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The Influence of Solvency, Profitability and Company Size on Audit Delay in Property and Real Estate Companies on the IDX 2018-2021

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ABSTRACT

The capital market is a mechanism or place where various financial instruments are traded. These instruments include stocks, bonds, mutual funds and derivatives. The main objective of the capital market is to facilitate the flow of funds from parties who have surplus funds (investors) to parties who need funds (companies or government) for operational or investment activities. Understanding the Capital Market, here tells how the Primary Market and Secondary Market issue securities for the first time. The function of the Market is as a source of funding, investment, setting share prices, reselling securities. Talking about variables that discuss audit delay, namely the period of time between the closing date of the company's fiscal year and the date of completion of the audit report by an independent auditor. Audit delay is a major concern because it has an impact on the timeliness of presenting financial reports to stakeholders. This research aims to analyze the influence of Sovability, Profitability and Company Size on Audit Delay in Property and Real Estate Companies on the IDX 2018-2021. The data used in this research is secondary data taken from real estate and Property financial reports. This research is research Quantitative with the sampling technique used is purposive sampling. It is hoped that the results of this research will provide a clear picture of the influence of Solvency, Profitability and Size Companies regarding Audit Delay. And the results of this study become a reference for investors in making more measured decisions.

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1. INTRODUCTION

Financial reports are official documents that present a financial picture of an entity, such as a company or organization, during a certain period [1]. The aim is to provide accurate and relevant information regarding the entity's financial condition, performance and cash flows [2]. Financial reports are very important for stakeholders, including management, investors, creditors, and the government, to make informed economic decisions [3].

The components of financial reports are balance sheet, income statement, cash flow statement, statement of changes in equity [4]. The importance of financial reports for transparency and accountability, decision making, performance assessment, regulatory compliance., Financial Planning and Analysis. Complete and accurate financial reports are

an important tool in managing an entity's finances and operations. As well as maintaining trust and good relationships with stakeholders [2].

Audit delay is the period of time between the end of a company's accounting period and the date of completion of the audit report by an independent auditor [5]. Several factors that can influence audit delay include solvency, profitability, and company size. Solvency measures a company's ability to fulfill its long-term obligations, this is often measured by the Debt to Assets ratio, meanwhile, solvency is the company's ability to influence its long-term obligations, according to [6], Companies that have a high level of Solvency will certainly give a bad signal to investors, meaning that the company's condition is not good.

Profitability is measuring a company's ability to generate profits relative to income, assets, or equity. Indicators include Return on Assets (ROA), while Company Size is Company size which is often measured by total assets, income, or number of employees [7].

According to [8], the use of Audit Delay is that it can be a source of reference and guidance for auditors in planning financial reporting work, so that later they can reduce delays in financial reporting in order to improve the accuracy of financial reporting and accelerate the process of publishing financial reports. The relationship between profitability and auditing. Delay, more profitable companies tend to have better accounting systems and more resources to complete audits quickly thereby reducing audit delays. From the risk side, companies are more profitable if they have lower audit risk so that audits can be completed more quickly. Internal control High profitability is usually related to better internal control, making it easier for auditors in the verification and validation and financial processes. This research was conducted by [9], The profitability of a company will influence investors' policies regarding the investments made.

Viewed from the sideCompany Size With the existence of regulations that limit the length of time for auditors to audit financial reports, auditors must be aware of factors that might cause longer audit delays, one of these measures is company size.Company size factors.

Relationship with Audit Delay, Companies that are larger in size tend to have more complex operations, so it takes more time to complete the audit. Large companies usually have better accounting teams and information systems that can help speed up the audit process. Large companies usually have more aware of reputation and regulatory compliance, so they are more likely to prepare financial reports on time and support a fast audit process.

Solvency, profitability, and company size have a significant relationship with audit delay. Companies with low solvency and large size tend to experience longer audit delays due to the complexity of financial reports and higher audit risk. On the other hand, companies that are more profitable and have a large size tend to complete audits more quickly due to good internal controls and sufficient resources. Therefore, company management needs to pay attention to these factors to minimize audit delays and increase the efficiency of financial reporting.

Based on the background abovethen research will be carried out again with the title The Effect of Solvency, Profitability and Company Size on Audit Delay in Property and Real Estate Companies on the IDX 2019-2023.

Formulation of the problem

1. What is the influence of solvency on audit delay in property and real estate companies listed on the IDX for the 2018-2021 period
2. How does profitability affect audit delay in property and real estate companies listed on the IDX for the 2018-2021 period?
3. What is the influence of company size on audit delay in property and real estate companies listed

on the IDX for the 2018-2021 period

4. What is the influence of Solvency, Profitability, and Company Size together on audit delays in property and real estate companies listed on the IDX for the 2018-2021 period.

2. LITERATURE REVIEW

In this research, the literature review used is the theories that form the basis of the research, in addition to the literature review through previous research journals.

Audit Delay is the length of time for audit completion which is measured from the closing date of the financial year to the completion date of field work carried out by the independent auditor.

Audit delay = audit report date-financial report date.

2.1 Solvency

Solvency is the company's ability to fulfill all its obligations, which means all forms of debt that must be paid by the company [6].

The solvency ratio used in this research is the debt to assets ratio with the formula

Debt to assets ratio = Total Liabilities/Total assets

2.2 Profitability

Profitability is the company's ability to earn profits which is related to the level of sales, total assets and own capital [10].

Return on assets = Net income/Total assets

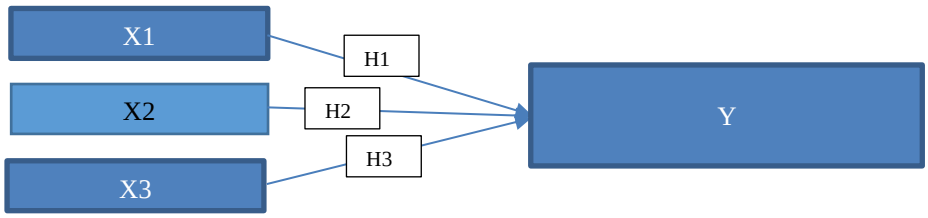
2.3 Company Size

Company size is a scale used to assess how big or small a company is. Large companies generally have a good internal control system which can reduce the occurrence of errors in preparing financial reports, making it easier for auditors when conducting audits on financial reports [11].

Company Size = Ln(total assets)

2.4 Framework

Based on the research problem and theoretical basis that have been put forward, this research framework can be developed. Where audit delay as a dependent variable is influenced by the independent variables solvency, profitability and company size



3. METHODS

This research uses secondary data taken from financial reports from the IDX, to analyze the influence of solvency, profitability, and company size on audit delay.

3.1 Sample

According to [12], the sample is part of the number and characteristics of the population. Based on the results of purposive sampling, there were 46 companies, but 20 companies were used as samples, namely:

Sample List

No	Issuer Code	Company name
1	SAFE	Makmur Berkah Amanda Tbk
2	APLN	Agung Podomori Land Tbk
3	ASPI	Andalan Sakti Primindo Tbk
4	ASRI	Alam Sutera Realty Tbk
5	ROOF	Trimitra Prawara Goldland Tbk
6	BAPI	Bhakti Agung Propertindo Tbk
7	BEST	Bekasi Fajar Industrial Estate Tbk
8	BKSL	Sentul City Tbk
9	CSIS	Cahaya Sakti Investindo Sukses Tbk
10	DILD	Intiland Development Tbk
11	DUTY	Duta Pertiwi Tbk
12	GPRA	Perdana Gapuraprima Tbk
13	JGLE	Graha Andra Sentro Propertindo Tbk
14	JIHD	Jakarta International Hotel and Development
15	JRPT	Jaya Real Property Tbk
16	KBAG	Karya Bersama Anugrah Tbk
17	KIJA	Jababeka Industrial Area Tbk
18	NZIA	Nusantara Almazia Tbk
19	POSA	Bliss Properti Indonesia Tbk
20	SHID	Hotel Sahid Jaya Tbk

4. RESULTS AND DISCUSSION

4.1 Research Result

The object of this research is the financial reports of property and real estate companies listed on the Indonesia Stock Exchange for the 2018-2021 period.

The focus of this research is to find out how Solvency, Profitability and Company size influence audit delay.

4.2 Sample Selection Process

The data used in this research is secondary data from the annual financial reports of 20 companies. The sampling method used in this research is purposive sampling.

4.3 Normality Test

The Normality Test is carried out to test whether in the regression model the independent variable and dependent variable or both are normally distributed or not

If the variables are not normally distributed then the statistical test results will decrease. The normality test can be carried out using one sample Kolmogorov Smirnov, namely with the following conditions

1. If sig < 0.05 then the data is not normally distributed
2. If sig>0.05 then the data is normally distributed

Below are the results of the normality test and in this study using SPSS 24 software, it was found that initially the data was not normally distributed, see the image below

The data is not yet normally distributed

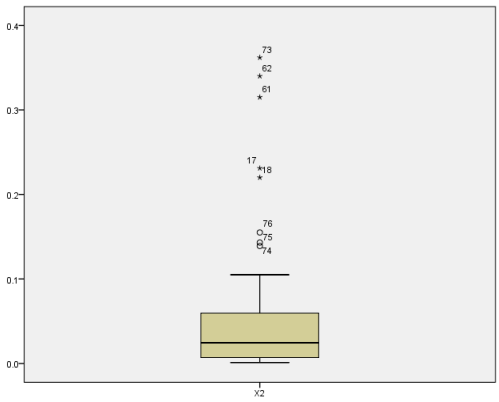
➔ **NPar Tests**

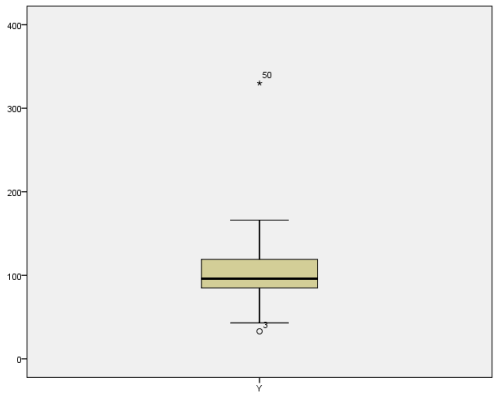
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		80
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	35.79920686
Most Extreme Differences	Absolute	.138
	Positive	.107
	Negative	-.138
Test Statistic		.138
Asymp. Sig. (2-tailed)		.001[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

The Exstream data that appears is as follows:





After removing 6 exstream data, namely data numbers 17, 18, 50, 61, 62 and 73, the data became 74 out of 80 after holding outliers.

➔ **NPar Tests**

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		74
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	24.59760911
Most Extreme Differences	Absolute	.094
	Positive	.094
	Negative	-.073
Test Statistic		.094
Asymp. Sig. (2-tailed)		.177[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

In order to be normal, you have to remove extreme data, and the results are already above >0.05

Normal distribution data 0.177 > 0.05 so it can be concluded that the research data has a normal distribution.

Multicollinearity Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	122.792	42.163		2.912	.005		
	X1	55.788	16.682	.386	3.344	.001	.914	1.094
	X2	-142.290	85.489	-.192	-1.664	.100	.916	1.092
	X3	-.003	.003	-.101	-.900	.371	.964	1.038

a. Dependent Variable: Y

The multicollinearity results in the table above show that among the independent variables that have been analyzed there is no multicollinearity. This can be seen from the tolerance results on the Solvency variable 0.914>0.10, then the Profitability variable 0.916>0.10 Then Company Size 0.964>0.10

Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.381[a]	.145	.109	25.11917119	1.779

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

In this research, the Correlation Test uses the Durbin-Watson (DW) Test. To detect the presence or absence of autocorrelation, the Durbin-Watson Test value is compared with the Durbin-Watson Table value to determine the existence of Positive or Negative Correlation.

The table above shows a DW value of 1,779. Next, this value will be compared with the value from the Durbin-Watson table using a significant value of 5% of the total data (n) and the number of independent variables (K), namely 3. From the Durbin-Watson table, the dU value is 1.7364 and dL is 1.613 then 4-DU is 2.2636. So, there is no autocorrelation.

Descriptive Analysis

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1	74	.047	1.018	.38986	.184333
X2	74	.001	.155	.03411	.035935
X3	74	10320.000	13484.000	12276.94595	872.161885
Y	74	33.00000	166.00000	101.7297297	26.60687793
Valid N (listwise)	74				

1. Based on the table above for the Solvency variable in this study, 74 samples obtained a minimum value of 0.047, while the highest value was 1.018, while the average solvency was 0.38.
2. Provitability variable, the amount of data is 74 samples,

from the data above the minimum value is 0.001, namely Nusantara Almazia in 2018. Meanwhile, the maximum value is 0.155 for the Bliss Properti Indonesia company in 2021. And the average value is 0.03

3. For the Company Size Variable, the lowest is 10,320, namely the Alam Sutera Realty company in 2018. and the highest is 13,484, namely the Graha Andra Sentro company in 2021, while the average value for Company Size is 12,276.
4. For Audit Delay, it is the audit completion time which is measured from the closing date of the financial year to the date of completion of field work carried out by the independent auditor. Of the 74 samples, the lowest in this study was 33 and the highest was 166, namely the Sentul City company was late in reporting its audit and the average audit delay is 101 days.

4.4 Multiple Linear Regression Analysis

Multiple linear regression analysis is used to test and determine the effect of Solvency (X1), Profitability (X2), Company Size (X3) on Audit Delay (Y) in Property and Real Estate companies.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	122.792	42.163		2.912	.005		
	X1	55.788	16.682	.386	3.344	.001	.914	1.094
	X2	-142.290	85.489	-.192	-1.664	.100	.916	1.092
	X3	-.003	.003	-.101	-.900	.371	.964	1.038

a. Dependent Variable: Y

Source: SPSS Version 24 Results

Multiple linear regression analysis has the function of finding the influence of two or more variables.

From the results of data processing, the multiple linear regression equation is as follows:

Y=122,792 +55,788(X1)-142,290(X2)-0.003(X3)

Based on the equation above it can be interpreted as follows:

1. In this research, the constant coefficient of 122,972 means that the Adit Delay value will be 122,792 if the Solvency, Profitability and Company Size variables are zero.
2. In this research, the Solvency variable has a Regression coefficient of 55.788. If one unit increase in the Solvency value, assuming the other variables remain constant, the Audit Delay will increase by 55.788.
3. In this research, the Profitability variable has a regression coefficient of -142.290, meaning that increasing audit delay will reduce profitability by 142.290.
4. In this research, the variable Company Size has a regression coefficient of -0.003, meaning that increasing audit delay by one unit will reduce company size by 0.003.

4.5 Analysis of the Coefficient of Determination

Analysis of the coefficient of determination (Adjusted R2) in this study was used to determine the magnitude of the influence of the variables.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.381[a]	.145	.109	25.11917119	1.779

a. Predictors: (Constant), X3, X2, X1

b. Dependent Variable: Y

0.145 means that the variable's ability to explain audit delay is 14.5%, while 85.5% is influenced by other factors that are not in this research.

Partial Hypothesis Test (t Test)

According to [13], the t test is used to find out how strongly the independent variable influences the description of the dependent variable. The level of significance used is 5%

If sig-t>0.05 then Ho is accepted and Ha is rejected, meaning there is no influence between the independent variable and the dependent variable.

If si-t <0.05 then Ho is rejected and Ha is accepted. This means that there is an influence between the independent variable on the dependent variable

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	122.792	42.163		2.912	.005		
	X1	55.788	16.682	.386	3.344	.001	.914	1.094
	X2	-142.290	85.489	-.192	-1.664	.100	.916	1.092
	X3	-.003	.003	-.101	-.900	.371	.964	1.038

a. Dependent Variable: Y

1. Based on the results of partial regression testing (t-test) shown in the table above, it can be seen that the sig-t value for the Solvency variable is <0.05, so there is an influence of solvency on audit delay
2. Based on the results of partial regression testing (t_test) which is shown to be 0.1>0.05, there is no relationship between the Profitability variable and audit delay
3. Based on the results of partial regression testing (t_test) which is shown to be 0.37 > 0.05, there is no influence of the Company Size variable on audit delay.

Simultaneous Hypothesis Test (UJI-f)

The F test aims to find out whether the independent variables jointly influence the dependent variable with a significance level of 0.05.

1. If sigF >0.05 Ho is rejected, it means that the independent variables simultaneously or together do not significantly influence the dependent variable.
2. If sig F<0.05 Ho is accepted, it means that the independent variables simultaneously or together influence the dependent variable significantly.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7510.501	3	2503.500	3.968	.011[b]
	Residual	44168.093	70	630.973		
	Total	51678.595	73			

a. Dependent Variable: Y

b. Predictors: (Constant), X3, X2, X1

Based on the results of simultaneous regression testing (f_test) in the table listed above, it can be seen that the significance value of the simultaneous testing is 0.011 which is smaller than 0.05, so it can be concluded that solvency, profitability and company size influence audit delay.

Discussion

Based on the analysis carried out in this research, next the author will discuss the influence of solvency, profitability, and company size on audit delay in property and real estate companies.

The aim of this research is to find out the influence of profitability, solvency and company size on audit delay, based on classical assumptions, both normality tests and autocorrelation tests, where these assumptions have been fulfilled.

The results of the Simultaneous Influence Test (f_Test) obtained an f_count of 2.69 and for a t_table value of 3.968, this shows that solvency, profitability and company size simultaneously influence audit delay.

Solvability

The company's ability to fulfill all forms of its obligations is the definition of solvency. The presence of financial difficulties can be bad news for parties external to the company's condition, so management tends to delay publishing bad news in the financial reports.

From the results of this research, solvency influences audit delay, this happens if a company has debt within the company, which can result in a large number of confirmations that must be carried out.

Profitability

Profitability describes the level of efficiency of a company in utilizing its assets and managing its operational activities, the focus of which is net profit or the final result.

Profitability in this research is measured using return on assets by dividing net income by total assets. The results of this research are that profitability has no effect on audit delay. The greater the profitability ratio, the better the company's performance so that companies will tend to provide this information to interested parties. However, when the company experiences losses, management will try to slow down the publication of audited financial reports or extend the audit delay.

Company Size

The larger the size of a company, the greater the strength it will have in dealing with business problems along with the company's ability to obtain high profits because it is supported by large assets so that the company's obstacles can be overcome.

Company size in this study is measured by Ln times total assets. Based on the results, company size has no effect on audit delay. This is likely to occur because there is no influence of company size, it is estimated because the sample used in this research is a company that has been registered on the IDX, where the company has obligations that must be fulfilled in accordance with the provisions stipulated. has been stipulated in the regulations for submitting annual financial reports.

Influence of Solvency, Profitability, Company Size on audit delay

Solvency, Profitability, Company Size are the accounts contained in the financial reports. This shows that not all companies with low profitability will experience long audit delays because accounting firms that work professionally will work according to the plan and schedule for completing audited financial reports that have been prepared. previously determined.

The research results show that solvency, profitability and company size jointly influence audit delay.

5. CONCLUSION

This research aims to analyze the influence of solvency, profitability, company size on audit delay. Based on the results of the multiple linear regression analysis, the following conclusions can be drawn:

1. The ability of a company to fulfill all of the company's financial obligations when in liquidity. A company that has debts greater than its total assets is an insolvent company, thus the condition of a high debt to asset ratio will be late because the time difference is used to cover conditions and do everything possible so that this condition is not known to other parties in the financial statements. Based on research results, solvency as measured by the debt to asset ratio has an influence on audit delay.
2. The company's capacity to generate profits efficiently is shown in profitability. Profitability in this research is measured using return on assets by dividing net income by total assets. Based on the research results, profitability has no effect on audit delay.
3. The size of the company is one of the factors that can influence profit generation. The larger the size of the company, the more power it will have in dealing with business problems and the company's ability to obtain high profits because it is supported by large assets so that the company's obstacles can be overcome. .
4. Based on the research results, company size has no influence on audit delay.
5. Solvency, profitability, company size simultaneously has an influence on audit delay.

SUGGESTION

Based on the conclusions of this research, it is recommended to:

1. Add other independent variables that are not used in this research.
2. Further research can use objects in other sectors or sub-sectors on the IDX Company.
3. Further research can be used using other variables and measuring methods such as Earning Per Share.

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