

Do company performance, multinational company and audit fee affect audit delay?

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Abstract

This study aims to analyze the effect of several variables on audit delay. Those variables are profitability, solvability, multinational company, and audit fee. The population of this study was 70 companies listed on Indonesia Stock Exchange from 2016 to 2020 which late in publishing annual report. The sampling method used is the purposive sampling method. It was obtained 30 companies for five years of observation with 147 data. The results of this study indicate that profitability has no negative effect on audit delay, solvency has a negative effect on audit delay, multinational companies have no negative effect on audit delay, audit fee has a negative effect on audit delay. It means that investors should be aware on company with high solvability and audit fee, as a sign of audit delay.

Keywords: *audit delay; profitability; solvency; multinational company; audit fee*

Abstrak

Penelitian ini bertujuan untuk menguji pengaruh beberapa variable terhadap audit delay. variabel – variabel yang digunakan dalam penelitian ini adalah profitabilitas, solvabilitas, perusahaan multinasional, dan audit fee. Populasi penelitian ini adalah 70 perusahaan yang terdaftar di BEI selama tahun 2016 – 2020, yang terlambat dalam menerbitkan laporan tahunan. Metode pemilihan sampel adalah metode sampel dengan tujuan. Sampel yang didapat adalah 30 perusahaan, dengan periode penelitian lima tahun. Sehingga didapat 147 data. Hasil penelitian mengindikasikan bahwa profitabilitas tidak memiliki pengaruh negative terhadap audit delay, Solvabilitas memiliki pengaruh negatif terhadap audit delay. Perusahaan multinasional tidak memiliki pengaruh negatif terhadap audit delay, dan audit fee memiliki pengaruh negatif terhadap audit delay. Hal ini berarti bahwa investor sebaiknya waspada pada perusahaan dengan solvabilitas dan audit fee yang tinggi, sebagai tanda adanya audit delay.

Kata kunci: *audit delay; profitabilitas; solvabilitas; perusahaan multinasional; audit fee*

INTRODUCTION

Companies that are publicly traded on the Indonesia Stock Exchange must submit their financial reports in a timely manner. According to (Financial Service Authority Regulation No.29/POJK.04/2016, 2016) the "Issuers" or Public Companies Annual Report must be submitted by the end of the fourth month following the end of the fiscal year. The Financial Services Authority (OJK) would have completed its work by the end of the fourth month following the end of the fiscal year.

Users of financial statements expect financial statements to be published quickly and accurately so they can make decisions more quickly. However, because the auditor must follow SPAP auditing guidelines, completing a company's financial audit takes time (Sari & Faiz, 2015).

"The audit delay is the time between the end of a company's fiscal year and the date of the auditor's report" (Ashton et al., 1987). Audit delays that exceed the Financial Services Authority's time limit inevitably result in publication delays for financial statements. The delay in publishing the financial statements may uncover problems with the issuer's financial statements, resulting in an extended audit period.

Based on (Nabhani, 2015) 52 out of 547 listed companies with stocks and bonds had not yet submitted audited financial reports. PT Bumi Resources Tbk (BUMI) is one of the issuers that have submitted a financial report. The company stated that it has been unable to issue its 2014 Annual Financial Report due to ongoing difficulties with debt calculations.

For failing to submit audited financial reports for the period ending December 31, 2015, 18 listed companies have been fined and suspended (suspended) by the Indonesia Stock Exchange (IDX). The Indonesia Stock Exchange has identified 18 issuers who have failed to submit interim audit financial reports. According to CNBC Indonesia's submission, the Indonesia Stock Exchange (IDX) announced in September 2015 that 33 issuers had not yet submitted their first-quarter financial reports for 2021, even though they had not yet submitted their first financial statements. A fine of Rp 150.000.000. On 2021, the share price of the issuer increased by 552%.

The late submission of financial statements can reduce the quality of financial reports and erode investor confidence because investors may conclude that there is a problem with the company's performance that is causing financial reports to be submitted late (Choi et al, 2016) Because of these issues, it is worthwhile to investigate or conduct research on this topic.

Based on the aforementioned concerns and occurrences, this topic merits discussion, and these events prompted researchers to investigate the factors that affect audit report lag or audit delay. "The period between the date the financial statements were submitted to the IDX and the deadline for submitting financial reports to the IDX governs the time required to perform the audit" (Abhernaty, 2017).

Modogu et al. (2012) conducted research in Nigeria to identify the factors that contribute to audit delays for companies listed on the Nigerian stock exchange. Modogu et al. (2012) employed business sizes, debt-to-equity ratios, subsidiaries of multinational corporations, audit firm size, audit fees, and industry classifications. According to Modogu et al. (2012), only the audit fee and total assets influence audit delay, while other factors such as profitability and solvency do not. Furthermore, Saemargani and Mustikawati (2015) founded that profitability influences audit delay or audit report lag. Srbinoska and Srbinoski (2021) also claimed that solvency has an impact on audit time." In the meantime, research by Thule et al. (2012) indicated that solvency has no effect on audit delay.

The use of multinational company variables as a factor influencing audit delay is the novelty of this study. In addition to multinational corporations, this study also considers

profitability, solvency, and audit fees as determinants of audit delay. The findings of the study indicate that only solvency influences audit delay.

LITERATURE REVIEW

Agency theory

This theory describes the relationship between the principal and the agent resulting from a contract in which the agent is expected to perform specific services (Jensen & Meckling, 1976). The principal in a company is the owner or shareholder, while the agent is management. Management has the authority to make decisions, while the principal has the authority to review the information.

The relationship between audit delay and management's (agent's) obligation to report financial statements in a timely manner is that management (agent) must report financial statements in a timely manner because reported financial statements that are late can affect shareholder confidence, causing shareholders to doubt the reported financial and management performance of the company. As a result, the management's desire for greater recognition for their performance is not met, while the shareholders' desire for financial statements to be reported on time is not met.

Signalling theory

This theory was introduced by Spence (1973). The signaling theory describes how the owner is informed about the success or failure of managerial performance. Information asymmetries are associated with signal theory. Companies that provide audited financial statements provide information that the market is expected to interpret as either a positive or negative signal. The stock market, particularly the prices of business stocks, will be influenced by the market's signals to the public. If the company's signals deliver positive market news, the stock price may increase; conversely, if the company's signals deliver negative market news, the stock price may decrease. As a result, stock price fluctuations become more volatile as audit report duration increases. As a result, investors perceive this as an audit delay because the company does not quickly release financial reports, which has an effect on the stock price.

Audit delay

The time between the end of a company's fiscal year and the release of the auditor's report is the audit report lag or audit delay. Audit delays may impact the timeliness of accounting data releases, and it is well-known that timeliness is correlated with market response (Ashton et al., 1987). According to Boynton et al. (2003), audit delay is "the length/range of audit completion time measured from the end of the fiscal year to the date of the audit report's release." The delay occurred if there was a time gap between the deadline for submission to the stock exchange and the auditor's release date.

Profitability

In some studies, profitability has been cited as the primary reason for audit or report delays. Profitability is a metric used to evaluate the long-term viability of a company. Deterioration in this indicator may increase the likelihood of liquidation (Chan and Walter, 1996), as well as the likelihood of a conflict between owners and management, as owners may interpret it as evidence of poor management. According to Subramanyam and Wild (2010), profitability is a summary of net results of a company's operations over a period of

time, expressed in monetary terms.

Solvency

As a company's debt increases, it becomes more important that it provide its creditors with audited financial statements as soon as possible (Abdulla, 1996). In this regard, solvency ratios have been investigated (Harry, 2017). This will have an impact on a number of corporate transactions, necessitating a great deal of additional confirmation by the auditor, resulting in a longer examination period and audit delay. According to Subramanyam and Wild, (2010), a company's solvency is its long-term ability to pay off its long-term debts.

Multinational company

Multinational corporations are businesses that operate in diverse economic sectors and are typically based in more than one nation (OECD, 2011; Kusumastati, 2021). This business is also known as a transnational or global enterprise (Hugo, 2017). The application of a variety of accounting methods, valuation approaches, and disclosure rules make a possibility that the annual report and audit of composite industries will be delayed." Consequently, auditing procedures may take longer in companies with complex industrial processes. In contrast, financial institutions require significantly less time to audit due to their low inventory and long-term assets [Bamber et al., 1993].

Audit fee

The audit fee is defined as the total amount of fees collected by the auditor for the execution of audit work (Boynton et al, 2003). The fee and the value of services rendered to a client or public accounting firm are determined by the amount of time necessary to complete the task (Boynton et al, 2003).

Signaling theory would like to tell public about what happen on the company so that it could decrease the asymmetry information between management and stakeholder of the company (Spence, 1973; Jensen and Meckling, 1978). Company would like to tell public about the profitability of the company. Profitability refers to a company's ability to earn net income from specific assets over the course of a fiscal year (Bryan and Mason, 2020). Firm intend to give the company's profitability as a good signal that this is a good company. In turn it will increase company's share price. Firm executives with more positive knowledge about the company would be incentivized to share that information with interested parties, and the stock price has risen as a result (Ross, 1977). Simultaneously, volatile organizations are being scrutinized more closely, increasing the possibility of errors being discovered (Chan and Walter, 1996). Furthermore, decreasing profitability raises the risk of owners suing an independent auditor due to lower profitability and the imminent threat of economic disruption (Chan and Walter, 1996). In such cases, auditors are more likely to issue a certified or revised opinion to avoid court (Chan and Walter, 1996]. As a result, companies are competing to produce financial reports with favorable profitability ratios (Chan and Walter, 1996]. If company has high profit, signaling a good company, then the audited financial statement will be issued on time. Based on this description, this study proposes the following hypothesis:

H₁: Profitability affects audit delay negatively.

Not only profitability, the company would like to tell public about its solvency. This is based on signaling theory (Spence, 1973). Solvency refers to a company's ability to fulfill and maintain its obligations regarding timely debt payment (Subramanyam, 2014). It takes longer to audit the debt account than the capital account (Lianto and Kusuma, 2010). The company's

exposure to financial risk increases as a result of the increase in debt. Increasing debt motivates a company to quickly submit its audited financial statements to its lenders (Abdulla, 1996). Nonetheless, Abdulla (1996) and Carslaw and Kaplan (1991) found no statistically significant correlation between the debt-to-fairness coefficient and audit timeliness. Consequently, the relationship between audit timeliness and company debt may be called into question. Indebted companies will undergo an audit to make it easier for creditors to monitor their operations and make any necessary adjustments (Abdulla, 1996). The massive overall debt will have an effect on the audit of the financial statements. Consequently, the lower company's solvability, signaling a good company, the sooner companies published their audited financial statements. Based on this explanation, the following hypothesis is suggested by this research:

H₂: Solvability affects audit delay positively.

Based on signaling theory, multinational company, would like also tell public that it is a good company. A multinational company is characterized by its operations or assets in two or more countries (OECD, 2020; Kusumastati, 2021). Shortly after the end of the fiscal year and accounting period, multinational corporations must compile their accounts for consolidation purposes (Modugu et al., 2012). Therefore, these multinational subsidiaries must plan and execute a financial audit as quickly as possible. According to agency theory, one consequence of disparities in knowledge between principal and agent is that the corporation will incur agency costs. Larger organizations, such as multinational corporations, typically have more information resources, accounting personnel, and advanced information systems, as well as a superior control system and oversight from investors, regulators, and the general public. It will be quicker to report all types of financial and non-financial data to the principal and the public, thereby reducing audit delay time.

Compared to their local counterparts, multinational corporations are more likely to initiate and complete an audit earlier. The subsidiaries of multinational corporations must prepare their accounts for consolidation shortly after the end of the fiscal year and accounting period. Consequently, these multinational subsidiaries must immediately prepare and execute their audits (Modugu et al, 2012). Thus, from theory and prior research, this study proposes the following hypothesis:

H₃: Multinational company affects audit delays negatively.

Signalling theory also underlying the development of hypothesis 4. The audit fee is signal from the company about what is going on with the company. The audit fee is a stipend paid to companies whose financial statements are going to be audited by a third party (Mulyadi, 2002). According to Modogu et al. (2012), the magnitude of the audit fee supplied by the business is determined by the extent of the risk presented and is determined by the degree of experience of an auditor. The fee is determined by the assignment's risk, the complexity of the services provided, and the level of skill required (Mulyadi, 2002). The higher the risk, the higher audit fee. The audit fee is also higher for the various volume of stock and receivables, the percentage of assets in inventory and receivables, and the vast array of subsidiaries both within and outside the country" (Choi et al.,2012). Based on this description, this study proposes the following hypothesis:

H₄: Audit fee affects audit delay positively.

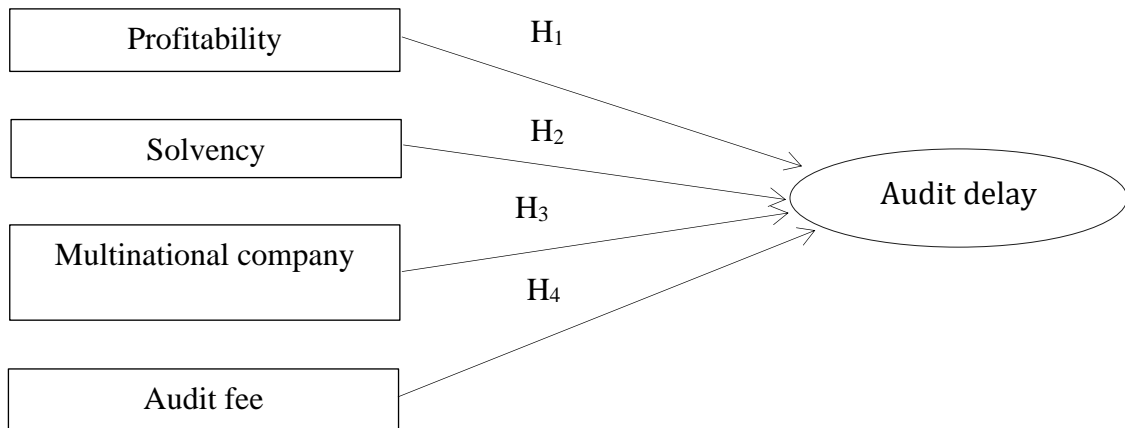


Figure 1: Research model

Source: Data processed

RESEARCH METHOD

This is a quantitative study based on secondary data. Data from financial statements from firms listed on the Indonesia Stock Exchange will be used to conduct research. Purposive sampling is used as the sampling methods. Sampling requirements are:

1. Merchandise, trade, and service organizations are listed on the Indonesia Stock Exchange and submit financial results from 2016 to 2020.
2. In their financial statements, companies use rupiah (IDR).
3. There were no losses for the corporation between 2016 and 2020.
4. The companies have and provide data on the required research variables.

Dependent variable

The time lag between the date of the financial statement and the date of the audit opinion within the financial statements, known as audit delay or audit report lag, reveals how long it took the auditor to complete the audit (Sribinoska and Sribinoski, 2021). This variable is calculated by counting the days between the end of the fiscal year for the company and the date specified in the independent auditors' report (Sribinoska and Sribinoski, 2021).

$$AUDDelay_{i,t} = AUDREPORTDATE_{i,t} - FSDATE_{i,t} \quad (1)$$

Profitability

Profitability is a metric used to assess the long-term viability of a business. Deterioration in this indicator may increase the likelihood of liquidation, as well as the conflict between owners and management, because owners may see it as a symptom of poor management (Chan and Walter, 1996). In this study, the ROA formula is used to calculate profitability.

$$ROA_{i,t} = \frac{NPAT_{i,t}}{TA_{i,t}} \quad (2)$$

Solvency

This research used debt to equity ratio (Abdulla, 1996).

$$DTE_{i,t} = \frac{TL_{i,t}}{TE_{i,t}} \quad (3)$$

Multinational company

Dummy variables are used to measure multinational firm variables in this research. Companies that imply a multinational corporation are classified one, whereas companies that do not indicate a multinational company are marked as “0” (Kusumastati, 2021).

$$MULTI_{i,t} = MultiComp_{i,t} \quad (4)$$

Audit fee

Audit fee is calculated from the logarithm of how much money give to auditing company to do audit task (Maretno et al., 2012).

$$AUDFEE_{i,t} = (Ln)FEE_{i,t} \quad (5)$$

Data analysis technique

Classical assumption test

This study used normality test, multicollinearity test, autocorrelation test, and heterocedasticiy test before testing the hypothesis (Gujarati and Porter, 2015).

Analysis of regression

Regression analysis is a technique for constructing equations and using them to make predictions (Moore, 2006). As a result, regression analysis is frequently referred to as predictive analysis. Because the predicted value does not always match the actual value, it is referred to as a prediction. The more precise the regression equation, the less variation there is between the expected and actual values (Gujarati and Porter, 2015). The formula for the multiple regression analysis is as follows:

$$AUDDelay_{i,t} = \alpha + \beta_1 ROA_{i,t} + \beta_2 DTE_{i,t} + \beta_3 MULTI_{i,t} + \beta_4 AUDFEE_{i,t} + \varepsilon \quad (6)$$

Description:

$AUDDelay_{i,t}$ = Audit delay of company ‘i’ on year ‘t’

$ROA_{i,t}$ = return on assets (profitability ratio) of company ‘i’ on year ‘t’

$DTE_{i,t}$ = Debt to Equity (solvency ratio) of company ‘i’ on year ‘t’

$MULTI_{i,t}$ = Multinational corporation of company ‘i’ on year ‘t’FS

$AUDFEE_{i,t}$ = audit fee of company ‘i’ on year ‘t’

$AUDREPORTDATE_{i,t}$ = Date of audit report of company ‘i’ on year ‘t’

$FSDATE_{i,t}$ = Date of publishing financial statement of company ‘i’ on year ‘t’

$NPAT_{i,t}$ = Net profit after tax of company ‘i’ on year ‘t’

$TA_{i,t}$ = Total assets of company ‘i’ on year ‘t’

$TL_{i,t}$ = Total Liabilities of company ‘i’ on year ‘t’

$TE_{i,t}$ = Total Equity of company ‘i’ on year ‘t’

$MultiComp_{i,t}$ = Dummy variable of company ‘i’ on year ‘t’, with ‘1’ for multinational company and ‘0’ for national company

$FEE_{i,t}$ = audit fee of company ‘i’ on year ‘t’ in Rupiah

RESULTS AND DISCUSSION

Sample selection results

Below are the sample used on this study:

Table 1. Sample selection

The criteria of sample	The numbers of company
Merchandising companies listed as in Indonesia Stock Exchange and present their financial statements sequentially for a period of 2016-2020.	70
Companies that do not use rupiah (IDR) in their financial statements.	(15)
The companies experienced any losses during a period of 2016-2020.	(25)
Total numbers of companies	30
Number of data for five years	150

Sources: Data processed

From table 1, we can see that there are 70 merchandising companies as the population. There are some eliminations of companies as the sample of the study. Those eliminations are 15 companies that do not use rupiah in their financial statements and 25 companies that experience losses during research period. Finally, we got 30 companies as the sample. Multiplied with 5 as the research period, we got 150 firm years data.

Descriptive statistics

Table 2. Descriptive statistics

	N	Minimum	Maximum	Mean	Standard deviation
Profitability	147	.000	.728	.09522	.115922
solvency	147	.034	8.261	1.49033	1.547099
Multinational company	147	0	1	.27	.447
Audit fee	147	18.603	24.019	20.63589	1.2337958
Audit quality	147	0	1	.46	.500
Audit delay	147	15	148	73.90	22.930
Valid N (listwise)	147				

Sources: Data processed

Table 2 displays the results of the descriptive analysis. Over a five-year period, there are data for 147 companies, which can be summarized as follows: the profitability variable has an average (mean) value of 0.09522. It displays the average profit of the companies in this sample. Table 2 also shows the highest and lowest profitability levels. The maximum value of return on assets (ROA) is 0.728, and the minimum value is 0.000. The standard deviation of the profitability variable is 0.115922, which is greater than the mean value, indicating that the data fluctuates.

The solvency variable has the lowest and highest values of 0.034 and 8.261, respectively. As a result, the average (mean) solvency value is 1.49033. From these values, we know that solvency or the ability of company to pay the debt is on average 1.49 times more than the equity or capital that the company have.

The audit fee variable has a minimum and maximum value of 18,603 (or Rp. 120.000.000) and 24,019 (or Rp. 27.000.000.000), respectively. The audit fee's average (mean) value is 20,635. Or we can say that approximately, the audit fee of companies' sample is Rp.2.071.305.490.

The variable multinational company has '0' as the minimum value and '1' as the maximum value. A multinational corporation's average (mean) value is then 0.27. It means that the samples consist of 27% multinational corporations and 73% non-multinational enterprises.

The minimum and maximum values for the audit delay variable are 15 and 148, respectively. It means that company delay the annual report at least for 15 days. The longest company delayed to publish annual report is 148 days. The average (mean) audit delay value is 73.90. It means that, company publish late annual report approximately for four until five months (148 days).

Normality test results

Table 3. Normality test (Kolmogorov-Smirnov) 1

N	Unstandardized residual
Normal parameters ^{a,b}	Mean 150
	Std. deviation .0000000
Most extreme differences	absolute 23.43072885
	Positive .084
	negative .084
Test statistic	-.051
Asymp. sig. (2-tailed)	.084
	.011 ^c

a. Test distribution is normal.

b. Calculated from data.

c. Lilliefors significance correction.

Sources: Data processed

From the table above, we can conclude that the data is not normal because the significant value is 0.011. To eliminate outliers, casewise diagnostics were used. In this study, three data outliers are removed, and the normalcy result is presented in table 4.

Table 4. Normality test (Kolmogorov-Smirnov) 2

N	Unstandardized residual
Normal parameters ^{a,b}	Mean 147
	Std. deviation .0000000
Most extreme differences	absolute 20.83027727
	Positive .055
	negative .055
Test statistic	-.044
Asymp. sig. (2-tailed)	.055
	.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.

Sources: Data processed

Table 4 displays the results of the normality test with one sample Kolmogorov-Smirnov. Because the asymp sig (2-tailed) value 0.200 is greater than 0.05, it indicates that the data is already normally distributed.

Autocorrelation test results

Table 5. Durbin-Watson test 1

R	R square	Adjusted R square	Std. error of the estimate	Durbin-Watson
.418 ^a	.175	.145	21.196	1.789

a. Predictors: (Constant), multinational company, audit quality, solvency, profitability, auditfee

b. Dependent variable: Audit delay

Sources: Data processed

In table 5, the Durbin Watson value of 1.789 will be compared to the Durbin-Waston d statistic. The Durbin Waston table yields the following results: (dU) = 1.8012, and (dL) = 1.6608. Lower limit (dU) of 1.8012 is less than DW value of 1.789. As a result, the variables have autocorrelation. Because of the autocorrelation, the Cochrane Orcutt method was used with a data transform to LAG (1). Following is the Durbin Watson test result after using Cochrane Orcutt.

Table 6. Durbin-Watson test 2

R	R square	Adjusted R square	Std. error of the estimate	Durbin-Watson
.394 ^a	.155	.125	21.19660	1.909

a. Predictors: (Constant), Lag multinational company, lag audit quality, lag solvency, lag profitability, lag auditfee

b. Dependent variable: lag audit delay

Sources: Data processed

In table 6, the DW value of 1.909 will be compared to the Durbin-Waston d statistic. The Durbin Waston table produces the following outcomes: (dL) = 1.6608; (dU) = 1.8012. We can see that $du \leq d \leq (4- dU)$, so we can infer that $1.8012 \leq 1.909 \leq (4-1.8012)$. It denotes the absence of autocorrelation between independent variables.

Multicollinearity test result

Table 7. Multicollinearity test

Variables	Tolerance	VIF
Profitability	.809	1.236
Solvency	.880	1.136
Multinational company	.670	1.492
Audit fee	.696	1.436

Dependent variable: Audit delay

Sources: Data processed

The multicollinearity test results in table 7 show that the data is no longer multicollinear. A tolerance value greater than 0.1 and a VIF value less than 10 indicate this.

Heteroscedasticity test

Table 8. Heteroscedasticity test

	Unstandardized coefficient		Standardized coefficient	t	Sig.
	B	Std. error	beta		
(Constant)	19.875	20.557		.967	.335
Profitability	5.858	10.660	.051	.549	.584
Solvency	.699	.766	.081	.913	.363
Multinational Company	-2.029	3.040	-.068	-.667	.506
Audit fee	-.218	1.037	-.021	-.210	.834

Sources: Data processed

Table 8 displays the probability value (significance) of each dependent variable. The regression results of the absolute residual value of the independent variables yield a significant value greater than the 0.05 significance threshold. It indicates that the regression model does not exhibit heteroscedasticity.

Regression analysis

The following table shows the outcome of the regression analysis:

Table 9. F-test

	Sum of squares	Df	Mean square	F	Sig.
Regression	13415.201	5	2683.040	5.972	.000 ^b
Residual	63349.466	141	449.287		
Total	76764.667	146			

Sources: Data processed

The f-test has a significance of 0.000, as shown in table 10 above. Because the significant value in this study is less than 0.05 or 0.0000, it is possible to conclude that the independent variable in this study has a joint influence on the dependent variable. The coefficient of determination (R²) measures how well the independent variable describes the dependent variable.

Table 10. R-square

R	R square	Adjusted R square	Std. error of the estimate
.418 ^a	.175	.145	21.196

Sources: Data processed

The result of this test is shown by the number in the adjusted R Square column. In table 11, the adjusted R square value is 0.145, or 14.5%. It indicates that for multinational companies, the variables of profitability, solvability, and audit fee, have increased by 14.5%. As a result, another 85.5% of variables outside of this study can describe the audit delay.

Table 11. t-test

	Unstandardized coefficient		Standardized coefficient beta	t	Sig.
	B	Std. error			
(Constant)	176.556	33.429		5.281	.000
Profitability	6.446	17.349	.032	.372	.711
Solvency	-2.781	1.243	-.182	-2.237	.027
Multinational company	-8.119	4.939	-.153	-1.644	.102
Audit fee	-4.595	1.685	-.249	-2.726	.007

Sources: Data processed

Table 11 shows that the profitability variable, at 0.711, is insignificant. As a result, H₁ is not supported since profitability has a negative impact on audit delay. Next, the solvability variable is significant at 0.027. Because solvability has negative coefficient, then H₂ also is not supported which states that solvability has a positive effect on audit delay. Meanwhile, the multinational corporation variable is insignificant at 0.102. The outcome indicates that H₃ is not supported that implies multinational company does not affect audit delays negatively. Furthermore, audit fee is significant (0.007), but the coefficient is negative. As a result, H₄ is not supported as well, which stated that audit fee had a positive effect on audit delay.

Discussion of results

The effect of profitability on audit delay

According to table 11, the significant number of Profitability variables is 0.711. This value is greater than or equal to 0.05. As a result, profitability appears to have little effect on audit delay. As a result, the first hypothesis, that profitability influences audit delay positively is not supported.

Profitability has no effect on audit delay because both, high-profit and low-profit companies must submit financial reports on time. According to the Decree of the Chairman of the Capital Market Supervisory Agency and Financial Statements (Bapepam-LK) Number: KEP-346/BL/2011 with regulation number XK2, companies listed on the Indonesia Stock Exchange (IDX) must submit an annual report to Bapepam, and announce it to the public no later than 30 days after the end of the fiscal year, accompanied by an independent auditor's report. If the company fails to file financial reports on time, Bapepam will levy a penalty in accordance with its rules. This suggests that both high and low-profitability businesses are attempting to submit their financial reports on time in order to avoid the Bapepam penalty for late submission.

The findings of this study are consistent with those of Kartika (2009), who discovered that profitability had no effect on audit delay. This is due to the fact that the audit process of low-profit corporations is identical to the audit process of high-profit corporations, as both will seek to expedite the audit process.

The effect of solvability on audit delay

Based on table 11, the significant number of Solvency variables is 0.027. This value is less than 0.05, and the unstandardized coefficient B number is -2.781. As a result, solvency clearly has a negative impact on audit delay. As a result, the second hypothesis, that solvability affects audit delay positively, is not supported.

Solvability ratio is one of signs that tells investor or stakeholders about the company condition. Solvability is a ratio used to assess a company's ability to meet both short- and long-term commitments (Subramanyam, 2014). In this study, the measuring ratio will be

Debt to Total Equity, which specifies the debt-to-equity ratio. The debt-to-total-equity ratio can be used to assess the financial health of a company. The high debt-to-total-equity ratio increases the likelihood of the firm failing, raising the auditor's concerns about the reliability of the financial statements and signaling financial distress. So, high score of solvability ratio means that investors should be aware about the company's financial condition. High solvability ratio means that auditor should make depth auditing process to confirm about company's debt. In turn, it will make longer time for audit process, and will affect the declaration of audit opinion. Furthermore, it will affect audit delay. This result is not supported by Prince et al. (2012), Febrianty (2011), Supriyati and Rosmawati (2012), Susanti (2021), Rachmawati (2008), Prameswari, and Yustrianthe (2015).

The effect of a multinational company to audit delay

Table 11 shows that the significance number for Multinational Company variables is 0.102. This number is greater than 0.05. As a result, multinational corporations have no influence on audit delays. It means that the third hypotheses stated that multinational company affects audit delay negatively is not supported.

Multinational company on this sample is only 27% from all of the sample. May be, because of little sampe of multinational company, it is harder to prove that multinational company has negative effect to audit delay.

The effect of audit fee on audit delay

Table 11 shows that the significant number of Audit Fee variables is 0.007. This value is less than 0.05, and the unstandardized coefficient B number is -4.595. As a result, audit fees have a significant negative effect on audit delay. It means that the fifth hypotheses that predicted a positive relationship between audit fee and audit delay is not supported.

Professional Fees contained in the financial statements can be seen in the financial report as Audit fee (Ninik & Nursiam, 2018). The audit fee is determined by a number of factors, including the complexity of the services provided, the level of skill, and other factors. According to Latifah, Oktaroza, and Sukarmanto (2019), with high audit fees, most auditors use optimal audit mechanism when conducting audits. If the fee increases, the auditor's performance will improve, resulting in higher-quality work. With higher-quality of work, auditor can finish audit work on time. That is why, this study proves that the higher audit fee, the lower audit delay. The results are supported with Novrilia et al. (2019), which discovered that audit fees had no effect on audit quality.

Effect of profitability, solvability, multinational company, and audit fee affect audit delays simultaneously

According to the findings, profitability, solvability, multinational company, audit fee, and audit quality all have a significant influence on audit delay, with a significance value of 0.000. This means that if tested together, profitability, solvability, multinational company and audit fee have significant influence to audit delays.

CONCLUSION

From the results above, we can conclude that, our hypotheses are not supported since profitability does not affect audit delay negatively as wether the profit is low or high, the regulation obliges the company to meet the timeline. Besides, solvability does not affect audit delays positively. It is proved that solvability affects audit delay negatively as when

solvability increases, it implies more concern for auditors and lead to audit delay. As for the multinational company aspect, it does not affect audit delay negatively due to the sample size. Audit fee as well does not affect audit delay positively. It is founded the wayround that audit fee affects audit delay negatively due to the effort made by the auditor as fee increases.

No research is perfect. This research also has several limitations; this study only used four variables as variables affecting audit delay. Besides, it only uses five years (2016 – 2020) as the research period. Thus, for the future research; it would be better to add more variables affecting audit delay, such as audit quality, and CEO characteristics. Furthermore, the research period needs to be extended with a more recent research period.

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