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**THE INFLUENCE OF PROFITABILITY, LIQUIDITY, SOLVENCY,
COMPANY SIZE ON AUDIT REPORT LAG IN BASIC INDUSTRY
AND CHEMICAL COMPANIES LISTED ON BEI FOR
THE 2019-2021 PERIOD**

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ABSTRACT

The Indonesian Stock Exchange (BEI) or Indonesia Stock Exchange (IDX) is a party that organizes and provides systems and facilities to bring together offers to buy and sell securities from other parties. In the IDX there are several company sectors where in this research the basic industrial and chemical company sectors were selected. The company's timeliness in publishing financial reports depends on the auditor's timeliness in completing the report. Timeliness in reporting finances is related to several variables that will be studied so this research aims to determine the influence of profitability, liquidity, solvency and company size on audit report lag in basic industrial and chemical companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The number of samples used was 76 companies using quantitative analysis methods. The research technique used was the purposive sampling method. The research results show that (1) profitability has a negative effect on audit report lag, indicating that a high level of profitability can complete the audit process in a shorter time. (2) liquidity has no effect on audit report lag, indicating that a high level of liquidity can delay the publication of financial reports. (3) solvency has a positive effect on audit report lag, it can be indicated that a high level of solvency reflects the company's financial risk, high company financial risk indicates the company is experiencing financial difficulties. (4) company size has a positive effect on audit report lag, indicating that a larger company means it has a good control system so that it can reduce errors in submitting financial reports.

Keywords: Profitability; Liquidity; Solvency; Company Size; Audit Report Lag

INTRODUCTION

The problem of late inspection reports has occurred since 1975, based on research conducted by Dyer and Mcugh in Australia. Even though a lot of research has been carried out, differences in the results of previous research and the existence of common problems, namely delayed inspection reports, mean that this research is still being carried out. In Indonesia, companies that have gone public experience audit report lag problems due to delays in sending audit reports. The growth of issuers every year shows rapid development in the Indonesian business world. The increasing number of companies listed on the Indonesian capital market increases competition between companies, so each company must continue to improve and develop its performance to remain competitive. Financial reports are a source of information that plays an important role in decision making and functioning as a communication tool that conveys various financial information and measurements.

Within a company, profitability is needed that can maintain the continuity of a



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company for a long time so that it can see whether opportunities are good or not in the future. If company management can manage the costs well, profitability will increase. By increasing profitability, the company does not experience financial problems so that company management tends not to delay the work on financial reports due to the need to convey good news which can minimize long work periods. Companies that have high profitability require a short time for their financial reports to be audited.

Liquidity is the ability of a company to fulfill financial obligations that must be fulfilled immediately, or financial obligations when they are billed. Companies with high liquidity generally have good financial conditions because they can use available funds to pay debts as soon as they mature. Companies with high liquidity tend to complete their financial reports in a short time.

Solvency shows the company's ability to fulfill all its financial obligations in such a way that it can survive for a long period of time. Solvency can be used as an example when looking at financial conditions. A high solvency ratio reflects high financial risk because the company is unable to pay its basic obligations. According to Lianto and Budi (2010), the higher the amount of a company's debt, the more careful the auditor tends to be in auditing financial reports, making it difficult to submit financial reports.

Company size is one of the phenomena that influences audit report delays. Large companies have an internal control system that suits their company. Internal control systems in large companies spend less time in the audit process. In addition, companies and investors maintain their company's reputation through careful monitoring to minimize potential delays in financial reporting.

Based on the preliminary description above, this encourages researchers to examine "The Influence of Profitability, Liquidity, Solvency, Company Size on Audit Report Lag in Basic Industrial and Chemical Companies Registered on BEIP for the 2019-2021 Period"

LITERATURE REVIEW

The Influence of Profitability on Audit Report Lag

According to (Kasmir, 2016), the profitability ratio is a ratio that assesses the company's ability to earn profits and shows the company's efficiency, where profitability describes the company's success in achieving large profits. In this research, profitability is measured by Return on Assets (ROA), which is a comparison of net profit and balance sheet volume which shows how much net profit the company earned as measured by asset value.

The Influence of Liquidity on Audit Report Lag

According to (Suharti and Kalim, 2019), the liquidity ratio is a ratio that measures a company's ability to pay short-term obligations or debts that are due when paid in full by comparing the components on the balance sheet, namely current assets and current liabilities.

The Influence of Solvency on Audit Report Lag

According to (Fahmi, 2014), the solvency ratio is a ratio that shows a company's ability to manage its debt to gain profits and is also able to pay its debt. Basically, this ratio provides an overview of the company's debt adequacy. This means how high the company's debt ratio is compared to existing capital or assets. The purpose of the debt to value ratio is that this ratio describes the health of the company by comparing the value of total liabilities to total assets.

The Influence of Company Size on Audit Report Lag

According to Fadrul Astuti, (2019), company size can be interpreted as the scale used to estimate the size of the company. Company size can be measured based on balance sheet volume, average total, sales volume, and average total sales and equity. In this study, company size is measured using the Log Natural Total Assets metric to reduce excess variability in the data. Using the natural log simplifies the number of assets to hundreds of billions or even trillions without changing the proportion of the actual number of assets (Murhadi, 2013). Research results (Artaningrum, Budiarta and Wirakusuma, 2017) show that company size has a significant negative effect on audit report delays, the bigger the company, the faster the company sends audited accounting report results, because the company sends the audit report late. having more sources of information and a better internal control system so that it can reduce errors in preparing financial reports, making it easier for auditors to audit financial reports.

The Influence of Profitability, Liquidity, Solvency, and Company Size on Audit Report Lag

According to (Priantoko and Herawaty, 2019), the audit report delay is the deadline for completing the audit of the company's published financial reports. The time required to carry out a review can affect the timeliness of the information released, thereby influencing market reactions and decisions based on the information released.

conceptual framework

This research framework is used to facilitate understanding of the problems to be discussed. The conceptual framework of this research is as follows:

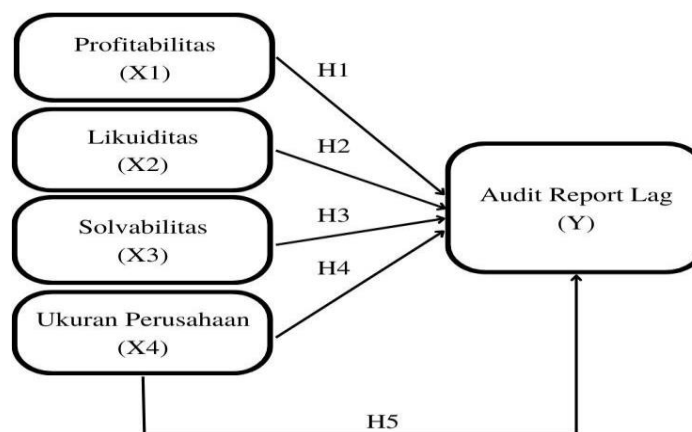


Figure 1: Conceptual Framework



Research Hypothesis

Based on the conceptual framework above, the research hypothesis is formulated as follows:

- H1: Profitability influences Audit Report Lag in Basic Industrial and Chemical Companies listed on the IDX.
- H2: Liquidity influences Audit Report Lag in Basic Industrial and Chemical Companies listed on the IDX.
- H3: Solvency influences Audit Report Lag in Basic Industrial and Chemical Companies listed on the IDX.
- H4: Company size influences the Audit Report Lag in Basic Industrial and Chemical Companies listed on the IDX.
- H5: Profitability, Liquidity, Solvency and Company Size influence Audit Report Lag in Basic Industrial and Chemical Companies listed on the IDX.

METHOD

The place where the research was conducted was Medan at basic industrial and chemical companies by exploring the Indonesian Stock Exchange website and the time the research was carried out was in the 2019-2021 period. The method used in this research is a quantitative analysis method. The type of research used is quantitative descriptive research. According to Sujarweni (2014:11), descriptive research is carried out to determine the value of each variable, whether for one or more independent variables without making relationships or comparisons with other variables. These variables can describe systematically and accurately the population or a particular field.

According to Sugiono (2012: 115) population is a generalized area consisting of objects/subjects that have certain qualities and characteristics that are determined by researchers to be studied and then conclusions drawn. According to Sugiono (2012: 116) the sample is part of the number and characteristics of the population. The sample is a part of the population. The sampling method in this research uses a purposive sampling method where sampling is based on certain criteria. The criteria used are as follows:

1. Basic industrial and chemical companies on the Indonesian Stock Exchange for the 2019-2021 period
2. Basic industrial and chemical companies on the Indonesian Stock Exchange that publish financial reports during the 2019-2021 period

Table 1. Sample Determination Criteria

No	To te ra n g a n	Jumla h
1	Basic chemical industry companies listed on the Indonesia Stock Exchange for the 2019-2021 period	78
2	Basic chemical industry companies that are not listed on the Indonesia Stock Exchange for the 2019-2021 period	(1)



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3	Basic chemical industry companies that do not report their financial reports for the 2019-2021 period	(1)
Number of Company Samples		76
The number of samples is 76 x 3 years		228

Source: Processed data, 2024

The total research sample was 76 basic industrial and chemical companies on the Indonesia Stock Exchange for the 2019-2021 period with an observation sample of 228 observations.

The data collection technique in this research is to use documentation techniques by looking at the financial reports of basic industrial and chemical companies for the 2019-2021 period which are published on the Indonesia Stock Exchange via the website www.idx.co.id. According to Sujawemi (2014:73) secondary data is data obtained from notes, books, magazines in the form of company published financial reports, government reports, articles, books as theories, magazines and so on. The type of data used in this research is secondary data in the form of financial reports on basic industrial and chemical companies on the Indonesia Stock Exchange for the 2019-2021 period which are published via the website www.idx.co.id.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 2. Descriptive Statistics

	N	Minimum	Momximum	Mean	Std. Deviation
Profitabilitas	228	-1.05	.69	,0152	,12051
Liquiditys	228	.00	206.86	3.1337	13.67631
Solvabilitas	228	.00	4.37	,5503	,52026
Measuren Company	228	.00	32.48	28.0415	3.56527
AAudit Report Lag	228	0	278	92.19	32,238
Valid N (listwise)	228				

Source: Data processed with SPSS, 2024

From table 2 it shows the minimum value, maximum value, average value (mean), and standard deviation of the variables Profitability (X1), Liquidity (X2), Solvency (X3), Company Size (X4) and Audit Report Lag (Y) where there are 228 samples whose data was taken from 78 companies listed on the Indonesian Stock Exchange.

Results of Research Data Analysis

Table 3. AnaPersa's lysisman Berga Linear Regressionno Coefficientsa

Model	Unstanordized Coefficients		Stanordized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	37,869	15,903		2,381	,018
Profitabilitas	-62,758	16,610	-,234	-3,778	,000
Liquiditys	-,003	,147	-,001	-,021	,983
Solvabilitas	12,174	3,857	,196	3,157	,002
Measuren PerusaHaan	1,734	,560	,192	3,095	,002

a. Dependent Varesponsible: AuditingReport Lag

Source: Data processed with SPSS, 2024

Based on the table above, the following regression equation is obtained:

$$Y = a + Q1X1 + Q2X2 + Q3X3 + e$$

$$Y = 37,869 - 62,758X1 - 0,003X2 + 12,174X3 + 1,734X4 + e$$

- a) When profitability (X1), liquidity (X2), solvency (X3), and company size (X4) are equal to zero, the value of the audit report lag (Y) is 37.869.
- b) When profitability (X1) increases by one unit, it will result in a decrease in the value of the audit report lag variable (Y) of 62.758
- c) When the liquidity variable (X2) increases by one unit, it will result in a decrease in the value of the audit report lag variable (Y) of -0.003.
- d) When the solvency variable (X3) increases by one unit, it will result in an increase in the value of the audit report lag variable (Y) of 12.174
- e) When the company size variable (X4) increases by one unit, it will result in an increase in the value of the audit report lag variable (Y) of 1.734.

Coefficient of Determination(R2)

Table 4. Coefficient of Determination Summa Modelry^b



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Model	R	R Square	Aadjusted R Square	Std. Error of the Estimate
1	.457a	.427	.412	30,438

a. Predictors: (CONstant), Company Size, Liquidity, Profitability, Solvency

b. Dependent Variable: Audit Report La g

Source: Yes ta diola h, 2024

From the table above, it can be concluded that the R Square (R²) number is 0.427, meaning that 42.7% of the independent variables can influence the dependent variable, while the remaining 57.3% is influenced by other factors outside this research which were not examined by the author.

Hypothesis Testing F-Test

Table 5. Simultaneous Test Results ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30846,741	4	7711,685	8,323	,000b
	Residual	211242,204	228	926,501		
	Total	242088,944	232			

a. Dependent Vafunble: AAudit Report Lag

b. Predictors: (Constant), Measuren PerusaHaan, Liquiditys, Profitabilitas, Solvabilitas

Source: Data processed with SPSS, 2024

Based on the simultaneous test results in the table, a significant value of 0.000 is obtained, meaning $0.000 < 0.05$ so H₀ is rejected and H_a accepted, so can be concluded that The independent variables have a positive and significant effect on the dependent variable.

Hypothesis Testing t-Test

Table 6. Hypothesis Testing t-Test

Model	Unstanordized Coefficients		Stanordized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	37,869	15,903		2,381	,018
Profitabilitas	-62,758	16,610	-,234	-3,778	,000
Liquiditys	-,003	,147	-,001	-,021	,983

Solvabilitas	12,174	3,857	,196	3,157	,002
Measuren Company	1,734	,560	,192	3,095	,002

a. Dependent Variable: Auditing Report Lag

Source: Data processed with SPSS, 2024

Based on the table above, it can be concluded that:

a. Hypothesis 1

Partial statistical tests in the table above show that the profitability variable (X1) has a significant value of 0.000, this significant value is smaller than 0.05 ($0.000 < 0.05$). So H0 is rejected and H1 is accepted, meaning that the profitability variable (X1) has a negative and significant effect on audit report Lag (Y).

b. Hypothesis 2

Partial statistical tests in the table above show that the liquidity variable (X2) has a significant value of 0.983, this significance value is greater than 0.05 ($0.983 > 0.05$). So H2 is rejected and H0 is accepted, meaning that liquidity (X2) has no effect on the audit report Lag (Y).

c. Hypothesis 3

From partial statistical tests on the table above, it can be seen that the solvency variable (X3) obtained a significant value of 0.002, this significant value is smaller than 0.05 ($0.002 < 0.05$). So H0 is rejected and H3 is accepted, meaning that solvency (X3) has a positive and significant effect on audit report Lag (Y).

d. Hypothesis 4

Partial statistical tests in the table above show that the company size variable (X4) has a significance value of 0.002, this significance value is smaller than 0.05 ($0.002 < 0.05$). So H0 is rejected and H1 is accepted, meaning that company size (X4) has a positive and significant effect on audit report Lag (Y).



CONCLUSION

Based on the results of this research, it can be concluded that: Profitability has an effect on audit report lag, liquidity has no effect on audit report lag, olvability has a positive effect on audit report lag. Company size has a positive effect on audit report lag

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