# EFFECT OF AUDITOR SWITCHING, TENURE AUDIT, PROFITABILITY AND COMPANY SIZE ON AUDIT REPORT LAG
## (At Manufacturing Companies Listed on Indonesia Stock Exchange Period 2017-2019)

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***Abstract***

*This study aims to determine the effect of auditor switching, audit tenure, profitability, firm size on audit report lag in companies listed in Indonesia Stock Exchange (IDX) in 2017-2019 periods.*

*This research is a quantitative study. The population of this research used all manufacture companies listed on the Indonesia Stock Exchane (IDX). Samples obtained by using purposive sampling are 69 companies for 3 years (2017-2019), so that the overall data amounted to 207 samples. Data collecting technique using secondary data from site www.idx.co.id. The analytical method used is multiple linear regression with aid of Eviews 10.0.*

*Based on the results of the study show that : 1) Auditor switching variabels have positively significant influence on audit report lag. 2) Audit tenure variabels have positively significant influence on audit report lag. 3) Profitability variabels have negatively significant influence on audit report lag. 4) Firm size variabels have positively significant influence on audit report lag.*

***Keywords*** *: audit report lag, auditor switching, audit tenure, profitability, and firm size.*

# I. INTRODUCTION

## 1.1 Background

Financial statements show what management has done or management's accountability for the resources entrusted to it. Financial statements must be of high quality before being submitted to the users of financial statements because the user's financial report information requires a complete, transparent, and timely report. The characteristics of quality information can be seen in several facets, one of which is in terms of time. The timeliness of the reporting is the availability of information when necessary. It is also included in one of the important factors in presenting relevant information. The characteristics of the relevant information must have predictive value and be presented on time. Punctuality of financial statements is very important for every company, especially companies listed on the Indonesia Stock Exchange. The development of Indonesia Stock Exchange activities is quite rapid because the development *of companies go public,* therefore will generate requests for effective and efficient audit of financial statements. Issuers or public companies are obliged to fulfill reporting and announcement obligations as stipulated in the laws and regulations in the capital market sector governing annual financial statements since obtaining the determination from the Financial Services Authority. Financial statements are audited by public accountants before being submitted to the Financial Services Authority (OJK). The audit process conducted by the auditor can run fast or long depending on the financial statements it does. The time span between the closing date of the company's book and the date of the auditor's report in the audited financial report indicates the length of the completion time of the audit called *audit report lag.* In the regulation of the Financial Services Authority No. 29/POJK.04/2016, issuers or public companies shall submit annual reports to the Financial Services Authority no later than the end of the fourth month after the financial year ends. This relates to the obligation of listing *companies on* the stock exchange to submit financial statements. Due to late financial reporting will have an impact on declining investor confidence and affect the share price in the capital market.

But in fact, based on data obtained from www.idx.co.id, in 2016 there were 17 *companies going public in* IDX belatedly submiting audited financial statements, in 2017 and 2018 there were 10 issuers who were late to submit financial statements. 20% of the number of issuers in 2017 and 2018 who experienced delays include manufacturing companies. Meanwhile, issuers who have not submitted financial statements as of September 30, 2019 and have not made a fine payment for delays in submitting financial statements include: PT Tiga Pilar Sejahtera Food Tbk (AISA), PT Golden Plantation Tbk (GOLL), PT Sugih Energy Tbk (SUGI), PT Evergreen Invesco Tbk.

There are several factors that can affect the timeliness of financial reporting such *as auditor switching, tenure audit, profitability* and company size.

The change of auditor is the disconnect between the company's relationship with the old auditor and replacing it with a new auditor. The company undergoing auditor changes will appoint a new auditor, which will take a long time for the new auditor to recognize the characteristics of the client's business and the system in it.

Compliance with professional standards quickly and appropriately can shorten the time of completion of audits determined by a high understanding of the company's business and operational characteristics. *Tenure audits* are defined as the number of years a KAP or an auditor audits a company. The long tenure of a KAP will increase KAP's knowledge and/or auditors regarding the company's business so that it can design a better audit program.

In addition to factors from auditors that influence the accuracy of the submission of annual financial statements, the internal parties of companies involved in decision making should look at various aspects in the company's financial statements, how the timeliness of the publication of financial statements, how the company's ability to generate profit for a particular period, the ability of the company to generate profit is usually referred to as profitability.

While the size of the company can affect how much information is contained, while reflecting awareness from the management about the importance of information, both for external parties and internal parties of the company.

This is not separated from the condition that large companies are companies that are of great concern to investors, creditors, governments and the public so as to encourage self-awareness from the management about the importance of information and want audit financial statements more quickly to be published for both external and internal parties of the company (Diana, 2014).

Looking at the importance of the period of completion of audits on financial statements, researchers are interested in examining the factors that influence the timeliness of audits.

### 1.2 Problem Formulation

Based on the background of the above problems, it can be formulated the problems in this study are as follows:

1. Does auditor turnover affect audit report *lag?*
2. Does tenure audit *affect* audit *report lag?*
3. Does profitability affect *audit report lag?*
4. Does the size of the company affect audit report *lag?*

### 1.3 Research Objectives

Based on the background and formulation of the problems mentioned above, the purpose of this research is as follows:

1. To know and provide empirical evidence auditor *switching affects audit report lag.*
2. To know and provide empirical evidence of tenure *audit* affects audit *report lag.*
3. To know and provide empirical evidence of profitability affects *audit report lag.*
4. To know and provide empirical evidence of the size of the company affects *audit report lag.*

## II. LIBRARY REVIEW

### 2.1 The Foundation of Theory

Jensen and Meckling (1976) defined the agency's relationship as a contract between one or more asking others to perform certain services for its benefit. In a company, this contract is done by the owner (principal of the company called the manager (agent).

Thus Agency Theory is used to explain the relationship between the owner andthe principal (principal)who has authority in decision making with the management (agent) who managesthe company's wealth and compiles financial statements. Several different interests between principle and its agents cause conflict or *agency problems* (Jensen, 1986).

The relationship between the agency's theory and the variables in the research to be conducted here where the agent or party given the mandate is the auditor of the Public Accounting Firm who will do his duty to audit the company's financial statements which then the audited financial statements will be published. And the principal party that gives the mandate is the management of the company that has compiled financial statements and submitted to the auditor for audit.

***Signalling Theory***

Signalling *theory* is an action taken by the company's management that provides

clues for investors on how management assesses the company's prospects. *Signalling theory* discusses how the signals of success or failure of management (*agent)*are conveyed to the owner (*principal)*(Andriyanto *et. al.* 2017).

At the time the information is announced and all market participants have received the information, market participants first interpret and analyze *the information as good news*or *bad news*(Jogiyanto, 2010:392).

Signals are given by the company regarding the company's performance in financial and non-financial aspects and the achievement of performance that has been achieved by management in realizing the expectations and decisions of shareholders. The information provided by the company is generally a record or description of the company's past, current, or future circumstances.

**Compliance Theory**

Compliance theory is an indicator in the morality level of an individual in terms of complying with generally applicable rules or procedures.

According to the Great Dictionary of Indonesian Language (KBBI) the word obedience means according to the rules or orders and disciplined. An individual tends to obey laws that they consider appropriate and consistent with their internal norms. Normative commitment through personal morality means obeying the law because the law is considered a necessity, whereas normative commitment through legitimacy means complying with the rules because those legal authorities have the right to dictate behavior.

Compliance theory can encourage a person to better comply with the applicable regulations, with the regulation (POJK) No. 13/POJK.03?2017 On the "Use of Public Accountant Services and Public Accounting Firm in Financial Services Activities" the company must limit the use of audit services from public accountants and public accounting firms so that the relationship of auditors and clients is not too close so that independence and professionalism in providing audit opinions is maintained.

**Financial Statements**

Financial statements are the final result of the accounting process carried out by a company. According to the Indonesian Institute of Accountants (IAI) in PSAK No. 1 of 2015 (2015:1) mentions that financial statements are a structured presentation of the financial position and financial performance of an entity.

Based on the above understanding can be explained that financial statements are a means of communicating financial information especially to parties outside the company.

***Audit Report Lag***

*Audit report lag is the* time span between the closing date of the company's book and the date the auditor's report in the audited financial report indicates the length of the audit completion time.

This variable is measured by the quantitative number of days from the closing date of the financial year to the date stated on the audited financial statements.

**Audit**

Audit is a systematic process in collecting and evaluating the evidence for all information contained in financial statements, then the financial statements are seen whether they are in accordance with the established standards or not, the results will be presented to interested parties and the most important thing is that the audit process must be conducted by competent and independent parties (Alvin A. Arens, Beasley and Elder , 2015).

***Auditor Switching***

*Auditor switching* is the change of auditor or KAP that conducts audit assignments at a company. The Financial

Services Authority issued pojk rule No. 13/2017 on the Use of Public Accountant Services and Public Accounting Firm in financial services activities. In the regulation, it is regulated that financial services institutions are obliged to limit the use of audit services from public accountants for at least 3 (three) consecutive financial years. Meanwhile, restrictions on the use of services from KAP depend on the results of the audit committee.

The change of auditor is the disconnect between the company's relationship with the old auditor and replacing it with a new auditor (Tambunan, 2014). The new auditor takes longer to audit the financial statements because the new auditor needs to know from the beginning the characteristics of the client's business and the system contained there. The break-up of the company's cooperation with the old auditors and appointing a new auditor requires that the new auditor communicate with the previous auditor, identify the client's reasons and obtain an agreement with the company.

***Audit Tenure***

Independensi merupakan salah satu Independence is one of the main requirements for an auditor to carry out his or her responsibility for audit services as well as in expressing an opinion on a company's financial statements. An auditor's independence is often associated with *tenure audits.*

*Audit tenure* is the period of alliance between the Public Accounting Firm and the client regarding the agreed audit services. According to Junaidi and Jogiyanto define *tenure audits as the* length of relationship between auditors and clients that can be measured by the number of years.

The purpose of this restriction is so that the auditor's relationship with the client is not very close. The Auditor and the Public Accounting Office (KAP) that oversees it are fully responsible for the audit opinions of financial statements.

Auditors are obliged to meet the professional standards of auditors summarized in the Professional Standards of Public Accountants (SPAP). The obligation to meet professional standards and responsibility for audit opinions leads to the time required to complete an audit of financial statements determined by the time required by the auditor in meeting the prevailing professional standards.

This condition will then result in the delay in the announcement of financial statements to the public, where the delay of the announcement results in the delay in the fulfillment of relevant and reliable financial statements.

**Profitability**

Profitability is the company's ability to make a profit in a given period. The types of spiders are distinguished into 2 namely:

1) Gross*profit*( Gross Profit )

2) Net income ( Net*Profit*)

Profitability reflects the level of effectiveness achieved by a company's operations (Santoso, 2012). Lianto and Kusuma (2010:99) stated that companies with higher levels of profitability need faster time because they have to deliver good news immediately to the public.

An auditor tends to perform his duties more quickly if the company is achieving high profitability, otherwise if the company suffers losses, an auditor tends to be more careful in carrying out his duties and resulting in slow auditor performance (Lianto and Kusuma, 2010).

**Company Size**

The size of the company is basically a grouping of companies into several groups, including large, medium and small companies. The small size of the company can be seen from the total assets, total sales and also affected by the operation and intensity of the company. The greater the value of the company's assets, the faster the

submission of audited financial statements and vice versa.

This is because large companies are usually monitored by investors, capital watchdogs and governments so there is a tendency to reduce *audit report lag.*

## 2.2 Relationship between Research Variables

### The Effect *of Auditor Switching On Audit Report Lag*

The change of auditor was a break-up of the old auditor's relationship with the company and then appointed a new auditor to replace the old auditor. If the company undergoes an auditor change, it will take longer for the new auditor to identify the characteristics of the client's business and the system used in the company.

The description of the theory is supported by research conducted by Ni Made Adhika Verawati and Made Gede Wirakusuma (2016) proving that auditor turnover positively *influences audit report lag.*

### The Effect *of Tenure Audit* on Audit Report *Lag*

*Audit tenure* is the period of alliance between the Public Accounting Firm and the client regarding the agreed audit services. Auditors or KAP who have long cooperated with the company then auditor or KAP will know more about how the financial statements are in the company.

The description of the theory is supported by research conducted by Pandu Maulana (2018) proving *that tenure audits* have a significant positive effect *on audit report lag.*

### The Effect of Profitability *on Audit Report Lag*

Profitability is the company's ability to generate profit or profit within an accounting period. Profitability can be measured *using return on assets* (ROA), which is a ratio that measures the company's ability to generate net profit based on a particular asset level. Companies with high levels of profitability experience *audit report lag that tends* to be fast. This is because companies with higher levels of profitability need time to audit financial statements more quickly due to the need to deliver good news immediately to the public and get a positive response from the public.

The description of the theory is supported by research conducted by Okalesa proving that ROA has a significant influence *on audit report lag.*

### The Effect of Company Size *on Audit Report Lag*

The size of the company represents the size or small of a company. The larger the size of the company, the more attention it gets from both investors and the government (Kieso, 2010:260). Larger companies are considered to complete audits of their accounts earlier than smaller companies because they have strong controls.

The description of the theory is supported by research conducted by Okalesa (2018) on his research proving that the size of the company affects audit report lag.

## 2.3 Hypothetical Development

Based on a review of related theories and relationships between variables in this study, the following hypotheses can be formulated:

$H_1$ : Auditor *switching has a positive* effect on audit report *lag.*

$H_2$ : *Tenure Audit has* a positive effect on audit report *lag.*

$H_3$ : Profitability negatively *affects Audit report lag.*

$H_4$ : The size of the Company negatively *affects audit report lag.*

### 2.4 Conceptual Framework

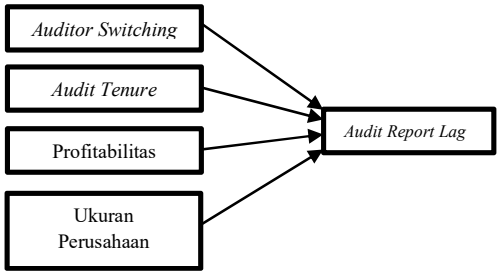



**Figure 1. Conceptual Framework**

## III. RESEARCH METHODS

### 3.1 Research Strategies

This research strategy uses associative methods with quantitative approaches. Quantitative approaches have focused on symptoms that have certain characteristics in human life called variables. In quantitative approach the nature of relationships between variables is analyzed with objective theory (V. Wiratna Sujarweni: 2014).

This research is associative research. Associative research is a study that aims to find out the relationship between two or more variables (Sugiyono:2017).

### 3.2 Population and Sample

**Population**

Sugiyono (2017:130) suggests that, population is a generalized region consisting of objects/subjects that have certain quantities and characteristics applied by researchers to study and then draw conclusions. The Population to be observed in this study is all manufacturing companies listed on the Indonesia Stock Exchange in 2017-2019 with a population of 169 companies.

**Sample**

Samples are part of the number and characteristics that the population has (Sugiyono, 2017). The selection of samples was conducted *using purposive sampling method, the* number of samples in this study is as many as 207 financial statements of manufacturing companies obtained from 2017-2019. *Purposive sampling method is* used to obtain a representative sample according to the specified criteria. The sample criteria to be used are:

a) Manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the period 2017-2019.
b) Manufacturing companies that have complete financial statements in the period 2017-2019.
c) Financial statements are presented in rupiah.

### 3.3 Data Collection Methods

The data used in this study is secondary data. Secondary data refers to information collected from existing sources. Secondary data collected consists of the company's audited annual financial statements data from 2017-2019. The data is obtained *from the* official website owned by the Indonesia Stock Exchange (IDX) www.idx.co.id .

### 3.4 Variable Operationalization

In this study the operationalization of variables is divided into two kinds, namely:

**Variabel Dependen (Y)**

Dependent variables are often referred to also as output variables, criteria, sequences. The Dependent Variable used in this study is *Audit Report Lag which is* measured by day.

This variable is measured quantitatively in the number of days calculated from the period of completion of the audit against the financial report (based on the time difference between the date of the financial report and the date the audit opinion was published). The measurement scale used in this study is the ratio scale.

| |
|---|
| *Audit Report Lag* = Audit Report Date - Date of Financial Statement |

**Variabel Independen (X)**

Independent variables are variables that are affected or as a result, due to the

free variable (Sugiyono, 2017). In this study, the independent variables are as follows:

***Auditor Switching* ($X_1$)**

Auditor Switching or auditor change is the appointment of a new auditor by a different company than the previous year's auditor. Auditor turnover is measured dummy. Companies audited by different auditors during the period 2017-2019 were given code 1 while companies audited by the same auditor during the period 2017-2019 code 0.

***Audit Tenure* ($X_2$)**

Audit tenure is the length of time a company becomes a client of a KAP or the length of kap's alliance in providing audit services to clients. Tenure audits are measured by calculating the number of alliance years in which auditors from the same KAP conduct audit alliances against auditees, the first year of the alliance starts with the number 1 and plus one for the following years.

**Profitability ($X_3$)**

The indicator used to determine a company's profitability level in this study is return on assets (ROA), which is a ratio that measures a company's ability to generate net profit based on a certain level of asset.

| ROA = Net Income / Total Assets x 100% |
|---|

**Company Size ($X_4$)**

The small size of the company can be based on the total asset value, total sales, market capitulation, number of labor and so on. The greater the value of these items, the larger the size of the company. In this study the size of the company is projected by using Ln total assets. The use of natural logs (Ln) in this study is intended to reduce fluctuations in excess data.

| *SIZE = Logaritma Natural Total Asset* |
|---|

**3.5 Data Analysis Method**

**Descriptive Statistical Analysis**

Descriptive Statistical Analysis Method according to Sugiyono (2017) descriptive statistics is a method used to analyze data by describing or describing the collected data as is without intending to make conclusions that apply to the public or generalization.

**Classic Assumption Test**

To test whether the regression model used in this study is feasible or not to use then it is necessary to test classic assumptions. The classic assumption tests used are normality tests, multicholinearity tests, autocorroration tests and heteroskedasticity tests.

**Double Regression Analysis Data Panel**

Multiple linear regressions are used to test the influence of two or more independent variables against a single dependent variable (Ghozali, 2017). The affected variable is called a dependent variable, whereas the variable that affects it is called a free or independent variable. So that the multiple linear regression analysis used can be formulated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

**Hypothesis Test**

**F Test (Simultaneous Test)**

The F statistical test basically shows whether all independent variables included in the model have a shared or simultaneous influence on dependent variables (Ghozali, 2017). This test was conducted by comparing the significance value of the F test results with the level of significance used (0.05). If the significance value is F > 0.05, then Ha is accepted and if the significance value is F > 0.05, then Ha is rejected.

**Determination Coefficient Test ($R^2$)**

The determinant coefficient at its core is to measure how far the model is capable of explaining variations in dependent

variables, (Ghozali:2017). This determinant coefficient is used to measure the proportion of variations in dependent variables described by regression. R2 values range between 0 and 1. If R2=0, this means there is no relationship between an independent variable and a dependent variable, otherwise if R2=1 means there is a perfect relationship between an independent variable and a dependent variable.

**T Test (Partial Test)**

The t test shows how far one independent variable affects dependent variables by assuming other independent variables are constant, (Ghozali, 2017). The way partial testing of independent variables used in this study is as follows:

1) If the value is prob. t-statistics < level of significance, then independent variables have a significant influence on dependent variables, then Ha is accepted.
2) If the value of prob. t-statistics > level of significance, then independent variables do not have a significant influence on dependent variables, then Ha is rejected.

## IV. RESULTS AND DISCUSSIONS

### 4.1 Description of Research Objects

Researchers used secondary data in the study taken in the www.idx.co.id. The object in this study is manufacturing companies of all sectors listed on the Indonesia Stock Exchange (IDX) for the period 2017 to 2019. The total number of listed manufacturing companies is 169, but after screening the data and removing some companies that do not meet the research needs, the total number of companies sampled is 69 companies.

**Hasil Seleksi Kriteria Sampel Penelitian**

| Kriteria | Jumlah |
|---|---|
| Jumlah perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) tahun 2017-2019 | 169 |
| Perusahaan manufaktur yang tidak memiiki laporan keuangan lengkap pada periode tahun 2017-2019 | (72) |
| Perusahaan yang belum menerbitkan laporan keuangan tahun 2019 *cut off* per tanggal 15 Mei 2020 | (28) |
| Laporan keuangan disajikan dalam mata uang rupiah | 69 |
| **Jumlah Perusahaan** | **69** |
| **Tahun Pengamatan (Periode)** | **3** |
| **Jumlah Sampel Penelitian Terpilih** | **207** |

Sumber : www.idx.co.id

### 4.2 Data Analysis Results

### Descriptive Statistical Analysis

**Table 1. Descriptive Analysis Results**

| | Total Obeservasi | Mean | Median | Max | Min | Std. Deviasi |
|---|---|---|---|---|---|---|
| **AS** | 207 | 0.473 | 0.000 | 1.000 | 0.000 | 0.500 |
| **AT** | 207 | 1.884 | 2.000 | 3.000 | 1.000 | 0.810 |
| **ROA** | 207 | 0.070 | 0.053 | 0.527 | -0.199 | 0.098 |
| **SIZE** | 207 | 28.656 | 28.46 | 33.490 | 25.710 | 1.582 |
| **ARL** | 207 | 78.053 | 80.000 | 121.000 | 29.000 | 16.516 |

*Sumber : Output Eviews 10 (2020)*

The results of the descriptive analysis of auditor switching variables are obtained the lowest value (minimum) 0, while the highest (maximum) value is 1. Overall, the company in this study had an average value (mean) of 0.47 which showed that of the entire sample the average company performed auditor turnover of 47% and the rest did not make auditor changes. The variable audit tenure in this study has the lowest value (minimum) of 1 year and the highest value (maximum) of 3 years which means the duration of the Public Accounting Firm's relationship with the same client in the manufacturing company listed on the Indonesia Stock Exchange (IDX) is at least one year and at least 3 years. The average value (mean) of tenure audits is 1.88. This indicates that sample companies have an average audit tenure of almost 2 years.

Profitability ratios are measured using Return of Assets (ROA). In the results of descriptive statistical calculations show the lowest value (minimum) -0.199 and

(maximum) value of 0.527. The average profitability ratio is 0.070 with a standard deviation of 0.098.

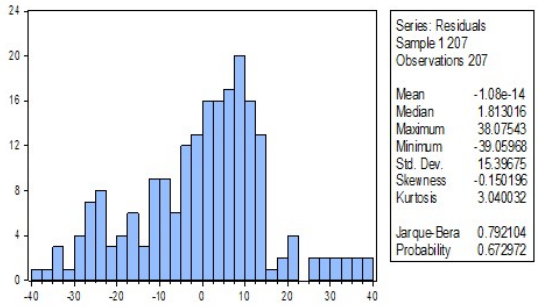
The company size variable is measured using the Natural Asset Total Logarithm. The descriptive statistical count shows the lowest (minimum) value of 25.71 and the highest (maximum) value of 33.49. The average size of the company is 28.65 with a standard deviation of 1.58. The Audit Report Lag variable has an average value of 78.05. The lowest (minimum) Value for Audit Report Lag is 29 and the highest (maximum) value is 121. A low of 29 days means the length of the auditor's report issued to the company is 29 days and at most 121 days. However, sample companies that have an audit report lag of 121 days, this indicates the sample violates the provisions set by the Financial Services Authority. The standard deviation value of the audit report lag variable of 16.51 the value means that there is a deviation of 16.51 days against the average value.

**Classic Assumption Test Results**

Normality Test Normality tests are used to determine whether dependent variables and independent variables have normal or abnormal distributions. In this study the normality test was conducted using the Jarque-Bera statistical test. The decision-making policy is based on a significant level of calculated results with the following conditions:

1) If the probability of Jarque Bera (JB) > 0.05 then the residual is distributed normally.
2) If the probability of Jarque Bera (JB) < 0.05 then the distributed residual is abnormal.

**Table 2. Normality Test Results- Jarque-Bera Test**




Sumber : Output Eviews 10 (2020)

Based on normality test results – Jarque-Bera can be concluded that distributed data is normal. This is evidenced by statistical test results using the Jarque-Bera value from table 2 can be seen the significance of the Jarque-Bera value of 0.672972 above the significance value of 0.05, which indicates that the distributed data is normal and can be continued to the next test.

**Multicholinearity Test**

Multicholinearity test is conducted to determine whether or not the association (relationship) between two or more independent variables (Ghozali, 2017). The purpose of the multicolinearity test itself was to determine the correlation between independent variables in the study.

The test method is done by looking at the value of Variance Inflation Factor (VIF). If the value is VIF < 10, then there is no multicholinearity (regression model either).

Table 3. Multicholinearity Test Results

| | Coefficient Variance | Uncentered VIF | Centered VIF |
|---|---|---|---|
| **AS** | 4.910 | 1.990 | 1.048 |
| **AT** | 1.874 | 6.746 | 1.048 |
| **ROA** | 166.324 | 1.752 | 1.085 |
| **SIZE** | 0.509 | 359.523 | 1.087 |
| **C** | 416.288 | 356.443 | NA |

Sumber : Output Eviews 10 (2020)

The results of the multicolinearity test contained in table 3 show that the regression

model used for independent variables of the study does not have a multicholinearity problem. The model is free from multicholinearity issues because all independent variables have a VIF value of no more than 10.

**Heteroskedastisity Test**

Heteroskedastisity test aims to determine the occur of variance inequality in the residual of the regression model. If variance is not the same, then it can be said the onstility of heteroskedastis.

The absence of symptoms of heteroskedastisitas can be seen using glesjer test and white test as follows:

1) Glesjer test result

**Tabel 4. Glesjer test result**

| | Coefficient | Std. Error | t-Statistic | Prob |
|---|---|---|---|---|
| **AS** | 3.170 | 2.359 | 1.343 | 0.183 |
| **AT** | -0.879 | 2.708 | -0.324 | 0.746 |
| **ROA** | -10.848 | 13.588 | -0.798 | 0.427 |
| **SIZE** | 5.305 | 10.693 | 0.496 | 0.621 |
| **C** | -140.024 | 307.049 | -0.456 | 0.649 |

*Sumber : Output Eviews 10 (2020)*

Based on table 4 above, it can be seen that all free variables have a probability value greater than 0.05. Therefore it was decided H0 was accepted and it was said that there was no case of heteroskedastisity.

2.White test results

**Table 5. White Test Results**

| Heteroskedasticity Test: White | | | |
|---|---|---|---|
| F-statistic | 1.036597 | Prob. F(14,191) | 0.4188 |
| Obs*R-squared | 14.54679 | Prob. Chi-Square(14) | 0.4098 |
| Scaled explained SS | 19.38848 | Prob. Chi-Square(14) | 0.1506 |

*Sumber : Output Eviews 10 (2020)*

The results of the heteroskedastisity test using the test white contained in table 5 indicate that the prob value. Chi-Square Obs*R-square of 0.4098 > 0.05 then it can be decided that in the model there are no symptoms of heteroskedastisity.

**Auto correlation test**

The auto correlation test aims to test whether in a linear regression model there is an inter-error correlation in the t-1 period. To see if there is or not auto correlates can be performed lagrange multiplier (LM Test) test or so-called Breusch-Godfrey Test. This method is based on the values F and Obs*R-squared, where if the probability value of Obs*R-squared exceeds the trust level = 0.05.

**Table 6. Breusch Godfrey Test Results**

| Breusch-Godfrey Serial Correlation LM Test: | | | |
|---|---|---|---|
| F-statistic | 23.58482 | Prob. F(2,200) | 0.0636 |
| Obs*R-squared | 39.50371 | Prob. Chi-Square(2) | 0.2641 |

*Sumber : Output Eviews 10 (2020)*

Based on the calculation results using the Breusch-Godfrey test obtained a probability value of Obs R-square of 0.2641. This means probability > 0.05 then the hypothesis is accepted and no auto correlation occurs.

**Results of Linear Regression Analysis Multiple Data Panel**

Multiple linear regressions are used to test the influence of two or more independent variables against a single dependent variable (Ghozali, 2017).

**Table 7. Linear Regression Test Results Multiple Data Panel**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| AS | 3.254042 | 1.557947 | 2.088674 | 0.0386 |
| AT | 3.148538 | 1.007494 | 3.125117 | 0.0022 |
| ROA | -36.54681 | 18.14799 | -2.013822 | 0.0460 |
| SIZE | 16.36573 | 5.206533 | 3.143306 | 0.0021 |
| C | 95.39042 | 147.9164 | -2.676540 | 0.0084 |
| R-squared | 0.774582 | Mean dependent var | | 78.05314 |
| Adjusted R-squared | 0.653462 | S.D. dependent var | | 16.51631 |
| S.E. of regression | 9.722735 | Akaike info criterion | | 7.657246 |
| Sum squared resid | 12667.23 | Schwarz criterion | | 8.832553 |
| Log likelihood | -719.5250 | Hannan-Quinn criter. | | 8.132530 |
| F-statistic | 6.395156 | Durbin-Watson stat | | 2.357970 |
| Prob(F-statistic) | 0.000000 | | | |

Based on the results of regression test, a model of linear regression equation is created as follows:

$$Y = 95{,}390 + 3{,}254X_1 + 3{,}148\,X_2 - 36{,}546\,X_3 + 16{,}365\,X_4 + e$$

1) The constant value of 95,390 indicates that if an independent variable (auditor switching, tenure audit, profitability and company size) is zero (0), then the audit report lag is worth 95,390.
2) The auditor switching variable regression coefficient (X1) of 3,254 indicates that each increase of one unit of auditor turnover will increase the audit report lag by 3,254.
3) The 3,148 tenure audit variable regression coefficient (X2) indicates that each increase in one unit of tenure audit variable will increase the audit report lag by 3,148.
4) The variable regression coefficient of profotability (X3) of -36,546 indicates that each increase in one unit of variable profitability will lower the audit report lag by -36,546.
5) The company size variable regression coefficient (X4) of 16,365 indicates that each increase in one unit of variable size of the company will increase the audit report lag by 16,365.

**F Hypothesis Test Results (Simultaneous Test)**

| | |
|---|---|
| F-statistic | 6.395156 |
| Prob(F-statistic) | 0.000000 |

The F statistical test above shows that this equation model has an F value of 6,395 with a significance rate of 0.000 or <0.05 so it can be concluded that auditor switching variables, tenure audits, profitability and company size together (simultaneously) affect audit report lag variables.

**Determination Coefficient Test (R2 Test)**

| | |
|---|---|
| R-squared | 0.774582 |
| Adjusted R-squared | 0.653462 |

The results of the R2 determination coefficient test show the influence of independent variables namely auditor switching, tenure audit, profitability and company size on dependent variables namely audit report lag. Based on the testing of the determination coefficient obtained a value of 0.653 thus auditor switching, tenure audit, profitability and company size affected the audit report lag of the company by 65.3% while 34.7% was influenced by other variables that have not been studied in this study.

**T Test (Partial Test)**

**Tabel 8. Hasil Uji t**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| AS | 3.254042 | 1.557947 | 2.088674 | 0.0386 |
| AT | 3.148538 | 1.007494 | 3.125117 | 0.0022 |
| ROA | -36.54681 | 18.14799 | -2.013822 | 0.0460 |
| SIZE | 16.36573 | 5.206533 | 3.143306 | 0.0021 |
| C | 95.39042 | 147.9164 | -2.676540 | 0.0084 |

The test results for each variable are as follows:

1) On the auditor switching variable (X1) is obtained a prob value. t-statistic of 0.0386 < 0.05 and obtained β 3,254 which means that the direction of auditor switching relationship with audit report lag is positive so that Ha1 is accepted. This proves that auditor switching has a significant positive effect on audit report lag.
2) On the tenure audit variable (X2) is obtained a prob value. t-statistic of 0.002 < 0.05 and obtained β 3,148 which means that the direction of tenure audit relationship with audit report lag is positive so ha2 is accepted. This proves that tenure audits have a significant positive effect on audit report lag.
3) At variable profitability (X3) obtained a prob value. t-statistic 0.046 > 0.05 and obtained β -36,546 which means that the direction of profitability relationship with audit report lag is negative so Ha3 is accepted. This proves that profitability has a significant negative effect on audit report lag.

4) On the enterprise size variable (X4) is obtained a prob value. t-statistic 0.008 < 0.05 but the β value obtained 16,365 which means that the direction of the company's size relationship with audit report lag is positive so Ha4 is rejected because there is a difference in the direction of the relationship proposed in the hypothesis with the results of hypothetical testing.
5) So it can be concluded that there is a significant influence of the size of the company projected with total assets on audit report lag on manufacturing companies with the direction of the relationship is positive.

### 4.7 Discussion of Research Results

**The Effect of Auditor Switching on Audit Report Lag**

Based on the regression results, it can be seen that the value of the auditor switching regression coefficient is 3,254 and has a positive value, indicating that any change of 1 unit of auditor switching level can increase the variable audit report lag by 3,254.

The variable t statistical test of auditor switching shows that prob t-statistic amounts to 0.0386 < 0.05. Based on the results of the test, H1 was received and H0 was rejected, meaning auditor switching or auditor turnover had a positive and significant effect on audit report lag.

This indicates that if the issuer or company changes auditors it will extend the audit of a company's report lag. The number of procedures carried out by substitute auditors in the auditing process. If the company changes auditors, it will take longer than if the auditor continues to receive his assignment (Maria, 2012). Because the new auditor will take a long time to recognize the characteristics of the client's business and the system in it so that this takes the auditor time in carrying out the audit process.

This may also result in delays in the submission of audited financial statements. The results of this study support the results of research conducted by Ni Made Andhika Verawati and Made Gede Wirakhusuma (2016) which resulted in the auditor's change of influence positively on audit report lag.

**The Effect of Tenure Audit on Audit Report Lag**

Based on the regression results, it can be seen that the regression coefficient value is 3,148 and has a positive value, it shows that any change of 1 unit of tenure audit level can increase the variable audit report lag by 3,148.

The statistical t test of the tenure audit variable shows that p t-statistics amount to 0.002 < 0.005. Based on the results of these tests, H2 was received and H0 was rejected, meaning tenure audits had a positive and significant effect on audit report lag.

This means that the longer the company makes an alliance with KAP, the longer the audit report lag will result. Auditors and KAP are responsible for the implementation of audits and audit opinions of financial statements so as to ensure the independence and professionalism of auditors must meet the Professional Standards of Public Accountants. The obligation to meet professional standards and responsibility for audit opinions causes the time required to complete an audit of financial statements to be longer. The results of this study are supported by research conducted by Pandu Maulana (2018) in his research found that tenure audits have a positive and significant effect on audit report lag.

**The Effect of Profitability on Audit Report Lag**

Based on the regression results, it can be seen that the value of the profitability regression coefficient is -36,546 and has a negative value, indicating that any change of 1 unit of auditor switching level can lower the variable audit report lag by -36,546.

The t statistical test of variable profitability indicates that the prob t-statistic amounts to 0.046 < 0.05. Based on the results of these tests, H3 was accepted and H0 was rejected, meaning profitability had a negative and significant effect on audit report lag.

This means that companies with high levels of profitability will result in a short audit report lag, and vice versa in companies with low profitability will make audit report lag even longer. This is because the profiteering company wants to quickly report its financial statements to the public. Companies with high profitability tend to have short audit report lag because management will tend to publish its financial statements more quickly due to the high level of profitability good news that demonstrates the company's good performance assessment so management is likely to report immediately its finances.

This is in line with signal theory, the range of audit report lag is getting shorter because high profitability is good news or good news that will give positive signals to stakeholders. Companies with good profitability also have higher incentives to complete their audit work faster. This is also in accordance with the agency's theory that there is cooperation between auditors and company management to achieve optimal employment contracts. This makes the audit report lag time span shorter. The results of this study supported the results of research conducted by Nita Priantoko and Vinola Herawati (2019) in his research found that profitability negatively affects audit report lag.

**The Effect of Company Size on Audit Report Lag**

Based on the regression results, it can be seen that the company size regression coefficient value is 16,365 and has a positive value, indicating that any change of 1 unit of the company's size level can increase the variable audit report lag by 16,365.

The company's variable t statistic test showed that prob t-statistic amounted to 0.002 < 0.05 so it can be concluded that the size of the company had a significant effect on audit report lag but H4 remained rejected because the value of the regression coefficient or β 16,365 which means that the direction of the company's size relationship to audit report lag is positively different from the H4 proposed in this study is the direction of the negative relationship. So it can be concluded that the larger the size of the company, the longer the submission of the audited financial statements to the public or the longer the audit period of the report lag.

Assets of varying in value will take longer than calculating the assets of companies with small assets because the proportion of the company's assets consists of current assets as well as fixed assets so that if the audited company has assets that are larger and more diverse time.

The completion of audits of financial statements will be longer this is also related to the increasing number of samples taken and the wider audit procedures carried out. The results of this study are not in line with research conducted by Okelesa (2018) which shows that the size of the company has a negative and significant effect on audit report lag. However, the results of this study are supported by research conducted by Nirmala (2018) in his research found that the size of the company has a positive and significant effect on audit report lag.

## V. SUMMATIONS AND SUGGESTIONS

### Conclusion

Based on this explanation, the conclusions of the multiple linear regression analysis are as follows:

1) Based on the results of the analysis shows that auditor switching has a positive and significant effect on audit report lag. This means that the company that changes auditors then the audit report lag resulting will be longer.

2) Based on the results of the analysis shows that tenure audits have a positive and significant effect on audit report lag. This means that the longer the alliance between the client and the Public Accounting Firm (KAP) will make the audit report lag even longer.
3) Based on the results of the analysis shows that profitability negatively and significantly affects audit report lag. This means that companies with high levels of profitability will result in a short audit report lag.
4) Based on the results of the analysis shows that the size of the company has a positive and significant effect on audit report lag. This means that the larger the company is audited it will result in a longer audit report lag.

**Advice**

Researchers offer suggestions or inputs in the hope of future research will be provide even more quality results. The suggestions are as follows:

1) The object of this research focuses only on manufacturing companies expected for further research could use a type of company other than manufacturing. Both service companies and trading companies, so as to add a better sample.
2) The research period used is only limited to 3 years so it can not be used to see trends or trends of audit report lag throughout the year. The results of the audit report lag tendency can be used to see changes in audit report lag over time whether it is increasing or decreasing. We recommend that subsequent research use a longer period of time.
3) The variables used in this study are auditor switching, tenure audit, profitability, and company size. While other variables that may also have an effect on audit report lag were not tested in this study. For further research it is expected to test the influence of other untested variables in this study such as KAP size, Solvency, Liquidity, Audit Fee, Audit Opinion, Auditor Specialization, and others.
4) For the management of the company it is necessary to pay attention to factors such as auditor turnover and kap turnover that will affect the timing of the submission of financial statements. So it has prepared when the change of auditor and KAP will be done.
5) For the management of the company needs to optimize the performance of its company by increasing profit. Because companies with high profitability tend to have a short time in submiting their financial statements.
6) For management of companies that have a large asset value can choose competent auditors and KAP who are more aware of the characteristics of manufacturing companies so as to accelerate the delivery of financial statements.
7) The regulations referenced in this study still use the old rules, namely The Financial Services Authority Regulation (POJK) No. 13/POJK.03/2017, it is expected for researchers to further use the new regulations governing the Use of Public Accountant Services and Public Accounting Firm.

**Limitations of Research**

This research is far from perfect. During the research, there are still shortcomings that are limited in this research. The limitations include the following:

1) This research is limited to companies that belong to the manufacturing sector.
2) Vulnerable research time is only three years, namely 2017, 2018 and 2019 with conditions for research in

2019 done cut off data as of May 15, 2020 so as to under-represent companies listed on the Indonesia Stock Exchange.

3) The variables used in this study are limited to auditor switching variables, tenure audits, profitability and company size. The variables used in this study are limited to auditor switching variables, tenure audits, profitability and company size.

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