



## Influence of Audit Tenure, Profitability, Solvency, and Company Size on Audit Delay in the Indonesian Stock Exchange Period 2020-2022

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### ABSTRACT

Company mining is a company That does activity exploration source Power natural for obtaining profit. Study This aims To analyze the Influence of *Auditing Tenure, Profitability, Solvency, And Size Company* To *Auditing Delay* On Company Mining Registered in Exchange Effect Indonesia (IDX) Period 2020-2022. In the study This use *technique of purposive sampling* For obtain as many as 51 companies mining listed on the Stock Exchange Effect Indonesia (IDX) 2020-2022 period. In testing the hypothesis of the study, the obtained results in a way partial and simultaneous. Results obtained in a way Partial to study Which has done variable *Auditing Tenure And Solvency* influential significant to *Auditing Delay*. The temporary second variable other than *Profitability* and *Company Size* has no effect significant to *Audit Delay* in Registered Mining Companies in Bursa Effect Indonesia (IDX) Period 2020-2022.

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## Introduction

Indonesia is a country with A rich source of Power in nature, where industry mining is One sector important in the economy of Indonesia. Industry mining is one sector's main contributor to income country and fieldwork. In industry companies mining need capital Which is significant for supporting operational company. Companies mining play a role key in the exploration, extraction, and production source of Power natural like coal, gold, oil earth, nickel, and other minerals. Companies registered mines in Exchange Effect Indonesia (IDX) own not quite enough answers for optimizing structure capital, to use get funds required for operating operations and - project development.

Company mining Which is registered in Exchange Effect Indonesia (IDX) owns assets significant in the form of property, land, equipment mines, and source Power natural others. Management structure assets become important for the company this is because can influence efficiency operations and the value company. Decisions about the allocation and use of assets are key to reaching successful operations and profitability in company mining. Election-type assets as well as financing strategies will impact directly on performance of financial and mark market company that.

*Audit Delay* is the time the length of the Audit completion process is measured from the date closing yearbook until the date it reports auditing independently. Audit delays that exceed the deadline provision will result in the late publication of financial reports. It can be done to indicate existing problems in financial statements, so needs a longer time to audit completion (Puspitasari and Sari, 2012). Increasingly *short audit delay*, then will the more relevant report finance Which announced in Exchange Effect Indonesia (Kusumawardani, 2013).

Audit Tenure is the period of engagement between the auditor and the client, namely the period of time an auditor audits a client company. A tenure Audit is a period Work the same thing that is connected between KAP (Public Accounting Firm) and *auditee* the same (Yolanda et Al. 2019). *Tenure* audits also possibly influence quality audits viewed from the period the auditor engages with *the auditee*. *Tenure* Audits can be considered by auditors as income, but long tenure can cause existing connections between clients with auditors which can lower the independence of auditors can influence quality auditing (David Lee, 2017).

Profitability is the ability of something inside a company to produce profit during a period certain levels of sales, assets and share capital. Mark High profitability symbolizes the level of profit and efficiency company, And That Can seen from the level of income And Cash flow.

Solvency is the comparison amount of debt company with assets - assets Which have it yourself. Solvency Alone is the ability something a company to pay off all debt by using assets as guarantor debt Which becomes draft base Accounting. Solvency company This Also reflect the ability company to pay off or pay all loanthrough assets Which owned

Size Company is something size, scale, or variable Which describes a big or small company based on several provisions, like total assets, log size, market value, shares, total sales, total income, total capital, and others. Grouping company top base scale operation is generally divided become three categories, namely: Large Companies, Medium Companies (Medium-size), and Small Companies (Small Firm). Company size is something scale That can calculated with the level of total assets and sales Which can show the condition company Where the company morebig will have internal advantages source funds Which are obtained for finance the investment in obtaining profit. A company big Which is Already Well Established will easily obtain capital in the market capital compared with a company small. The ease of access means the company's big own is very flexible. Company mining is Wrong One sector important in the global economy and has a role strategic in the provision source natural power. In this research, profitability becomes factor key factor that influences the performance and continuity company. High profits Possibly give flexibility for the company to use equity, whereas profit low Can push the use of debt. Understanding influence factors internal and external to the profitability of company mining becomes relevant Because canprovide insight for decision management as well as investors in the industry.

Production of rock coals in the homeland surpassed the target years later moment the world hit the pandemic Covid-19 Which messed up the economy and sectors of its supporters. During the pandemic, Indonesia made 562.91 million tons of rock coal on year, surpassing the target of 550 million tons several 2.35%, in line with data Minerba One Data (MODI). Comparison excess production in 2019 exceeded 25.98% with excess production on year 2020 classified as low. Although production is more than the estimation target, but implementation target from DMO (Domestic Market Bonds) has Not yet been reached. Only 82% target export of 327 million tons from 395 million tons Which truly achieved. Same case, only 131.89 million tons, or 85% of the target DMO as big as 155 million tons achieved. Ten issuers Rock Coals National entered in the list in BEI experienced a decline in sales and income business during quarter III – 2020, aligned with data financial reports. Not all companies release report annual performance until December 2020. A total of 10 issuer coal, ie industry from PT Earth Resources Tbk, industry from PT Adaro Energy Tbk, industry from PT Hill Sour Tbk, industry from PT Indo Tambangraya Majestic Tbk, industry from PT Fragrant Energy Tbk, industry from PT Indika Energy Tbk, industry from PT Borneo Exercise Means Success Tbk, industry PT Delta World Prosperous Tbk, industry from PT Petrosea Tbk, industry from PT Mitribar Adiperdana Tbk, (<https://www.cnbcindonesia.com>)

## Literature Review

### Influence Tenure Audit to Auditing Delay

Tenure Audit is the number of years in which the KAP performs engagement audits at the same company. Auditors who have an engagement period of quite a long time with clients push increasing auditor's understanding of surgery, risk business, as well as system accountancy company so that produce process auditing Which more efficient. According to Lee et. al (Wulandari and Wiratmaja., 2017) state that the more the more increasing audit tenure the auditor's understanding of surgery, risks business as well and systems accountancy company will join in increase so the process of auditing more efficient.

### Influence Profitability to Auditing Delay

If the company obtains high profits, then company the is successful. Companies with levels more profitability will more quickly convey report finance audits (Jayanti, 2018). Companies That produce profit tend to report their finances faster Because There is news Good To be delivered to investors through report finance. Because of That, the company will provide all needed auditors for a quick finish process audit, so the more profitability risk the company experience auditing delayed the more low (Clarissa and Prince, 2019).

### Influence Solvency to Auditing Delay

Solvency is a tool used to measure me ability something a company to fulfill something Obligation Company. Solvency often also known as the leverage ratio is the amount proportion of debt That owns the company (Aryaningsih and Budiarta, 2014). Leveldebt company Which big will tend to need time auditing

If there is no lack or error in recording debt company, so No need to do auditing in a way comprehensive Which will impact to auditing delay.

### Influence Size Company to Auditing Delay

Size Company is defined as a big small Company which is seen from total Company assets, market capitalization, and amount of sales (Firliana & Sulasmiyati, 2017). Company Which own total assets Which tend big Can maintain quality financial reports so Can shorten auditing delay (delay audit)

## Method

Type study Which used the is method quantitative. The quantitative method according to Creswell (2014), is an approach study That uses database numbers and statistics to collect, analyze, and understand the phenomenon researched. Source data used in the study This is Data secondary that is from documents obtained from Exchange Effect Indonesia through the Internet, journals, and articles relating to research. The population used in the study This is Company Mining registered on the Exchange Effect Indonesia (IDX) year 2020-2022, with a sample of as many as 51 companies. This research uses tool analysis panel data regression with the help of *Eviews* For estimate panel data regression, there are some models available namely Model Common Effects, Model Fixed Effects, and Model Random Effect.

## Results

### Test Normality

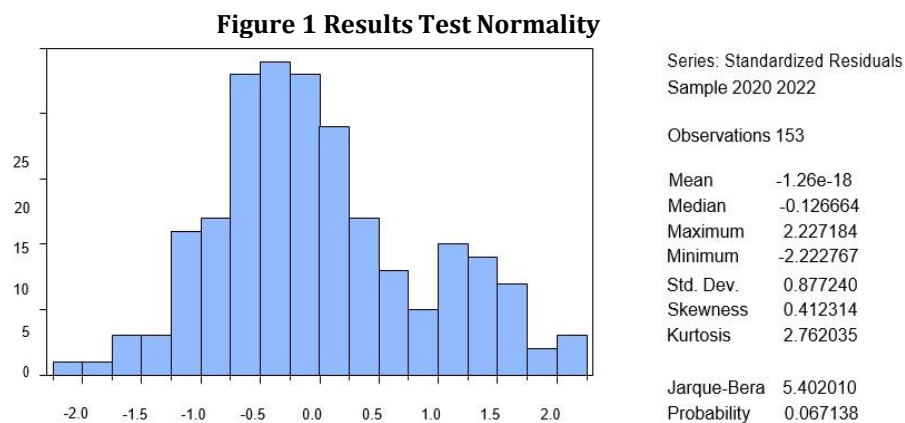


Figure 1 shows that the regression model fulfilled the assumption of normality. Based on taking decision of  $> 0.05$  that is with a mark probability as big as 0.0671, can said that test the distribution normal.

### Test Multicollinearity

Viewed from table 1 shows that audit tenure, profitability, solvency, and size company own mark VIF  $< 10.00$ .

**Table 1 Results Test multicollinearity Data**

Variables	Coefficient	Uncentered	Centered
	Variance	VIF	VIF
C	15.12084	231.48633	NA
AT	0.318547	31.129430	3.282042
ROA	0.345097	33.029388	3.113917
SOL	0.408348	42.279208	3.056660
SIZE	0.428494	1.841475	1.509217

Source: Data processed Eviews 12, 2023

Based on the results test multicollinearity data obtained Mark VIF variable  $<10.00$  so it can be concluded that the test multicollinearity data Already fulfilled or passed the test data multicollinearity.

### Test Autocorrelation

**Table 2 Autocorrelation**

F-statistic	Prob. F (4.76)	
	2.93810	0.0929
Obs *R-squared	8.70316 Prob. Chi-Square (4)	0.0733

Source: Data processed Eviews 12, 2023

Table 3 shows results test autocorrelation own mark probability of more than 0.09 big of 0.05, so can concluded that No There is autocorrelation in residuals data.

### Test Analysis Regression Linear Multiple

This research using analysis of linear regression multiple and obtained results as follows:

**Table 3 Results test Regression Linear Multiple**

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C				0.0001
	135.82868	16.02143	8.336064	
AT	4.551567	1.623522	2.884600	0.0053
ROA	0.192652	0.048221	1.023766	0.2164
SOL	6.119887	2.224946	1.750578	0.0494
SIZE	-0.885179	0.650428	-1.217183	0.2089
R-squared	0.704937	Mean dependent var		84.50000
Adjusted R-squared	0.633788	elementary school dependent var		43.62788
S.E of regression	16.165319	Akaike info criterion		7.370485
Sum squared resident	1547.470	Schwarz criterion		8.122880
Logs likelihood	-41.50604	Hannan-Quinn criteria.		7.672941
F-statistic	11.73520	Durbin-Watson stat	2.596905	
Prob(F-statistic)	0.000000			

Source: Data processed Eviews 12, 2023

### Test Hypothesis

#### Test Coefficient Determination (R2)

Test coefficient determination is required in the study to evaluate how much big level ability each variable independent explains variable dependent. The R2 value is said to be good if above 0.05 because R2 value ranges between 0 and 1. A small R2 value has the meaning that the ability variable independent in explaining variation variable dependent limited (Ghozali, 2016).

**Table 4 Results Test Coefficient Determination**

R-squared		84.50000
	0.704937	Mean dependent var
Adjusted R-squared	0.633788	elementary school dependent var
S.E of regression	16.165319	Akaike info criterion
Sum squared resident	1547.470	Schwarz criterion
Logs likelihood	-41.50604	Hannan-Quinn criteria.
F-statistic	11.73520	Durbin-Watson stat
Prob(F-statistic)	0.000000	

Source: Data processed Eviews 12, 2023

Based on the table of obtained results test coefficient determination mark Adjusted R<sup>2</sup> is as big as 0.633, matter This means 63.3% variable auditing delay can explained by *audit tenure*, profitability, solvency, and size company whereas the remainder (100% - 63.3% = 36.7%) is explained by other factors outside study This.

### Test Significance Simultaneous (Test F)

Results study show that test F is influential in a way simultaneous Where the F table value is 11.73520, this means that in a way simultaneous or simultaneously all over variables influence auditing delay.

### Test Statistics Q

Test t was done to use measure How many levels each influence variable independent in a way individual in explain variation variable dependent. Test t aims for test coefficient regression in an way individual. Meanwhile, a significance level of 0.05 ( $\alpha = 5\%$ ) is used in this test. Based on Table 3.6 you can use it for testing hypothesis in this research which is as follows.

**Table 5 Results Test Statistics Q**

Variables	Coefficient	Std. Error	t-Statistics	Prob.	Conclusion
C	135.82868		8.336064	0.0001	
AT	4.551567	16.02143	2.8846000	0.0053	Ha Accepted
ROA	0.192652	0.048221	1.0237660	0.2164	Ha Rejected
SOL	6.119887	2.224946	1.7505780	0.0494	Ha Accepted
SIZE	-0.885179	0.650428	-1.2171830	0.2089	Ha Rejected

Source: Data processed Eviews 12, 2023

From Table 5 can seen that in a way Partial AT And SOL are influential positives against Auditing Delay And ROA And SIZE are No influential to Auditing Delay.

## Discussion

Study This was done to use known influence auditing tenure, profitability, solvency, and size company to audit delay on company mining listed on the Indonesian Stock Exchange in 2020- 2022. As for explanation from results research that has been done is as follows.

### Influence Auditing Tenure to Auditing Delay

*Tenure audits* matter significantly against audit delays in companies sector mining listed on the Indonesian Stock Exchange in 2020-2022. *Tenure audit* that has been done It should also take a long time between the KAP and the company can minimize risk-related process auditing in matter predictive in obtaining proof. Description theory on results This research is supported by research done by Guide Maulana (2018) proves that *auditing tenure* is influential and positively significant towards audit report lag. The results of this research are also in line with research done (Puryanti, 2020) And (Women, 2018) Which state *tenure audit* own influence on audits delay.

### Influence Profitability to Auditing Delay

Profitability No influential significant to auditing delay on company sector mining listed on the Indonesian Stock Exchange in 2020-2022. Some entities with levels of high profitability give something signal if entity the own ability in matters management his property with Good. Also supported by research previously carried out by Fadhillah et al. (2020) Cangdra (2019) and Fitri et al. (2022) which concludes profitability is No influenced by auditing delay.

### Influence Solvency to Auditing Delay

Solvency is influential and significant against audit delays in companies sector mining listed on the Indonesian Stock Exchange in 2020-2022. Ratio solvency has a positive relationship with audit delay, this thing can interprete If an entity business has solvency tall then the audit is delayed will affected become higher. The results of this study are supported study from Fairuzzaman et al. (2022), Fitriyani & Putri (2022),

and Nanda et al. (2022) which provides the conclusion That solvency is an influential positive to auditing delay.

### Influence Size Company to Auditing Delay

The size of the company has no effect significant against audit delays on company sector mining listed on the Indonesian Stock Exchange in 2020-2022. If linked back with signaling theory, the known size company's connection Which negative with auditing delay. It happened rejection hypothesis This because by magnitude treasureriches the company does not influence audit performance. This is also related to what is presented in signaling theory that increasingly big or increasingly small size company, it won't influence audit occurs delay. The results of this research are supported by research conducted by Sudarno (2020) Lubis & Triyanto (2022) and Fitri et al. (2022) who find that the size company influences positively and significantly towards the audit reportlag.

## Conclusion

Based on the results study and discussion about the Influence of *Auditing Tenure*, Profitability, Solvency, and Company Size against *Audit Delay* in Company Mining Which Registered in Exchange Effect Indonesia (IDX) Period 2020-2022 earned conclusion Variable *Audit Tenure* (X1) has an effect in a way significant to variable *Audit Delay* (Y) in Mining Companies on Bursa Effect Indonesia Period 2020-2022. Variable Profitability (X2) No influential in a way significant to variable *Audit Delay* (Y) in Mining Companies in Exchange Effect Indonesia for the 2020-2022 period. Variable Solvency (X3) influential in a way significant to variable *Audit Delay* (Y) in Mining Companies on Bursa Effect Indonesia Period 2020-2022. Variable Company size (X4) has no effect in a way significant to variable *Audit Delay* (Y) in Mining Companies in Exchange Effect Indonesia for the 2020-2022 period. Based on the results study Which has done between variable (X) that is *Auditing Tenure*, Profitability, Solvency, And Size of Company influential in a way simultaneous to variable (Y) that is *Auditing Delay* on Company Mining in Exchange Effect Indonesia (IDX) Period 2020-2022. Based on the results study and the discussion done by researcher, suggestions Which can given that is for study Which will come expected can use other variables such as leverage and auditor quality Which can influence auditing delay, study as well as expected add or enrich literature and studies latest so can made material reading Which quality and useful for para reader.

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