IJSBM: International Journal of Sharia Business Management
Vol. 1, No. 2, September 2022, pp. 56~63
e-ISSN 2828-5891, DOI: https://doi.org/10.51805/ijsbm.v1i2.87

The Effect of Company Profitability and Company Size on Audit Report Lag Islamic Finance Companies Listed in Indonesia Stock Exchange

Ermi Herawati[*1]
[1]Sharia Business Management Department, STEBIS Bina Mandiri Cileungsi, Bogor

Article Info

Article history:

Received 8 26, 2021
Revised 9 6, 2022
Accepted 9 12, 2022

Keywords:

Profitability
Company Size
Islamic Finance
Audit Report Lag

ABSTRACT

This study aims to evaluate and determine the effect of Profitability and Company Size on Audit Report Lag in Islamic Financial Companies listed on the Indonesia Stock Exchange from 2016 to 2020. This study uses secondary data and uses purposive samoling with predetermined criteria. The sample of this study uses 13 companies engaged in the Islamic Financial Institutional sub sector that have been listed on the Indonesia Stock Exchange for the period 2016 to 2020. The analytical technique used in this study uses multiple linear regression analysis and uses the Eviews version 9 application. The results of this study indicate that Profitability and Company Size have a significant and simultaneous effect on Audit Report Lag. With a coefficient of determination of 0.870044, this states that the independent variable explains the dependent variable 87%. And the remaining 13% id influenced by other independent variables outside of this study.

This is an open access article under the CC BY license.

Corresponding Author:

Ermi Herawati
Sharia Business Management Department, STEBIS Bina Mandiri Cileungsi, Bogor, Indonesia
Email: ermi@binamandiri.ac.id

INTRODUCTION

The rapid development of the business world in all countries, Indonesia is one of the countries that is also growing rapidly at this time. This progress is marked by almost all medium and large companies in Indonesia having gone public and going international, so this will have an impact on increasing audit requests in issuing efficient and effective annual financial reports. This is required for every company that has gone public in submitting its annual financial report which has been prepared in accordance with Financial Accounting Standards and has been audited by a public accountant registered with the Financial Services Authority.

The important thing for investors in assessing company performance and company management accountability is financial statements. According to PSAK 1, financial statements are to provide information about the company's financial position, performance, and cash flows that are useful for users in making economic decisions (Zamzami and Nubella D.S., 2016). The purpose of the annual financial report which shows the current condition of the company is the current condition of the company. The company can be judged as successful or not by looking at the financial reports published every year. If the company's annual financial statements show a positive value, then this can attract investors to invest in the company. In order for this objective to be met, the financial statements presented must be relevant, fair and supported by adequate disclosures.

Financial statements that meet the qualitative characteristics of financial statements are financial statements that can be understood, relevant, reliable, and can be compared. In order to be able to produce relevant annual financial reports, one of the most important aspects is timeliness (Widhiasari, 2016). In its presentation, financial statements are usually presented on an annual basis. The reduced benefit of solid financial statements is if the report is not presented in a timely manner. Financial statements are useful if they are presented accurately and on time when needed by users of financial statements or interested parties, but financial statements are no longer useful if they are not presented accurately and in a timely manner (Givoli, 2013).

One that measures timeliness in presenting financial reports is audit report lag (Lucyanda, 2013). The length of time in completing audit reports carried out by auditors can be seen from the time difference between the date of the financial statements and the date of the audit opinion in the financial statements is called audit delay (Subekti, 2014). A company that tends to maintain its corporate image with consistency and on time in submitting its annual financial reports. However, in presenting timely financial reports, there are several obstacles that can affect it, namely the company's internals, the internals of the public accounting firm, as well as outside the company's environment or public accountants. The financial statements which were closed as of December 31, could not be completed at that time, management still needed time to complete the financial statements until the submission of the report to the auditor for auditing (Azhari, 2014). At that time, it could take longer if there are constraints such as inadequate human resource capabilities or inadequate technology. Likewise, the obstacles faced by public accountants if the ability of human resources is limited.

Profitability is one of the causes of audit report lag. Profitability is the company's ability to earn profits during a certain period, so the higher the profitability of the company, the higher the company's ability to earn its company profits. "Profitability can be seen" on the "profit and loss" report of the company which shows the report on the company's performance results (Dyer and Mc Hugh, 1975). Profitable companies tend to be on time in submitting their annual financial statements. Meanwhile, according to research that has been conducted (Amani, 2016) shows the results that Company Size, Profitability, Audit Opinion, and Company Age have a significant effect on Audit Delay.

Profitability is one of the important tools in measuring the company's ability to earn a profit or profit. Investors and creditors need to know about the profitability of a company (Nofrita, 2013). Thus profitability in the company can also show the effectiveness of management in obtaining profits for the company. The company's profitability is said to be good if the company is able to realize its predetermined profit by using its assets and capital it has (Novianti, 2016). So we can conclude that profitability can be projected in the following year to see the company's ability to generate profits in the coming year.

Large companies tend to be seen by investors more, so the company will be under pressure to provide timely financial statement information to its users. Large companies that have a good reputation will be more consistent in completing their financial reports on time compared to small companies. One function that accelerates financial statements is the size of the company, the larger the company, the faster the company publishes audited financial statements. Because large companies have a good SPI (Internal Control System) and many sources of information so that it can reduce the error rate in preparing financial statements and make it easier for auditors to carry out audits on financial statements.

Company size is measured based on the size of a company by looking at the number of assets or total sales owned by the company. The size of the company can also affect the audit report lag of a company. The larger the size of a company, the more assets owned by the company, so that it will affect the number of audit samples that the auditor must examine. So there is a possibility that there will be an increase in the time period for completing the audit carried out by the auditor. As the results of research that has been done by Armansyah (2015) which shows that company size and auditor's opinion have a significant effect on audit delay, while the results of research conducted by Widyantari and Wirakusuma (2012) show that company size has no significant effect on audit report lag.

However, if the company's management runs well, large-scale companies can also complete the audit process more quickly. This is caused by several factors, namely the management of large-scale companies tend to be given intensive care to reduce audit report lag, because these companies are monitored closely by investors, government capital supervisors and others.

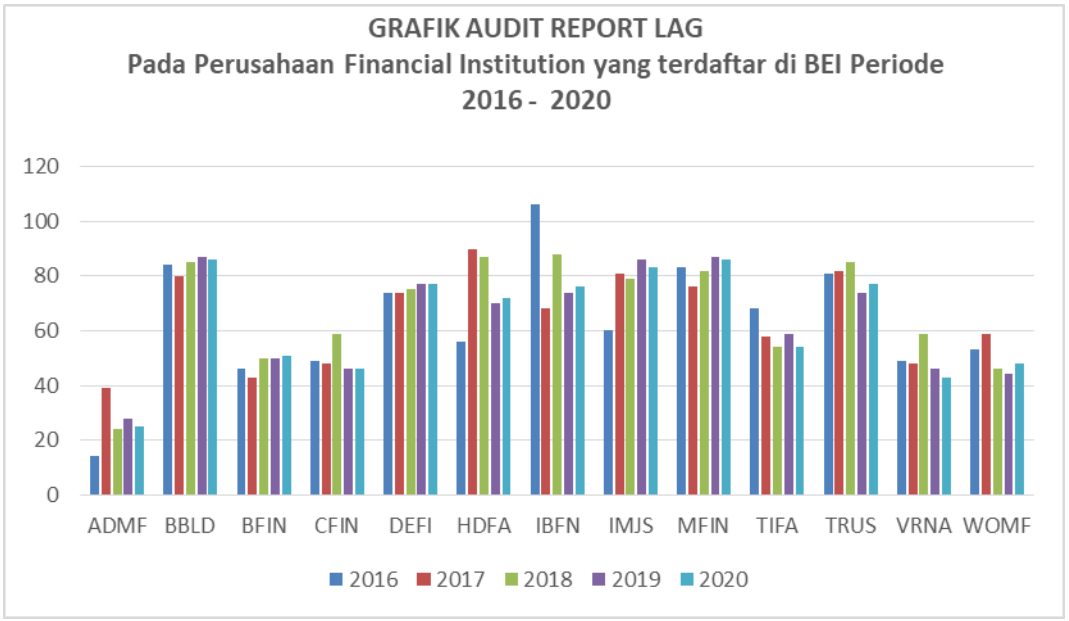

Figure 1. Graph of Audit Report Lag on the IDX Period 2016-2020

The data presented can be used as an indication of a very dynamic business phenomenon. In addition, from several study approaches or several researches that have been reviewed, it is shown that there is a research gap. Several research gaps are used as a background reference for the research to be carried out.

There have been many studies conducted to examine audit report lag. This research is a development of research that has been carried out by Armansyah (2015), Amani (2016), and Barjono and Hakim (2018). The object of research conducted by Armansyah (2015) and Amani (2016) are the property and real estate sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020. While the object of research conducted by Barjono and Hakim (2018) is a coal mining company listed on the Indonesia Stock Exchange (IDX) in 2016-2020. The researcher chose a financial institution company as the object of research to find out whether by using a different sample the results would be the same as the previous research. This study takes the title The Effect of Profitability and Company Size on Audit Report Lag in Islamic Financial Companies listed on the Indonesia Stock Exchange.

METHOD

The object of this research is Profitability (X1), Company Size (X2) and Audit Report Lag (Y). The location of this research is the Indonesia Stock Exchange. While the time of the study was carried out for 3 months, namely January 2022 to March 2022. The population that will be used in this study are Islamic Finance sector companies listed on the Indonesia Stock Exchange (IDX) during 2016 to 2020. There are 15 companies in the sub-sector. Financial Institutions (Financial Institutional) for the period 2016 to 2020. In this research, we will use purposive sampling, where the purposive sampling approach is a method of collecting samples with certain considerations or criteria..

In this study, the data used is secondary data from profitability and company size from financial statements which are accessed on the official website of the Indonesian Stock Exchange (IDX) which is published on IDX (Indonesian Stock Exchange) in the period 2016 to 2020. The method of data collection in this study uses documentation method. The documentation method is collecting data from existing documents, and can be in the form of annual financial reports that have been compiled and published. s Data ratios that will be used for the profitability variable which is projected by return on assets (ROA) and company size.

The method of analysis in this study is the technique of multiple linear analysis. Because multiple linear analysis can explain the effect between the independent variable and the dependent variable. The purpose of using multiple linear analysis in this study is to determine the effect of profitability and company size on audit report lag.

RESULTS AND DISCUSSION

1. Partial Regression Significance Test (t Test)

a. Effect of Profitability on Audit Report Lag (LAG)
   Based on table 4.14 the prob value. on profitability (X1) of 0.00000 < 0.05 with a value of - tcount -11.59501 < - ttable of -1.81246 or t count > t table (11.59501 > 1.81246). In the results above, H0 is rejected and Ha is accepted and which shows profitability (X1) has a significant effect on audit report lag (Y).

b. Effect of Company Size on Audit Report Lag (LAG)

   Based on table 4.14 the prob value. on the size of the company (X2) of 0.0000 <0.05 with a tcount of 8.823968 > ttable of 1.99897. In the above results, H0 is rejected and Ha is accepted, which indicates that firm size (X2) has a significant effect on audit report lag (Y).

2. Multiple Regression Significance Test (f Test)

For the multiple regression significant test, it can be seen from the results of the significant test and the F-test. the results are shown in table 4.14 the value of Fcount = 23.91032 > Ftable = 4.103 with a significance value of 0.000 <0.05. Based on the results above, then Ha is accepted and eH0 is rejected, which shows the probability (X1) and company size (X2) have a significant effect simultaneously on audit report lag (Y).

3. Correlation Coefficient Test Results

The correlation test aims to test the relationship between two variables that can be seen with a significant level, if there is a relationship, it will look for how strong the relationship is (V. Wiratna Sujarweni, 2016:80). The strength of the relationship between the dependent variable and the independent variable can be seen with a significant level whose determination is as follows:

a. If sig > 0.05 means that there is no relationship

b. If sig < 0.05 means that there is a relationship

The correlation coefficient has a value between -1 to +1. The nature of the coefficient value is between plus (+) or minus (-). Meaning of correlation:

a. Positive correlation (+) means that if the X1 variable increases, the X2 variable will also increase, and vice versa.

b. Negative correlation (-) means that if the X1 variable decreases, the X2 variable will also increase, and vice versa.Keeratan korelasi dapat dikelompokkan sebagai berikut :

a. 0.00 to 0.19 means the closeness of the correlation is very weak.

b. 0.20 to 0.39 means that the correlation is weak.

c. 0.40 to 0.59 means that the correlation is moderate.

d. 0.60 to 0.79 means a strong correlation.

e. 0.80 to 0.99 means that the correlation is very strong.

Tabel 1. Correlations

ROA	Size
1.000000	-0.034975
-0.034975	1.000000

The results of the correlation coefficient test (R) based on the calculation of eviews version 9 in table 4.15 above show a weak negative relationship between Profitability (ROA) and Company Size (SIZE) which is -0.034975 So that Profitability (ROA) and Company Size (SIZE) have a relationship Very Weak against audit report lag (Y) Because it is in the range of 0.00 to 0.19.

4. Coefficient of Determination Test Results

Based on table above, it states that the adjusted R-squarer value is 0.870044, meaning that the magnitude of the coefficient of determination is 0.870044. This value indicates that the independent variable affects or explains the dependent variable, which is 87% and the remaining 13% is influenced by other independent variables outside this study.

5. Effect of Profitability (X1) on Audit Report Lag (LAG) (Y)

Based on the above test, it can be concluded that profitability has a significant effect on audit report lag. Where is the prob value. on profitability (X1) of 0.00000 <0.05. H0 is rejected and Ha is accepted and which shows profitability (X1) has a significant effect on audit report lag (Y).

This is in accordance with the results of research conducted by Amani (2016), Nita Dwi Astuti (2017), Fauziah Althaf Amani (2016) and Ridwan Tri Isnaini (2016) stating that profitability has a significant effect on audit report lag.

6. Effect of Firm Size (X2) on Audit Report Lag (LAG) (Y).

Based on the above test, it is concluded that the size of the company has a significant effect on audit report lag. Where is the prob value. on the size of the company (X2) of 0.0000 <0.05 with a tcount of 8.823968 > ttable of 1.99897. In the results above, Ha is accepted and H0 is rejected, which indicates that firm size (X2) has a significant effect on audit report lag (Y). This is in accordance with the results of research conducted by Pitaloka and Suzanl (2015) which states that company size has a significant effect on audit report lag.

7. **Effect of Profitability (X1) and Company Size (X2) on Audit Report Lag (LAG) (Y).**

Based on the above test where the value of Fcount = 23.91032 > Ftable = 3.14 and the significance value is 0.000 <0.05 significant level, which means that profitability (X1) and company size (X2) simultaneously (together) have a significant effect on audit report lag (Y). The value of the coefficient of determination is 0.870044, which states that the independent variable affects or explains the dependent variable, which is 87% and the remaining 13% is influenced by other independent variables outside this research.

CONCLUSION

Based on the results of the analysis and discussion conducted, it can be concluded that Profitability S has a significant effect on audit report lag in Institutional Financial companies listed on the Indonesia Stock Exchange for the period 2016 to 2020. This is supported by tcount > ttable so that H0 is rejected and Ha is accepted, which means that shows that profitability (X1) has a significant effect on audit report lag (Y).

Company size has a significant effect on audit report lag in Institutional Financial companies listed on the Indonesia Stock Exchange for the period 2016 to 2020. This is in accordance with the results of this study where Ha is accepted and H0 is rejected, which indicates that company size (X2) has a significant effect on auditing. report lag (Y). Profitability and Company Size have a significant effect simultaneously (simultaneously) on Audit Report Lag in Institutional Financial companies listed on the Indonesia Stock Exchange for the period 2016 to 2020.

REFERENCES

Apriyana, Nurahman. 2017. Pengaruh Profitabilitas, Solvabilitas, Ukuran Perusahaan, dan Ukuran KAP Terhadap Audit *Delay* pada Perusahaan Properti dan Real Estate yang Terdaftar Bursa Efek Indonesia Periode 2013-2015. Yogyakarta: Unversitas Negeri Yogyakarta.

Al Farisi, M. S. (2020). Pengaruh Bauran Ritel Terhadap Loyalitas Melalui Kepuasan Pelanggan Pada Pamella Swalayan Yogyakarta. Jurnal Manajemen Bisnis Dan Keuangan, 1(1).

Armansyah, Fendi dan Kurnia, 2015. "Pengaruh Ukuran Perusahaan,Profitabilitas dan Opini Audit Terhadap Audit Delay" Jurnal Ilmu & Riset Akuntansi Vol.4 No.10 (2015).

Ariyani, Ni Nyoman Trisna Dewi, dan I Ketut Budiarta. (2014). "Pengaruh Profitabilitas, Ukuran Perusahaan, Kompleksitas Operasi Perusahaan Dan Reputasi KAP Terhadap Audit Report Lag Pada Perusahaan Manufaktur". ISSN: 2302-8556, E-Jurnal Akuntansi Universitas Udayana 8.2 (2014): 217-230.

Artaningrum, Rai Gina; I Ketut Budiartha dan Made Gede Wirakusuma. (2017). Pengaruh Profitabilitas, Solvanilitas, Likuiditas, Ukuran Perusahaan dan Pergantian Manajemen Pada Audit Report Lag Perusahaan Perbankan. E-Jurnal Akuntansi Universitas Udayana Vol.6, No.3.

Azhari, Muhammad, Wahidahwati, dan Riharjo, Ikhsan Budi. 2014. Faktor-Faktor yang Mempengaruhi Audit Delay (Studi Kasus Pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia). Jurnal Ilmu dan Riset Akuntansi. Volume 3. Nomor 10. Sekolah Tinggi Ilmu Ekonomi Indonesia Surabaya.

Candraningtiyas, E.G dkk. 2017. "Pengaruh Ukuran Perusahaan, Profitabilitas, Solvabilitas, dan Ukuran Kantor Akuntan Publik terhadap Audit Delay". E-journal S1 Akuntansi Universitas Pendidikan Ganesha. Vol 8 Nomor 2.

Dewi, Sofia Prima dan Jusia. 2013. "Faktor-faktor yang Mempengaruhi Ketepatan Waktu Penyampain Laporan Keuangan pada Perusahaan Real Estate dan Property yang Terdaftar di BEI". Jurnal Akuntansi, Volume 17 Nomor 3 hal 368-384, Universitas Tarumanegara. Jakarta.

Dyer, J., C., IV and A., J., McHugh. 1975. "*Timeliness of the Australian Annual Report". Journal of Accounting Research*. Vol.13. No.2. pp.204-219.

Estrini, D.H, dan Laksito, H. 2013. "Analisis Faktor-Faktor Yang Mempengaruhi Audit Delay". ISSN 2337-3806. DIPONEGORO *JOURNAL OF ACCOUNTING* Volume 2, Nomor 2, Tahun 2013, Halaman 1. Semarang

Febriyanti. 2011. Faktor-Faktor yang Berpengaruh Terhadap Audit *Delay* Perusahaan Sektor Perrdagangan yang Terdaftar di BEI Periode 2007-2009. Jurnal Ekonomi dan Informasi Akuntansi (Jenius). Vol. 1, No. 3, September 2011.

Ghozali, I (2013). Analisis Multivariat dan Ekonometrika: Teori, Konsep, dan Aplikasi dengan EVIEWS 8. Badan Penerbit Universitas Diponegoro, Semarang.

Gujarati, Damodar, 2003, Ekonometri Dasar. Terjemahan: Sumarno Zain, Jakarta: Erlangga.

Hajiha, Zohreh. dan Rafiee, Azadeh. 2011. *The Impact of Internal Audit Function Quality on Audit Delays. Midlle-East Journal of Scientific Research*. 10, (3), 389-397.

Ikatan Akuntan Publik Indonesia. 2011. "Standar Profesional Akuntan Publik". Jakarta: Salemba Empat.

Indriyani, Rosmawati Endang dan Supriyati. (2012). Faktor-Faktor yang Mempengaruhi Audit Report Lag Perusahaan Manufaktur di Indonesia dan Malaysia. The Indonesian Accounting Review,Vol. 2, No. 2, July 2012, Hal. 185 – 202.

Juanita, Greta dan Rutji Satwiko. 2012. Pengaruh Ukuran Kantor Akuntan Publik, Kepemilikan, Laba Rugi, Profitabilitas dan Solvabilitas Terhadap Audit Report Lag.Jurnal Bisnis dan Akuntansi: 31-40.

Jusup, Al Haryono. 2014. "Auditing (Pengauditan)". Cetakan Pertama. STIE: Yogyakarta.

Kasmir. 2015. Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.

Lembang, Dirga Abriyanti Kala. 2014. "Analisis Faktor-Faktor Yang Mempengaruhi Audit Report Lag Studi Empiris Pada Perusahaan Sektor Properti Yang Terdaftar Di Bursa Efek Indonesia Periode 2009- 2013". Skripsi. Yogyakarta: Fakultas Ekonomika dan Bisnis, Universitas Gadjah Mada.

Lianto. Novice, dan Budi Hartono Kusuma. 2010. "Faktor-faktor yang Berpengaruh Terhadap Audit *Report Lag*". Jurnal Akuntansi dan Bisnis, Vol.12, No.2, Agustus 2010, Hlm.97-106.

Lucyanda, Jurica, dan Nura'ni, Sabrina Paramitha. 2013. Pengujian FaktorFaktor Yang Mempengaruhi Audit *Delay*. Journal of Accounting and Auditing. Volume 9. Nomor 2. Universitas Diponegoro.

Marzuki. 2005. Metodologi Riset Panduan Penelitian Bidang Bisnis dan Sosial, Edisi Kedua, Ekociana. Yogyakarta.

Nafi'Hasbi, C. I. M. Z., & Al Farisi, M. S. (2022). Perbankan Tentang Ict: Relevansi Penyelesaian Sengketa Online Dalam Industri Perbankan Syariah Di Indonesia. Fintech dalam Keuangan Islam: Teori dan Praktik.

Sumartini, Ni Komang Ari., Widhiyani dan Ni Luh Sari. (2014). Pengaruh Opini Audit, Solvabilitas, Ukuran KAP, dan Laba Rugi pada Audit Report Lag. *E-Jurnal Akuntansi Universitas Udayana. ISSN: 2302-8556.*

Sugiyono. 2012. Metode Penelitian Kuantitatif Kualitatif dan R&D. Bandung: Alfabeta.

Suratman, Adji. 2013. "Konsep dan Implementasi Audit Berbasis Resiko". Jakarta: Mandala Nasional Publishing

Tiono, Ivena dan Yulius Jogi C. Faktor-faktor yang Mempengaruhi Audit Report Lag di Bursa Efek Indonesia. Universitas Kristen Petra: Akuntansi Bisnis.

Wardhani, Armania Putri. 2013. Analisis Pengaruh Corporate Governance terhadap Audit Report Lag. Universitas Diponegoro: Fakultas Ekonomika dan Bisnis.

Wijaya, Aditya Taruna. 2012. Pengaruh Karakteristik Komite Audit terhadap Audit Report Lag. Universitas Diponegoro: Fakultas Ekonomika dan Bisnis.

Wiryakriyana, Ni Luh Sari Widhiyani, 2017. Pengaruh Ukuran Perusahaan, Leverage, Auditor Switching, Dan Sistem Pengendalian Internal Pada Audit Delay. E-Jurnal Akansi Universitas Udayana Vol.19.1.