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Analysis of the Effect of Firm Size, Profitability, Solvency, and Size of Public Accounting Firms on Audit Delay in Companies in the Consumer Goods Industry Sector Listed on the Indonesia Stock Exchange Period 2012-2016

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ABSTRACT

The objective of this research is to know the influence between firm size, profitability, solvency, auditor firm size to audit delay in consumer good companies that are listed in Indonesia Stock Exchange in 2012 up to 2016.

This research used secondary data which can be accessed through the website of the Indonesia Stock Exchange (www.idx.co.id). The population for this research is 13 consumer good companies with the food and beverage sub sector, and for the sampling method, purposive sampling is used. With this method, 11 companies are acquired as a sample with 5 years of observation period. Thus the sum of this research is 55 analysis units.

Then firm size, profitability, solvency, auditor firm size, and audit delay are tested using multiple linear regression analysis using SPSS 20. Before being conducted using the regression test, it is examined using the classical assumption tests.

The result of this research shows that all of the independent variables has significant influence on audit delay simultaneously. Partially, auditor firm size has significant and negative influence on audit delay. Meanwhile, firm size, profitability, solvency have no significant influence to audit delay.

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1. INTRODUCTION

Financial statements are one source of information that tells about the financial position, performance, and cash flows that are useful for users of financial statements. Financial statement information is needed by users of the report as a basis for making economic decisions. Users of financial statements consist of internal parties, namely the company itself and external parties who are parties outside the company. The sustainability of the company is very dependent on the information presented from the financial statements, especially for external parties of the company. The funding process of a company depends on how external parties, especially investors, view the

company's financial statements. External parties can obtain reports of publicly traded companies by accessing them on the Indonesian stock exchange.

Delay in reporting financial statements can result in a decrease in the confidence of external parties, especially investors in the relevance of financial statements. Financial statements contain important information for investors, for example the profits generated by the company which will be used by investors in making decisions to sell or buy shares. Investors consider the delay in reporting financial statements as a bad sign for the health of the company. The poor health of the company indicates a weakness in management, which results in the level of profit and the sustainability of the company being disrupted so that a longer audit must be carried out. The audit process that is longer than the financial statement reporting deadline is called audit delay.

According to Azhari (2014:10) audit delay is the time span between the closing date of the financial year to the date of issuance of the audit opinion in the audit report. According to Lestari (2010:28) audit delay mentions audit delay as the time span for the completion of the annual financial statement audit report, measured based on the number of days required to obtain an independent auditor's financial report on the audit of the company's financial statements from the date of the company's book closing, which is December 31 until the date stated in the independent auditor's report.

One of the factors that affect the occurrence of audit delay is the size of the company. Company size is the size of a company that can be measured based on its nominal size, such as by using total assets, total sales in one year of sales period, number of employees, and the total fixed book value of the company. According to Lucyanda and Sabrina (2013) in their research, firm size has no effect on audit delay, while according to Azhari, et al (2014), firm size has a positive effect on audit delay.

Profitability is one of the factors that affect audit delay. The results of the Lestari Research (2010) profitability have an influence on audit delay, while the results of Modugu et al (2012) research have no effect on audit delay. High profitability is a good signal that shows the company's performance appraisal, if the company's profitability is good then the possibility of financial problems and fraud in management is less so that it speeds up the auditing process and minimizes audit delays.

The next factor is solvency. Solvency shows a measure of the company's ability to pay all of its obligations. Lestari (2010) stated that solvency has an influence on audit delay. Azhari, et al (2014) research results show that solvency has no effect on audit delay. Low solvency indicates a high level of debt so that the auditor is more careful in carrying out audit activities which will result in prolonging the audit time.

In addition, the size of the KAP is also one of the factors that affect audit delay. KAPs generally work professionally in completing their audits to maintain their reputation. The results of research by Lucyanda and Sabrina (2013) that the size of the KAP has a negative effect on audit delay, meaning that the larger the size of the KAP, the smaller the possibility of audit delay. While the results of research Angruningrum An Made (2013) company size does not have a significant effect on audit delay.

Arens (2006:4) states that auditing is the collection and evaluation of information evidence to determine and report the degree of conformity between the information and the established criteria. Auditing must be carried out by a competent and independent person

According to Mulyadi (2002:12), the definition of an audit report is a medium used by auditors in communicating with their environmental community. In the report, the auditor expresses his opinion about the fairness of the audited financial statements. .

2. RESEARCH METHOD

This type of research by type and analysis is quantitative research. According to Sugiyono (2015:14), quantitative research methods are research methods based on the philosophy of positivism, used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the established hypothesis.

2.1 Measurement of Research Variables

In this study, the variables used are the dependent variable and the independent variable. The dependent variable used in this study is audit delay. The independent variables in this study are company size, profitability, solvency, and the size of the public accounting firm.

2.2 Population and Research Sample

The population used in this study is the consumer goods industrial sector companies listed on the Indonesian stock exchange for the period 2012-2016 with the food and beverage sub-sector.

The sampling method used in this research is purposive sampling method, namely the technique of determining the sample with certain criteria. The criteria for determining the sample in this study are:

a) The company reported successive financial statements during the period and provided the data needed for research.
b) The company reports audited financial statements accompanied by an independent auditor's report.
c) The company issues financial statements using rupiah currency.

2.3 Data Types and Sources

This study uses secondary data sources. The secondary data used in this study is the financial statements of companies in the consumer goods industry which are listed on the Indonesia Stock Exchange (IDX) in the period 2012-2016 and can be accessed from www.idx.co.id.

2.4 Method of collecting data

The data collection method used in this research is the documentation method. The documentation method is carried out by collecting documentary data sources such as the financial statements of companies in the consumer goods industry sector listed on the IDX in the period 2012-2016.

2.5 Data analysis technique

a. Descriptive Statistical Analysis

Descriptive statistical tests produce a description of the data used, thus making the information clearer and easier to understand. Descriptive statistics can be seen from the average (mean), median value (median), the value that occurs frequently (mode), standard deviation, maximum value, and minimum value (Ghozali, 2006:19).

b. Classical Assumption Test Analysis

The classical assumption test has the aim of knowing and testing the feasibility of the regression model used in this study. The conditions that must be met are that the data must be normally distributed, not contain autocorrelation, multicollinearity, and heteroscedasticity.

c. Simple Regression Analysis

Simple regression analysis technique is used to determine the dependence of a dependent variable on one or more variables with or without a moderator variable.

d. Research Hypothesis Test

Testing this hypothesis is useful for checking or testing whether the regression coefficient obtained is significant or statistically its value is not equal to zero. Hypothesis tests include the R2 Coefficient of Determination Test, Simultaneous Testing (F Test) and Individual Parameter Significant Test (t-test).

3. RESULTS AND DISCUSSIONS

3.1 Descriptive statistical analysis

Researchers used descriptive statistical methods in this study, where the purpose of this study was to obtain an overview of the variables used in the study. Descriptive statistics provide an explanation of the minimum value, maximum value, average value (mean), and standard deviation values of the independent variables and dependent variables.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
	Statistics	Statistics	Statistics	Statistics	Statistics
audit delay	55	37,00	163.00	83.3636	22.79974
UK. Company	55	11.06	13.96	12.4311	,71538
Profitability	55	-,02	,66	,1247	,12240
Solvency	55	,11	3.03	,9831	,57340
UK. HOOD	55	,00	1.00	,5455	,50252
Valid N (listwise)	55				

3.2 Classic assumption test

The classical assumption test in this study was carried out using the SPSS version 17 statistical program.

a. Normality test

Table 2. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		55
Normal Parameters, b	mean	0E-7
	Std. Deviation	19.31775384
Most Extreme Differences	Absolute	,143
	Positive	,143
	negative	-,094
Kolmogorov-Smirnov Z		1.060
asymp. Sig. (2-tailed)		,211
Monte Carlo Sig. (2-tailed)	Sig.	,192c
	99% Confidence Interval Lower Bound	,182
	99% Confidence Interval Upper Bound	,203

a. Test distribution is Normal.
b. Calculated from data.
c. Based on 10000 sampled tables with starting seed 2000000.

From the Kolmogorov-Smirnov table above, the Asymp value. Sig. (2-tailed) is 0.211 which means > 0.05 so it can be concluded that the data is normally distributed.

b. Multicollinearity Test

Multicollinearity test is a test that determines whether there is a linear relationship between independent variables and other independent variables. A good regression model should not have multicollinearity in it. The stipulation in this test is that if the VIF value is < 10, then there is no multicollinearity, and vice versa, if the VIF value is > 10, then multicollinearity occurs.

Table 3
Multicollinearity Test
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	109,891	9.748		11.273	,000		
UK. Company	-1,359	,733	-,240	-1.856	0.069	,859	1.164
1 Profitability	-39,198	25,129	-,210	-1,560	,125	,789	1,267
Solvency	1,380	4,802	0.035	,287	,775	,984	1.016
UK. HOOD	-20,287	6,114	-,447	-3,318	,002	,791	1,265

a. Dependent Variable: Audit Delay

From Table 3 above, it can be obtained the VIF value of each independent variable. The VIF value of the firm size variable is 1.164, for the profitability variable is 1.267, for the solvency variable is 1.016, and for the KAP size variable is 1.265. It can be concluded that there is no multicollinearity in this study, because each independent variable has a VIF value < 10.

c. Heteroscedasticity Test

This test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance from the residual of one observation to another observation remains, it is called homoscedasticity, and if the variance of the residual from one observation to another observation is different, it is called heteroscedasticity.

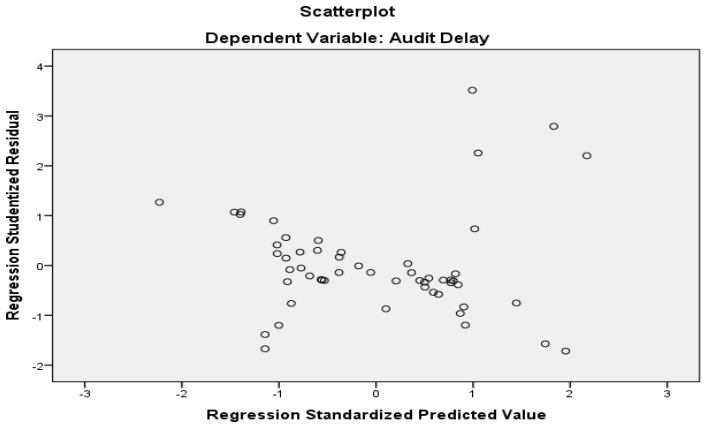

Figure 1. Heteroscedasticity Test Scatterplot

From Figure 1 above, it can be seen that the points spread above, below, and around the number zero so that it can be concluded that the research data does not contain heteroscedasticity.

d. Autocorrelation Test

Good research data has no autocorrelation in it. In this study, the autocorrelation test used the Durbin-Watson test. The provision for the Durbin-Watson (DW) value is that if du<dw< 4-(du) then there is no autocorrelation. If the value of dw < dl then there is a positive autocorrelation. If the value

of dw> 4(du) then there is a negative autocorrelation. And the value of dw lies between du and dl, so the results cannot be concluded.

Table 4. Autocorrelation Test
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,531a	,282	,225	20.07560	,282	4,912	4	50	,002	1,940

a. Predictors: (Constant), Uk. KAP, Solvency, Uk. Company, Profitability
b. Dependent Variable: Audit Delay

The test results in the table show the Durbin - Watson statistical value of 1.940. This value will be compared with the value of the Durbin-Watson table with a significance value of 5%, the number of samples is 55, the number of independent variables is 4 (k = 4), then the Durbin-Watson value table will obtain the value of dl = 1.414 and the value of du = 1.788 . The result is du<dw< 4-(du) (1.788 1.940≤ 2.274). Because DW > du, it can be concluded that there is no autocorrelation between residuals.

e. Multiple Regression Analysis

Multiple linear regression analysis is intended to predict how the condition (increase and decrease) of the dependent variable will be if two or more independent variables as predictor factors are manipulated (increase in value).

Table 5. Multiple Linear Regression Analysis Test
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	109,891	9.748		11.273	,000
	UK. Company	-1,359	,733	-,240	-1.856	0.069
	Profitability	-39,198	25,129	-,210	-1,560	,125
	Solvency	1,380	4,802	0.035	,287	,775
	UK. HOOD	-20,287	6,114	-,447	-3,318	,002

a. Dependent Variable: Audit Delay

Based on table 5 above, the multiple linear regression equation is as follows:

Audit Delay =109,891 – 1,359X1– 39,198X2 + 1,380X3 – 20,287X4 + e

f. Research Hypothesis Testing Analysis

- **t test (Partial Significance Test)**

This test is used to partially determine whether each independent variable has a significant effect on the dependent variable. With the provision that if the significance value of the independent variable is > 0.05, then partially there is no significant effect of the dependent variable on the dependent variable. Vice versa, if the significance value of the independent variable is <0.05, then

partially there is a significant effect of the independent variable on the dependent variable. The results of the t test analysis are shown in the following table:

Table 6. Individual Parameter Significance Test (t-test)

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	109,891	9.748		11.273	,000
	UK. Company	-1,359	,733	-,240	-1.856	0.069
	Profitability	-39,198	25,129	-,210	-1,560	,125
	Solvency	1,380	4,802	0.035	,287	,775
	UK. HOOD	-20,287	6,114	-,447	-3,318	,002

a. Dependent Variable: Audit Delay

From Table 6 above, the conclusions of the t-test are as follows: Test Results H1: Firm size has an effect on Audit Delay; H2 test results: profitability has an effect on Audit Delay; H3 Test Results: Solvency has an effect on Audit Delay; H4 Test Results: KAP size has an effect on Audit Delay.

- **R2 Test (Coefficient of Determination)**

The coefficient of determination shows how big the relationship between the independent variables (X1, X2, X3, ... Xn) simultaneously with the dependent variable (Y). The value of R ranges from 0 to 1. If the value is getting closer to 1, it means that the relationship is getting stronger. On the other hand, the closer the value to 0, the weaker the relationship.

Table 7. Results of the Coefficient of Determination

Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,531a	,282	,225	20.07560

a. Predictors: (Constant), Uk. KAP, Solvency, Uk. Company, Profitability
b. Dependent Variable: Audit Delay

From table 7 above there are several things that can be concluded, as follows:

- R value of 0.531 which indicates that the correlation or relationship between the dependent variable audit delay with firm size, profitability, solvency, KAP size is 53.1%.
- R Square of 0.282 means that 28.2% audit delay can be predicted by company size, profitability, solvency and KAP size, while the remaining 71.8% by other variables not examined in this study.
- Adjusted R Square value or coefficient of determination is 0.225 which means 22.5% audit delay can be predicted by company size, profitability, solvency and KAP size, while the remaining 77.5% by other variables not examined in this study.
- There are two options, use R Square or use Adjusted R Square.

If the number of variables is more than two, then Adjusted R Square is used. So the value used as the coefficient of determination is 22.5%.

- **Simultaneous Significance Test (test – F)**

Simultaneous Significance Test (test - F) is used to determine whether the independent variables simultaneously or simultaneously in the study affect the dependent variable. If the significance value of F < 0.05, then there is an effect of the independent variables jointly or simultaneously on the dependent variable. On the other hand, if the significance value of F > 0.05, then there is no effect of the independent variables simultaneously or simultaneously on the dependent variable. Decision making can also be done by comparing the calculated F value and F

table . If the calculated F value F table then there is no simultaneous independent variable effect on the dependent variable, and conversely if the calculated F value > F table then there is a simultaneous independent variable effect on the dependent variable.

Table 8. Simultaneous Significance Test (Test – F)

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7919,244	4	1979,811	4,912	,002b
	Residual	20151,483	50	403,030		
	Total	28070.727	54			

a. Dependent Variable: Audit Delay

b. Predictors: (Constant), Uk. KAP, Solvency, Uk. Company, Profitability

Based on the results of the regression analysis, it can be seen that together (simultaneously) the independent variables have a significant influence on the dependent variable. This can be proven from the calculated F value of 4.912 with a significance of 0.002. This Fcount value is greater than the F table of 2.40. If the significance value is below 0.05, then regression can be used to predict audit delay, or it can be concluded that firm size, profitability, solvency and KAP size simultaneously (simultaneously) have a significant effect on audit delay. H5 Test Results: Firm Size, Profitability, Solvency and KAP Size simultaneously have a significant positive effect on the amount of Audit Delay.

In the simultaneous effect, it is concluded that the four independent variables, namely firm size, profitability, solvency, and KAP size have a simultaneous influence on the dependent variable professional fee. This can be seen through the results of the F test where Fcount is 4.912 with a significance of 0.002. Based on these results, it is known that the significance value of F is 0.000 <0.05 and the Fcount>Ftable(4.912> 2.40).

4. CONCLUSION

Based on the results of data analysis that has been carried out in the previous chapter, the conclusions that can be drawn from this research are as follows:

- Simultaneously or together the independent variables of firm size, profitability, solvency and KAP size have a significant effect on audit delay in consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the period 2012-2016. Partially, the independent variable of KAP size has a negative effect on ausit delay. Meanwhile, firm size, profitability, and solvency variables have no significant effect on audit delay in consumer goods industrial sector companies listed on the Indonesia Stock Exchange for the period 2012-2016.
- The average audit delay of the company is 83.3636, indicating that the average audit delay of the sample companies is still below 90 days according to BAPEPAM's provisions.

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