Elvienne and Apriwenni (2019), companies with high leverage mean having high financial risks. The company will ask the auditor to conduct its audit longer than it should so that there are delays in the publication of financial statements. Thus, the selection of KAP in partnership with The Big Four is done to audit more efficiently and effectively, and have higher flexibility to reduce non-compliance in the publication of financial statements. In contrast to research by Dianova et al. (2021) which found that KAP's reputation was unable to moderate the leveraged influence on audit delays. Following the explanation mentioned above, the fifth hypothesis (H5) can be formulated as follows.

H5: The KAP's reputation can moderate leverage's effect on audit delay.

KAP's Reputation Impact in Moderating Profitability's Effect on Audit Delay

Companies that have a high profitability value can choose to use a reputable KAP to speed up the timeliness of the submission of financial statements so that audit delays can be reduced. According to the research by Prabasari and Merkusiwati (2017), companies that use the services of reputable auditors of The Big Four tend to be more trusted by investors because investors assume that large KAP services will be able to have good audit quality than small KAP. The effect of profitability on audit delay can be strengthened by using the well-known KAP services that tend to complete the audit time more quickly so that it will shorten the audit delay range. This is in line with the

research by Elvienne and Apriwenni (2019) which found that KAP's reputation strengthened the correlation between profitability to audit delays, but not in line with the research by Sihombing (2021) and Dianova et al. (2021) with the result KAP's reputation unable to moderate the correlation between profitability to audit delay. Following the explanation mentioned above, the sixth hypothesis (H6) can be formulated as follows.

H6: The KAP's reputation can moderate profitability's effect on audit delays.

KAP's Reputation Impact in Moderating Company Size's Effect on Audit Delay

Companies with large sizes will speed up the process of preparing financial statements and have the adequate ability in choosing to use a reputable KAP to speed up the timeliness of the submission of financial statements so that audit delays can be reduced. According to research by Prabasari and Merkusiwati (2017), companies with increasingly larger sizes will be more likely to speed up the process of preparing financial statements. that make auditors have more time in auditing. The implications of the size of the company on audit delay will be further strengthened by KAP which has a good reputation for having flexible scheduling so that it will result in a short audit delay range. Following the explanation mentioned above, the seventh hypothesis (H7) can be formulated as follows.

H7: The KAP's reputation can moderate the company size's effect on audit delays.

The relationship between the variables in this study and the tested hypotheses are shown in Figure 2.
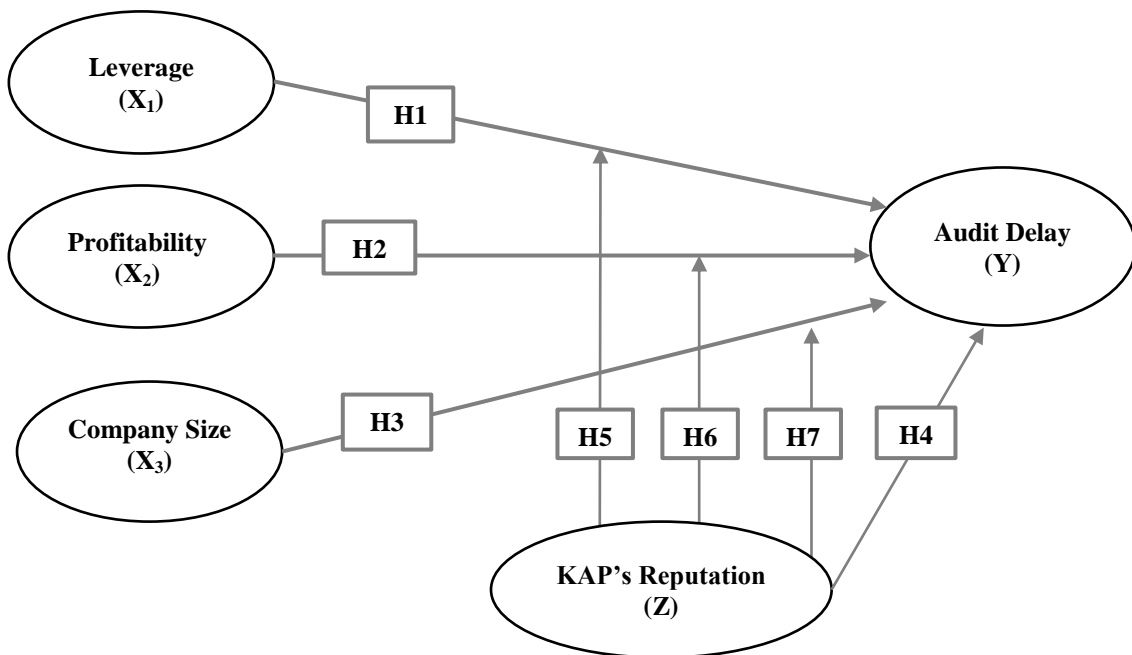

Figure 2. Research Model

RESEARCH METHODS

Type of Research

This research uses a literature research design with a quantitative approach. The quantitative approach can be interpreted as a research method based on the philosophy of positivism, used to examine a particular population or sample, data collection using research instruments, quantitative/statistical data analysis, to describe and test established hypotheses (Sugiyono, 2019).

Population and Sample

The population in this research is all Large Trading Companies registered with the IDX as of December 31, 2019, which is 47 population. The sampling technique is purposive sampling, which is sampling based on certain criteria, among others, companies that publish their financial statements in full and never experience a loss of 3 years during the research period. Based on the selection obtained 20 companies will be sampled, among others with the following issuer codes: AKRA, APII, CLPI, DPUM, DSSA, EPMT, FISH, INTD, JKON, KOBX, LTLS, MICE, MPMX, SDPC, TGKA, TIRA, TURI, UNTR, WAPO, and WICO.

Data Analysis Techniques

The data analysis techniques used in this research are:

1. Descriptive Statistical Analysis

Descriptive statistical analysis is used to provide an overview of leverage, profitability, company size, KAP's reputation, and audit delay as seen from the value of the minimum, maximum, average, and standard deviation.

2. Pearson's Bivariate Correlation Analysis

Pearson's bivariate correlation analysis is used to test the correlation between two variables using a ratio or interval-scale data.

3. Classical Assumption Test

Classical assumption tests are performed to assess whether in the Ordinary Least Square (OLS) linear regression model there are problems with classical assumptions. The tests used are normality, multicollinearity, autocorrelation, and heteroscedasticity tests.

4. Multiple Linear Regression Analysis

Multiple linear regression analysis is conducted to find out whether or not there is an effect of leverage, profitability, company size, and KAP's reputation on audit delay (Sugiyono, 2019). The equations used can be seen in the equation [4]:

$$Audit\_Delay_{i,t} = \alpha + \beta 1\ Lev_{i,t} + \beta 2\ Prof_{i,t} + \beta 3\ Size_{i,t} + \beta 4\ KAP_{i,t} \quad \text{-----------------[4]}$$

Notes:
α = constant   Lev = Leverage
β = regression coefficients   Prof = Profitability
i = sample company   Size = Company size
t = research period.   KAP = KAP's reputation.

Hypothesis Testing

1. Determination Coefficient Test (R Square)

The determination coefficient (R Square) test is used to measure how much leverage, profitability, company size, and KAP's reputation in explaining audit delays (Ghozali, 2016).

2. Simultaneous Significance Test (F-test)

Simultaneous significance tests (F-tests) are conducted to show whether leverage, profitability, company size, and KAP's reputation simultaneously or together significantly affect audit delays (Ghozali, 2016). By using an alpha of 5% then the testing criteria is if the sig value < α, then simultaneously leverage, profitability, company size, and KAP's reputation have a significant effect on audit delay, and apply the opposite.

3. Individual Significance Test (t-test) without Moderating Variables

Individual significance tests (t-tests) are conducted to show whether leverage, profitability, company size, and KAP's reputation partially or individually affect audit delays significantly (Ghozali, 2016). Using an alpha of 5% or 0.05 then the testing criteria is if the sig value < α, then partially leverage, profitability, company size, and KAP's reputation have a significant effect on audit delay, and apply the opposite.

4. Individual Significance Test (t-test) with Moderating Variables

The individual significance test (t-test) with moderating variables is done by the Moderated Regression Analysis (MRA) method, done by creating interaction variables obtained by multiplying the moderation variable that is KAP's Reputation by independent variables including leverage, profitability, and company size. After that, a t-test is conducted again to show whether KAP's reputation can moderate the leverage, profitability, and company size partially or individually against audit delay (Ghozali, 2016). By using an alpha of 5% or 0.05 then the testing criteria is that if sig < α, then partially KAP's reputation can moderate the influence of leverage, profitability, and company size against audit delays, and applies the opposite.

RESULTS AND DISCUSSIONS

Descriptive Statistical Analysis

The results of descriptive statistical analysis in this research are shown in Table 1. Table 1 presents the results of descriptive statistical analysis of the variables analyzed, namely Leverage with DER proxy has a value of a minimum of 0.167, a maximum of 5.962, an average of 1.22513, and a standard deviation of 1.077705. Furthermore, profitability with ROE proxy has a value of a minimum of -1.795, a maximum of 0.570, mean of 0.06701, and standard deviation of 0.217024. The Company Size variable with Ln (Sales) proxy has a value of a minimum of 25.181, a maximum of 32.073, an average of 28.86626, and a standard deviation of 1.871573. Furthermore, the KAP's Reputation variable has a value of a minimum of 0, a maximum of 1, an average of 0.47 and a standard deviation of 0.502. Then, the Audit Delay variable has a value of a minimum of 49, a maximum of 154, an average of 80.37, while a standard deviation of 20.187.

Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Lev	100	.167	5.962	1.22513	1.077705
Prof	100	-1.795	.570	.06701	.217024
Size	100	25.181	32.073	28.86626	1.871573
KAP	100	0	1	.47	.502
Audit_Delay	100	49	154	80.37	20.187
Valid N (listwise)	100				

Source: Secondary data processed (2021).

Pearson's Bivariate Correlation Analysis

Pearson's bivariate correlation analysis results in this research were shown in Table 2, with the result being that there was no significant correlation between leverage, profitability, and KAP's reputation with audit delay. This is indicated by the sig. value (2-tailed) leverage with audit delay of 0.348 greater than 0.05. Sig. value (2-tailed) profitability with audit delay of 0.339 greater than 0.05 and sig. value (2-tailed) KAP's reputation with an audit delay of 0.378 is greater than 0.05. Meanwhile, there is a significant correlation between the company size and the audit delay where the sig. value (2-tailed) of 0.002 is smaller than 0.05.

Table 2. Results of Pearson's Bivariate Correlation Analysis

		Lev	Prof	Size	KAP	Audit Delay
Lev	Pearson Correlation	1	.037	-.029	-.055	-.095
	Sig. (2-tailed)		.712	.774	.589	.348
	N	100	100	100	100	100
Prof	Pearson Correlation	.037	1	.341**	.288**	-.097
	Sig. (2-tailed)	.712		.001	.004	.339
	N	100	100	100	100	100
Size	Pearson Correlation	-.029	.341**	1	.409**	-.306**
	Sig. (2-tailed)	.774	.001		.000	.002
	N	100	100	100	100	100
KAP	Pearson Correlation	-.055	.288**	.409**	1	-.089
	Sig. (2-tailed)	.589	.004	.000		.378
	N	100	100	100	100	100
Audit Delay	Pearson Correlation	-.095	-.097	-.306**	-.089	1
	Sig. (2-tailed)	.348	.339	.002	.378	
	N	100	100	100	100	100

Source: Secondary data processed (2021).

Classical Assumption Test

a) Normality Test

The research used a normality test with the Kolmogorov-Smirnov method based on a significance level of 5% or 0.05. If the test results show a significance level greater than 0.05, then the research data is distributed normally or vice versa (Ghozali, 2016). The results of the Kolmogorov-Smirnov test in this research were shown with a significance value result on the Asymp Sig. (2-tailed) of 0.093 or greater than 0.05, so the results prove that the research data is normal distribution.

b) Multicollinearity Test

The research used multicollinearity tests based on Tolerance and Variance Inflation Factor (VIF) values from each free variable. If the Tolerance values is greater than 0.1 and VIF values is smaller than 10, then the model is declared to have no symptoms of multicollinearity (Ghozali, 2016). The results of the multicollinearity test in this research are shown with the results of Tolerance values of all independent variables greater than 0.10 and VIF values smaller than 10, so the results prove that there are no symptoms of multicollinearity in this research data.

c) Autocorrelation Test

A proper regression model is a regression model that is free of autocorrelation. The research used an autocorrelation test with Durbin Watson's method. The results of the autocorrelation test in this research were shown with a Durbin Watson score of 1.660. The values of dl and du obtained from Durbin Watson's table are dl values of 1.5922 and du values of 1.7582. Durbin Watson's values were between dl and du, dl < d < du or 1.5922 < 1.660 < 1.7582, so the results showed that the data in the current research did not have a positive autocorrelation with the decision without conclusion.

d) Heteroscedasticity Test

In this research, the heteroscedasticity test was conducted using graph analysis. If the scatterplot spreads randomly on the Y axis, it can be interpreted that there is no problem of heteroscedasticity in the regression model formed. The right regression model is a regression model that is free from the problem of heteroscedasticity (Ghozali, 2016). The results of the heteroscedasticity test in this research are shown with scatterplot results spread randomly on the Y axis, so that there is no problem of heteroscedasticity in this regression model formed.

Multiple Linear Regression Analysis

The results of the multiple linear regression analysis in this research were shown in Table 3, with the results showing that leverage and company size negatively affect audit delay while profitability and KAP's reputation have a positive effect on audit delay. The results of multiple linear regression equations are:

$$\text{Audit\_Delay}_{i,t} = 183.716 - 1.923\ \text{Lev}_{i,t} + 0.767\ \text{Prof}_{i,t} - 3.524\ \text{Size}_{i,t} + 1.462\ \text{KAP}_{i,t} \quad \text{--------[5]}$$

The multiple linear regression equations above can be interpreted as follows:

- Constant value of 183.716 which can be interpreted if leverage, profitability, company size, and KAP's reputation are assumed to be equal to 0 (zero), then the audit delay is worth a constant of 183.716.
- $\beta 1 = -1.923$ which means that any increase of 1 unit of leverage will cause the audit delay to decrease by 1.923 units assuming other independent variables are considered constant.
- $\beta 2 = 0.767$ which means that any increase of 1 unit of profitability will cause the audit delay to increase by 0.767 units assuming other independent variables are considered constant.

- β3= -3.524 means that any increase of 1 unit of company size will cause audit delays to decrease by 3.524 units assuming other independent variables are considered constant.
- β4 = 1.462 which means that any increase of 1 unit of KAP's reputation will cause audit delay to increase by 1.462 units assuming other independent variables are considered constant.

Table 3. Multiple Linear Regression Test Results and Individual Significance Test Results (t-test) without Moderating Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	183.716	33.613		5.466	.000
	Lev	-1.923	1.823	-.103	-1.055	.294
	Prof	.767	9.766	.008	.079	.938
	Size	-3.524	1.186	-.327	-2.971	.004
	KAP	1.462	4.351	.036	.336	.738

Source: Secondary data processed (2021).

Hypothesis Testing

a) Determination Coefficient Test (R Square)

The determination coefficient (R Square) test is used to measure how much leverage, profitability, company size, and KAP's reputation in explaining audit delays (Ghozali, 2016). Based on the results of the data in Table 4 obtained the coefficient of determination (R Square) of 0.106. The results can be interpreted that leverage, profitability, company size, and KAP's reputation were able to explain the audit delay of 10.6%, while the remaining 89.4% was explained by other factors not studied in the research.

Table 4. Results of Determination Coefficient Test (R Square)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.325[a]	.106	.068	19.488	1.660

[a]Predictors: (Constant), Lev, Prof, Size, KAP
[b]Dependent Variable: Audit Delay
Source: Secondary data processed (2021).

b) Simultaneous Significance Test (F-test)

According to the results of the data in Table 5 obtained a significance value smaller than 0.05 which is 0.030. Thus it can be interpreted that simultaneously leverage, profitability, company size, and KAP's reputation have a significant effect on audit delay.

Table 5. Results of Simultaneous Significance Test (F-test)

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4264.878	4	1066.219	2.808	.030[b]
	Residual	36078.432	95	379.773		
	Total	40343.310	99			

[a]Dependent Variable: Audit Delay.
[b]Predictors: (Constant), Lev, Prof, Size, KAP.
Source: Secondary data processed (2021).

c) Individual Significance Test (t-test) without Moderating Variables

According to the results of the data in Table 3 obtained a value of significance for each independent variable, namely:

- The leverage variable has a value of significance of 0.294 where this value is greater than the value of the α which is 0.05. The results showed that the leverage had no significant effect on audit delays, so the first hypothesis was rejected. The research hypothesis is rejected because if the leverage ratio is higher, it will have a direct impact on the onset of greater risk of loss if it is not balanced with the company's capital capabilities that are used as collateral to pay debts. However, if the proportion of debt can be offset by the company's capital, then financial risk can be minimized. Regardless of the company's financial condition, it still makes auditors are careful of the financial statements they audit. The situation does not make the management tend to decide to delay the submission of financial statements. Furthermore, this does not affect the need for a longer time by the auditor in conducting audit work, so that the audit delay does not increase or it can be said that the company remains on time in the process of submitting financial statements.

  The results of this research are not in line with previous research conducted by Al-Faruqi (2020) and Herdyansyah et al. (2020), which states that leverage has a significant effect on audit delays.

- The profitability variable of the significance value is 0.938 where the value is greater than the value of the α which is 0.05. The results showed that profitability had no significant effect on audit delays meaning the second hypothesis was rejected. The research hypothesis was rejected because companies with high profit-generating capabilities are also considered for auditors in auditing the financial statements of the company. This can make the auditor further increase caution in examining the company's financial statements, whether the profit presented in the company's financial statements is the actual profit value or whether there are other elements, such as taking a bath, income smoothing, maximization, or minimization of income that can be done by management by utilizing opportunities in accounting standards such as the implementation of accounting policies or selection accounting methods used.

  The results of this research are consistent with previous research conducted by Elvienne and Apriwenni (2019) and Anita and Cahyati (2019), which concluded that profitability has no significant effect on audit delays. Meanwhile, inconsistent with research Putri et al. (2021), Lapinayanti and Budiartha (2018), and Prabasari and Merkusiwati (2017) found that profitability affected audit delays.

- The company size variable has a value of significance of 0.004 where the value is less than the value of the α which is 0.05. The results showed that the company size had a significant effect on audit delays. Thus the third hypothesis is accepted. Based on these results, showing that the process of completing an audit in a large-scale company is faster than a small-scale company, this is due to several factors, namely large-scale company management tends to be given incentives to reduce audit delays because the company is closely monitored by investors, capital supervisors, and the government. Companies with large sales and strong internal control are good news for the company. This is related to the signal theory, that the company will not delay the submission of its financial statements if the company has good news.

  The results of this research are in line with previous research conducted by Sunarsih et al. (2021), Prabasari and Merkusiwati (2017), and Putri et al. (2021) which state that the company size affects audit delay.

- KAP's reputation variable has a value of significance of 0.738 where the value is greater than the value of α which is 0.05. The results showed that KAP's reputation had no significant effect on audit delays. Thus the fourth hypothesis is rejected. The research hypothesis is rejected because the better KAP's reputation, the KAP does not necessarily provide guarantees on the quality of audits conducted with one of them being timeliness in the submission of financial statements of the company.

  The results of this research are different from previous research conducted by Sunarsih et al. (2021), Putri et al. (2021), and Elvienne and Apriwenni (2019), with the results of the reputation of public accounting firms have an insignificant influence on audit delays.

d) **Individual Significance Test (Test t) with Moderating Variables**

According to the results of the data in Table 6 obtained a value of significance for each interaction variable, namely:

- KAP's reputation interaction variable with leverage has a value of significance of 0.000 where the value is less than the value of α which is 0.05. This shows KAP's reputation can moderate the influence of leverage on audit delays. While the regression coefficient value has a positive value of 14.986, it shows that KAP's reputation strengthens the influence of leverage on audit delays. Thus, the fifth hypothesis is accepted. This indicates that a company with high leverage means having high financial risk. Thus, the selection of KAP in partnership with The Big Four is done to audit more efficiently and effectively, and have higher flexibility to reduce non-compliance in the publication of financial statements.

  This result is different from the previous research conducted by Dianova et al. (2021), which states that KAP'S reputation is unable to moderate the influence of leverage on audit delay.

- KAP's reputation interaction variable with profitability has a value of significance of 0.206 where the value is greater than the value of α which is 0.05. The results showed that KAP's reputation was unable to moderate the effect of profitability on audit delays, so the sixth hypothesis was rejected. The research hypothesis was rejected because KAP affiliated with the Big Four and non-Big Four have the same quality. The auditor appointed by KAP must have provided the appropriate time to complete the auditing process of the company's profitability and always strive to

maintain its reputation in the eyes of the client in completing the audit process on time.

These results are in line with research Sihombing (2021) and Dianova et al. (2021) with results KAP's reputation unable to moderate the correlation between profitability to audit delay, but not in line with research Elvienne and Apriwenni (2019) which found that KAP's reputation strengthens the correlation between profitability to audit delay.

Table 6. Individual Significance Test Results (t-test) with Moderating Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	167.308	38.459		4.350	.000
	Lev	-5.777	2.004	-.308	-2.883	.005
	Prof	5.337	9.666	.057	.552	.582
	Size	-2.767	1.349	-.257	-2.051	.043
	KAP	116.692	68.188	2.900	1.711	.090
	KAP_Lev	14.986	3.786	.608	3.958	.000
	KAP_Prof	-35.609	27.979	-.170	-1.273	.206
	KAP_Size	-4.384	2.360	-3.239	-1.858	.066

Source: Secondary data processed (2021).

- KAP's reputation interaction variable with the company size has a value of significance of 0.066 where the value is greater than the value of the α which is 0.05. The results showed that KAP's reputation was unable to moderate the influence of the company size on audit delays, so the seventh hypothesis was rejected. The research hypothesis was rejected because KAP affiliated with the Big Four and non-Big Four has the same quality, which has provided a time that is following with the needs of the period to complete the company's sales auditing process and always strives to maintain its reputation in the eyes of clients in completing the audit process on time.

The results of this research are not in line with the results of previous research conducted by Prabasari and Merkusiwati (2017), which states that KAP's reputation strengthens the influence of company size on audit delay.

CONCLUSIONS AND RECOMMENDATIONS

By the description of research results and discussions, it can be argued the implications of this research results both theoretically and practically, among others partially leverage, profitability, and reputation of KAP do not have a significant effect on audit delay while the company size has a significant effect on audit delay, meaning that the process of completing the audit in a large-scale company is faster than a small-scale company. Furthermore, KAP's reputation can moderate the influence of leverage towards audit delays but is unable to moderate the influence of company size and profitability towards audit delays. These results show that a company with high leverage means it has high financial risk. Thus, the selection of KAP in partnership with The Big Four is done to audit more efficiently and effectively, and have higher flexibility to reduce non-compliance in the financial statements' publication. The practical impli-

cation of the results of this research is that it can be used as input for companies to pay more attention to punctuality in the submission of financial statements and evaluation materials for prospective investors before investing by paying attention to the company's financial condition.

From the results of this research, it is advisable for companies to always pay attention to punctuality in the submission of financial statements. If the financial statements are submitted on time, i.e. no more than 4 (four) months or 120 days from the expiration of the book closing date then the audit delay can be reduced. The company is also expected to pay more attention to the factors that affect audit delay, because audit delay is one of the important aspects for a company as a consideration in decision making so that interested parties do not wait too long. Furthermore, related to the number of companies that are late and do not comply with regulations in the submission of financial statements to the public, so a firm stance from Bapepam-LK as an institution that oversees the capital market is needed. Improvements in regulations and sanctions need to be made so that each company is more disciplined in the delivery of financial statements so as not to harm various interested parties.

For the limited time and effort of the author, this research is still unable to reveal all the variables that can affect the audit delay, so that the researcher is further advised to use other variables that can affect the audit delay. Future research may use other analytical methods or techniques to deepen the analysis, as well as compare it with the methods already used in this research. In addition, future research is also expected to extend the research period and conduct testing in other groups of companies to obtain better and accurate results.

ACKNOWLEDGMENT

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