

Profitability, Company Size, Audit Delay, and Financial Reporting Delays in Covid-19 Pandemic Era (Manufacturing Companies Registered in Indonesia Stock Exchange 2018-2020)

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ABSTRACT

This study aims to determine the effect of the independent variables Profitability, Company Size, and Audit Delay on financial reporting delays during the pandemic era. This study is a quantitative study where the research population is companies listed on the Stock Exchange, obtain a sample, purposive sampling analysis is used so that produce sample of 512 manufacturing companies. The results of this study indicate that the sig value of the Profitability variable is 0.605 indicating that Profitability does not affect financial reporting delays, while the Firm Size and Audit Delay variables have a sig value of 0.006 and 0.000 indicating a value less than .005 (5%) means the variable Company size and audit delay affect the occurrence of financial reporting delays. To describe how big the x variable is in influencing the y variable, then the R2 test is carried out with the results of the R2 value of 0.874 which means that the x variable can explain the y variable about 87.4%.

Keywords: Audit, Financial Report, Covid.

1. INTRODUCTION

WHO was declared Coronavirus disease as a pandemic in 2020 [17]. The economic impact caused by Covid-19 has brought almost half of the world to a standstill and has invisibly affected financial markets by eroding a quarter of wealth within a month [2] and affecting the financial performance of companies that are getting worse [11] especially in companies that have smaller revenues [14].

Companies that have small incomes tend to present and report financial statements that are not timely otherwise the companies that have large incomes will tend to report their financial statements on time [10], this is because of the size of a company's income makes the company take more time to prepare financial statements. The large income that the company has will help the company to grow bigger so that large companies will tend to be late in reporting their finances. The thing that needs to understand about financial statements and the importance of using

financial statements is that financial statements are a source of information on company performance need by users, both management, investors, and the government. the punctuality in disclosing financial statements to the public is very important, considering that financial

statements are often used as the only reliable information [13] and for investors and stakeholders audited financial statements are very important for decision making so that this put pressure on companies not to be late in submitting their financial statement information to the public [1]. Meanwhile, the Covid-19 pandemic condition resulted in or had a considerable impact on financial reports, both in terms of the content or information of financial reports or on the timeliness of submitting financial reports. On the one hand, financial reports are needed, but the Covid-19 pandemic conditions do not support reporting financial reports on time. [15][4] explain that financial reporting delays are also influenced by audit delays in submitting audit reports (audit delay). Audit delays during a pandemic can occur due to conditions that require the public to

implement health protocols as well as restrictions on community mobility to interact. Auditors, who should complete their work during the covid period, must continue to work even with all the limitations. The Covid-19 condition that limits human interaction activities under health protocols following government regulations has an impact on auditor performance, one of which is the occurrence of audit delays [5]. Based on these conditions,

the role of the auditor in carrying out his duties so that there is no audit delay or the auditor influences audit delay [5] and its effect on financial reporting delays need to be researched and interesting to discuss in-depth, especially during the covid-19 pandemic.

2. RESEARCH ANALYSIS METHODS

The variables x in this study are profitability, firm size, and audit delay and the variable y is financial reporting delays.

- Profitability is the net result of several company policies and decisions. Profitability is assessed by ROA, where the ratio of net profit after tax and total assets.
- Company size is assessed from the natural logarithm of fixed assets and total assets.
- Audit delay is the amount of time required by the auditor in carrying out an audit of financial statements. Audit delay is assessed by the length of time required to produce an audit report by independent auditor assessed from 31 desember to date of the audit report
- The dependent variable is the timeliness of reporting using financial reporting delays following regulations issued by the Indonesia Stock Exchange regarding the relaxation for submitting financial reports and annual reports number: Kep-00027/BEI/03-2020 where the reporting deadline is extended for 2 (two) months from the report submission deadline, measured by a dummy variable of 0 and 1, 1 for being on time. The company to be on time if the company submits the publication date of the audited financial statement to IDX following the established regulations.

This research was conducted by collecting the financial statements of companies listed on the IDX in the form of manufacturing companies from 2018 to 2020, aiming to determine the impact of profitability, company size, and audit delay on financial reporting delays caused by the covid 19 pandemic.

Sampling in this study used a purposive sampling method, namely the selection of samples was carried out using certain considerations which would be adjusted to the objectives or research problems, the following:

Table1. Research Sample

No	Sample Criteria	Amount
1	Manufacturing company on BEI	200
2	Incomplete Company Financial Report 2018-2020	(20)
2	Company financial statements with incomplete financial data	(23)
3	Financial report data used	147
3	Year of research	3
Total Unit of analysis		421

The Data Normality Test aims to determine whether the data used is normally distributed, it can be assessed using the graphical analysis, if the data is spread out, it will be stated that the data is normally distributed.

The multicollinearity test has the benefit of knowing the correlation between the variabel x in the regression modael (Ghozali, 2018). The way to find out multicollinearity is if the tolerance value $\geq 0,10$ or VIF ≤ 10 , it means that there is no multicollinearity.

The autocorrelation test has benefit of knowing that the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (previous) [6]. This research will detect autocorrelation with Durbin Watson Test: If the DW value lies between the upper bound (du) and (4-du), then the autocorrelation coefficient = 0, so there is no autocorrelation.

The heteroscedasticity test has the benefit of knowing whether the regression model there is an inequality of variance from the residual of one observation to another observation. If the residual has a variance from one observation to another, it is still called homoscedasticity but if it is different it is called heteroscedasticity [6]. Heteroscedasticity testing can be done by looking at the graph plot.

Hypothesis testing has the benefit of knowing the relationship between variabel X and Variabel Y by using the SPSS 22 program. In this study, this research uses α 5% and the correction one by 95%. The basis for decision making are:

$0,05 \leq P$ Value, Hypothesis O is accepted
 $0,05 > P$ Value, Hypothesis O is rejected and Hypothesis A is accepted

Model analisis sebagai berikut ini:

$$PPK_{i,t} = \beta_0 + \beta_1 * AD_{i,t} + \mu_{it}$$

$$PPK_{i,t} = \beta_0 + \beta_1 * SIZE_{i,t} + \mu_{it}$$

$$PPK_{i,t} = \beta_0 + \beta_1 * BIG4_t + \mu_{it}$$

- PPK : Financial Reporting Delay
- AD : Audit Delay
- SIZE : Company's Size
- BIG4 : Types of Public Accounting Firma
- μ_{it} : Residual

The coefficient of determination or R² is a tool to measure the ability of a model to explain variations the x Variabel [6]. The value of R² is at number 0 and 1, where the smaller the value the ability of the x variabel in explaining the variation of y variabel is very low. The value of R² if it is in a position close to number 1, this explains that the x variabel has a great ability to explain the y variable.

The t-statistical test aims to find out how much influence the individual x variable has in explaining the variation of the Y variable [6]. The t-test this study used a significance level of 5%.

3. RESULTS

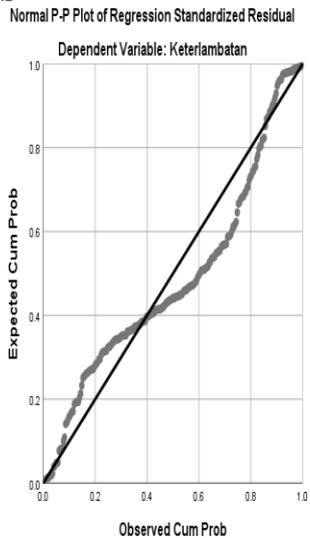


Figure 1 Normal P-P Plot of Regression Standardized Residual

Normality test data aims to test the extent to which the distribution of data in a study. Based on the Normal P-P Plot table above, it shows that the data is normally distributed, this is illustrated in the normal p-plot where the data follows a diagonal line which means the data is normally distributed.

Table 2 Dependent Variable the delays

Model		Unstandardized Coefficients		Collinearity Statistics	
		B	Std. Error	Tolerance	VIF
1	(Constant)	26.528	4.422		
	Profit	-.065	.125	.964	1.037
	Ukuran	-.405	.147	.919	1.088
	Delay	.957	.017	.947	1.056

In the Coefficients table above, the tolerance values for Profit, Size and Audit Delay variables are respectively Tolerance 0.964, 0.919, and 0.947 > 0.10,

this indicates the absence of multicollinearity, meaning that there is no correlation between independent variables. The Coefficients table above also explains multicollinearity seen from the amount of VIF, where the VIF of each Profit, Size, and Audit Delay variable, respectively, has a VIF value of 1.037, 1.088, and 1.056 where this value is < 10, this further proves that there is no multicollinearity.

Table 3 Durbin Watson Value

Sig. F Change	Durbin-Watson
.000	1.84

The Summary table above shows the Durbin Watson value of 1,845 where this value is between 4 - 1,799 (4

- du). In this study, the number of x variables was 3, k = 3, the amount of data was n = 512 with a value of du = 1,799, the conclusion that there is no positive or negative autocorrelation in this study.

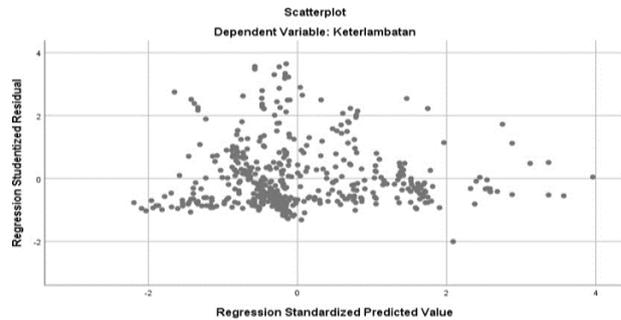


Figure 2 Regression Standardized Predict Value

From the scatterplot graph, it can be seen that the points spread randomly throughout the graph and are spread at the top or bottom on the Y-axis. This results illustrate that in this study there is no heteroscedasticity in the regression, so the regression model may be used to describe the y variable

Table 4. R Square Value

Model	R	R Square	Adjusted R Square
1	.935 ^a	.874	.874

The value of R Square aims to find out how the model explains the variation of the y variable. In the table above, the R Square value of .874 shows that 87.4% of the model's ability to explain the x variables jointly affects the y variable.

Table 5. Hypothesis test

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta			
1	(Constant)	26.528	4.422		5.999	.000
	Profit	-.065	.125	-.008	-.518	.605
	Ukuran	-.405	.147	-.045	-2.754	.006
	Delay	.957	.017	.924	57.175	.000

From the regression results shown in the Coefficients table where the Profit variable has a sig value of .605 this

value is above the value of .005 (5%) it can be concluded that the hypothesis for the Profit variable is rejected, which means that there is no influence between Profitability and financial reporting delays. For the sig value of the Size and Delay variables of .006 and .000 which the value is below the value of .005 (5%) which indicates that the Hypothesis for the size and Audit Delay variable is accepted, which means that there is an influence between Company Size and Audit Delay on reporting delays. finance.

The results of the the regression equation test as follows: $Y = 25.528 - 0.065 X1 - 0.405 X2 + 957 X3$

The regression equation above means that the profitability variable coefficient is -0.065 in a negative direction, but the sig of profitability is 0.605 greater than

> 0.05, so it can be concluded that the profitability variable does not affect the occurrence of financial reporting delays. The regression results for the Firm Size Variable have a regression coefficient that has a negative direction as follows -0.405 with a sig value of 0.006. The results of the coefficient of company size explain that every 1% increase in company size will result in a reduced financial reporting delay of 0.405, and the coefficient results of the audit delay of 0.957 have a positive direction with sig 0.000, it means that every 1% increase in audit delay will result in higher delays in financial reporting by 0.957.

The regression results for the Profitability variable show that profitability does not affect the occurrence of delays in reporting. This research is not the same as the research conducted by Pande [10] but is the same as the research conducted by Kadir [7] and Margareta [8] which states that profitability does not affect the occurrence of financial reporting delays. The results of this statistical analysis indicate that hypothesis 1 (H1) of the Profitability variable is rejected. This is under the

theory that the greater the profit generated by a company, the more time it will be to record transactions and process

them into financial statements, this is because the profits want to be reported as quickly as possible to shareholders because this is a signal or good news needed by shareholders. investors as a sign of good company performance and for this management success in fulfilling what investors need or want so that they will be trusted to manage the company for a longer period. In addition, there is hope for management to obtain compensation in the form of cash bonuses for their performance.

The regression results, so the conclusion is that company size affects the occurrence of financial reporting delays. This result are not same as the results of research conducted by Pande [10] Wirakusuma [16] where the size variabel has no effect on the occurrence of financial reporting delays, this research is the same as research research conducted by Owusu-Ansah [9] Kadir [7] and Margareta [8] explained the size of variable has an influence on of financial reporting delays. The results of statistical analysis indicate that hypothesis 2 (H2) of the firm size variable is accepted. Variable Company size affects the occurrence of reporting delays but the direction is not positive but negative, which means that the larger a company is, the company will tend to reduce its delays or be timelier in financial statements, because the larger the company have good resource, such as reliable accouting employes, have good information system and have good internal control system, so company have good abilities in making timely financial report. In order to maintai the good name of the company in the public.

The regression results for the X3 or Audit Delay variable can be explain that the Audit Delay variable affects the occurrence of financial reporting delays. The results of this research are supported by research by [12] which explain that Audit Delay affects the occurrence of financial reporting delays. The results of this statistical analysis indicate that hypothesis 3 (H3) of the Audit Delay variable is accepted. Companies listed on the IDX or Go Public have an obligation where the company's financial statements before being published to the public even though they must carry out an audit carried out by an independent Public Accounting Firm so that the contents of the company's financial statements are following the applicable regulations in Indonesia and are free from errors. finance report. [3] stated that companies that carry out the audit process have a time interval from the beginning of the audit to the release of the audit results, this is also referred to as audit delay. It shows that the longer the Audit Delay, the longer the process required to prepare, compile and evaluate financial statements so that it will have an effect on the delay in submitting the financial statements required to

public companies by the Exchange authority, namely the IDX

4. CONCLUSIONS AND SUGGESTIONS

The result from this Research are:

1. The regression equation generated in this research is $Y = 25.528 - 0.065 X_1 - 0.405 X_2 + 957 X_3$, where the X_1 variable (Profitability) has a negative but not significant, which means that the X_1 variable cannot affect the occurrence of financial reporting delays, while for the X_2 variable (Size) has a negative direction with sig 0.006 also have meaning, if 1% increase in Company Size will affect the reduction of financial reporting delays by 0.405, and for the Audit Delay variable it has a positive direction where every 1% increase in Audit Delay will affect an increase in financial reporting delays of 0.957.
2. The regression results for the Profitability Variable yield of value of 0.605 which is greater than 5%, so it can be concluded which means that Profitability does not affect financial reporting delays or H1 rejected, for the Size variable has a value of 0.006 which is lower than 5%, so it can be concluded which means that the size variabel affects the delay in financial reporting or H2 is accepted, and the test results for the audit delay variable have a sig value of 0.000 which is less than 5%, so it can be concluded that the audit delay affects the delay in financial reporting or H3 is accepted.
3. The ability of the x variable to explain the y variable is massive, it is show from the resulting R2 value of 0.874 which means that the x variable explained the y variable of 87.4%.

Suggestions for the development of further research is to increase the number of samples of companies because this study only focuses on manufacturing companies, but it is better to develop it for all companies listed on the Indonesia Stock Exchange and increase the number of years of observation because this study only looks at the phenomenon in 3 years, namely in 2018, 2019 and 2020. The number of Independent variables was increased because only 87.4% of the independent variables affected the dependent variable, so there were still 22.6% influenced by other variables.te.

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