The Effect of Earnings per Share and Debt to Equity Ratio On Audit Delay

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Abstract: This study was conducted to determine the effect of Earning Per Share and DebtTo Equity Ratio on Audit Delay in property companies listed on the Indonesia Stock Exchange in 2017-2021. The sampling method uses Purposive Sampling with a quantitative approach. The data analysis methods carried out include: (1) Descriptive statistics, (2) Testing classical assumptions, (3) Multiple linear regression analysis. (4) Double correlation test (5) Coefficient of Determination. (6) Test the Hypothesis (t-test and F-test).Based on the partial test results, it shows that earnings per share have an effect on Audit Delay, and debt to quity ratio has no effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021. In simultaneous testing, earnings per share and debt to quity ratio together affect Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021. The percentage contribution of the effect of earnings per share and debt to quity ratio on Audit Delay is 17.7%, while the remaining 82.3% can be explained by other factors not examined in this study.

Introduction

One of the obligations of companies that have gone public is to publish financial statements that have been prepared with financial accounting standards and have been audited by public accountants registered with the Financial Services Authority (OJK). According to M. Hanafi and Abdul Halim (2012), financial statements are reports that can provide an overview of the economic condition of a company and other information about the company's prospects and risks.

The issuer's financial statements that have been audited by accountants will be used by investors as a basis for making investment decisions in the future. The impact is a decrease in investor confidence which in turn can affect the selling price of shares in the capital market. The time the auditor completes the audit is expressed as the time lapse between the date of the financial statements and the date of the auditor's opinion. The time period in this audit is often referred to as the audit delay.

Audit Delay is the time span between the closing date of the books and the reporting date of the financial statements. The longer the Audit Delay range, the less timely it is. Timeliness is one of the requirements for the relevance and reliability of the presentation of financial statements, but in the application of timeliness of reporting there are many obstacles. The longer the audit is delayed, the more time it will take the auditor to complete the audit work. Factors that affect Audit delay are from internal and external companies. Internal factors are factors that come from the company itself, such as finance, human resources, technology, and others.

In 2008, BAPEPAM and Financial Institutions made regulations on the obligation to submit periodic reports, submission of audit results of financial statements for public companies no later than 90 days after the annual financial statements are announced. The auditing process takes a lot of time and certainty will be timely in presenting an auditor's financial statements, it is increasingly difficult to audit companies going public. Audit delays that exceed the deadline of Bapepam-LK provisions certainly result in delays in the publication of financial audit reports. The delay can indicate that there are problems in the issuer's financial statements, so it takes longer to complete the audit.

A significant number of audit delay cases in Indonesia took place in 2021 as contained in the announcement of the submission of audited financial statements published by the Indonesia Stock Exchange (IDX). PT. IDX issued a reprimand to 91 issuers. Moreover, there were 31 business entities sanctioned to pay Rp.150 million.
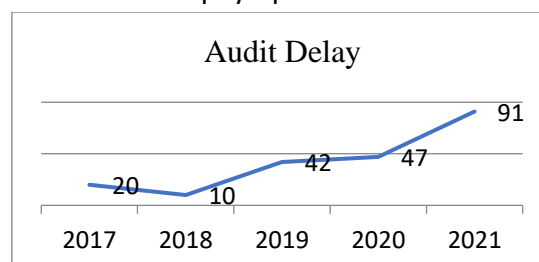

Source: IDX Announcement of Audited Report Submission

Figure 1. Graph of the number of audit delays from various sectors

Figure 1 describes information from the announcement of the submission of audited financial statements submitted by the Indonesia Stock Exchange ending as of December 31 each year. Judging from the 2017 chart, the number of issuers from various sectors that are late in submitting financial statements is 20 issuers. The decrease in the number of issuers that were late in submitting financial statements occurred in 2018, which was as many as 10 issuers. A significant increase occurred in 2019, the total companies that were late in submitting financial statements to 42. The increase in audit delays still occurred in 2020 to 47. And a very significant increase occurred in 2021, namely to 91 issuers.

Audit delay can be influenced by several factors, namely: Earning Per Share (EPS), Debt To Asset Ratio (DAR). According to Nurlis (2014) Earnings per share is a ratio that shows how much profit (return) obtained by investors or shareholders outstanding during a period. According to Priatinah (2012) the higher the Earning Per Share (EPS) of a company, the higher the profit that will be distributed to investors. According to Lianto and Kusuma (2012) in Sunaningsih (2014), the high EPS shared shows the industry's capability in terms of providing good prosperity to investors.

In addition to the Earnings Per Share factor, the Debt To Asset Ratio can affect audit delay. The high debt to equity ratio (DER) ratio reflects the size of the company's financial ratio. This high ratio shows that there is a possibility that the company is unable to pay off its obligations in the form of debt both principal debt and interest debt, DER is able to show how many rupiahs of own capital are used for debt collateral (Gani, 2019). According to Susilawati, et.all. (2022) DER is a useful tool for determining the amount of funds provided by the owner of the company.

The following is presented data from Earning Per Share, Debt To Asset Ratio and Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021.
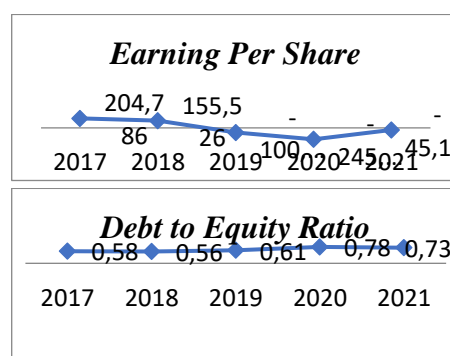
Source: www.idx.go.id

Figure 2. *Grafik Earning Per Share, Debt to Equity Ratio* On Real Estate and Property Sector Companies Listed in IDX Year 2017-2021

Figure 2 explains that Earnings Per Share decreased consecutively in 2018 to 2021, Debt To Equity Ratio increased consecutively in 2018 to 2021 . Several studies have been conducted on audit delay.

 Several studies have been conducted on audit delay. As research by Eva Prahesti and Supri Wahyudi Utomo (2018) states that profitability negatively affects audit delay. Meanwhile, solvency does not affect the audit delay. This is because, industries with high profitability audit delay time tend to be short and companies with large or small total debts, auditors want to always conduct audits.

Contrary to the results of the research above, the results of research by Kiki Prasilya Putri and Nur Fadjrih Asyik (2015) which states that profitability does not affect audit delay while solvency has a positive effect on audit delay, meaning that the company has responsibility to external parties, the higher the proportion of debt, the longer the audit delay will be and the company cannot submit financial statements on time so that it can reduce the trust of external parties.

Research Method

Earning Per Share

EPS is the net profit of the company that is ready to be distributed to shareholders divided by the number of shares of the company outstanding in the market. Tandelilin (2016)

Earnings Per Share =   Net Profit

Number of Shares Outstanding

Debt To Equity Ratio (DER)

According to Fahmi (2014), DER is a measure used in analyzing financial statements to show the amount of collateral available to creditors

$$\text{Debt to Equity Ratio } = \frac{\text{Total Debt}}{\text{Ekuity}}$$

Audit Delay

Audit delay is the length of time to complete an audit from the end of the company's fiscal year to the date the audit report comes out. Petrus Gani (2019)

Audit Delay = Closing date of the financial year – date of financial statement audit

In this research using a quantitative approach with descriptive and associative. In this research, the population is in the Real Estate and Property zone industry listed on the IDX in 2017-2021. The population is 62 companies and not all are used as research objects so sampling needs to be done.

The sampling method used is purposive sampling technique. Purposive sampling is a technique used in determining samples by taking into account certain considerations. Researchers sort samples based on assessments of several characteristics of population

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members adjusted for the purpose of the study:
1. Real Estate and Property sector companies that went public and listed on the Indonesia Stock Exchange in 2017-2021.
2. The publication of financial statements was consistent in the period December 31, 2017-2021.
3. Complete financial statements present the data or ratios needed in the study.

The variables used in this study are the independent variable and the dependent variable. In this study there are three variables to be studied, namely Earning Per Share and Debt To Equity Ratio as independent variables and Audit Delay as dependent variables.

The data source is secondary data. Done by studying literature books, journals, sites, theses, theses, and various other written works related to the problem under study. Browsing the internet, by accessing from the official website of the Indonesia Stock Exchange which is accessed through www.idx.co.id in the form of Annual Reports of Real Estate and Property sector companies that went public and listed on the Indonesia Stock Exchange during the 2017-2021 period.

The data analysis methods carried out include: (1) Descriptive statistics, (2) Testing classical assumptions, (3) Multiple linear regression analysis. (4) Double correlation test (5) Coefficient of Determination. (6) Test the Hypothesis (t-test and F-test).

Result and Discussion

Based on Earnings Per Share, Debt To Quity Ratio and Audit Delay data, the data is recapitulated and processed using SPSS software then analyzed using Classical Assumption Test, Multiple Linear Regression Analysis, Correlation Test, Determination Test, t Test and Simultaneous Test. The results of descriptive data analysis can be seen in the following table:

Table 1 Data Descriptive Test

	N	Minimum	Maximum	Mean	Std. Deviation
DER	35	.02	.89	.4654	.253255
EPS	35	-1.043,50	672.00	-4.4760	276.318088
Audit Delay	35	41,00	143,00	78,7143	26.15404 0
Valid N (listwise)	35				

SPSS version 25 output results, data processed 2022

Earning Per Share has a minimum value of -1,043.50, the results show the lowest *Earning Per Share* in Gowa Makassar Tourism Development Tbk in 2020. Earning Per Share has a maximum value of 672.00, the results show the highest total assets in Gowa Makassar Tourism Development Tbk in 2017. Earnings Per Share has a 5-year average (mean) of -4.4760 and has a standard deviation of 276.31.

Debt To Equity Ratio has a minimum value of 0.02 or 2%, the results show the lowest Debt To Quity Ratio in Gowa Makassar Tourism Development Tbk in 2020. Debt To Quity Ratio has a maximum value of 0.89 or 89%, the results show the highest Debt To Quity Ratio in Alam

Sutera Realty Tbk company in 2017. The Debt To Quity Ratio has a 5-year mean of 0.465 and a standard deviation of 0.253.

Audit Delay has a minimum value of 41, the results show the lowest Audit Delay in Puradelta Lestari Tbk in 2020. Audit Delay has a maximum value of 143, the results show the highest Audit Delay in Lippo Karawaci Tbk in 2019. Audit Delay has a 5-year mean of 79 and a standard deviation of 26.

Tabel 2 Classical Assumption Test

1	Normality test Monte Carlo Sig (2 tailed)	0,393
2	Multicolinearity Test (Mark Tolerance and VIF)	0,989 and 1,011
3	Autocorrelatuion Test (Durben-Watson value)	1,291

SPSS version 25 output results, data processed 2022

In the results of the Kolmogorov-Smirnov statistical test (K-S) explained that the value of Asymp. Sig. (2-tailed) amounted to 0.393. If the value is Asymp. Sig. (2-tailed) of 0.393 > alpha (0.05), then it can be stated that the data comes from a normally distributed population. Hasil test multikolonieritas known variable tolerance value EPS and DER of 0.989. The VIF value of EPS and DER variables is 1.011. If the tolerance value of each variable > 0.10, and the VIF value is between 1–10, then the model is declared free of symptoms of multicollinearity. This means that independent variables are not interrelated or there is no correlation between independent variables. The value indicates that the data is normally distributed. The autocorrelation test aims to test whether in a linear regression model there is a correlation between confounding errors in period t with confounding errors in period t-1 (previous). In the results of the autocorrelation test, obtained Durbin-Watson value 1.291, D-W numbers between -2 to +2 this shows that there is no autocorrelation in the regression equation.

Multiple regression analysis is used to predict the value of the regression coefficient of the research variable, to determine the direction of the relationship between the independent variable, namely Earning Per Share and Debt To Quity Ratio with the dependent variable , namely Audit Delay, whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or The decrease, can be seen from the output table below.

Tabel 3 Multiple Linear Regression Coefficient

	Coef	Std	t	F	R	Rsquare	Sign
Constant	66.841	8.227					
EPS	-.047	.014	-3.288				.002
THE	26.069	16.684	1.608				.118
EPS, THE				6.206	.529	.279	.005

Source: SPSS version 25 output *results , data processed in 2022*

In the regression test, the form of multiple linear regression model equations is obtained as follows:

Y = a + b1. X1 + b2. X2 + + e

Y = 66.841- 0.047EPS +25.066DER+ e

Based on the value of the constant and regression coefficient in table 3 above, we get the form of the equation of the multiple linear regression model as follows:

1. The constant value (α) is 66.841, meaning that if EPS and DER are assumed to be zero, then the Audit Delay variable will be positive at 66.841.
2. The regression coefficient of earnings per share (β1) is negative -0.047, meaning that every increase in one unit of earnings per share, will decrease the Audit Delay by -0.047 assuming the other variables are fixed.
3. The regression coefficient value of the debt to quity ratio (β2) variable is positive at 25.066, meaning that every increase in one unit of debt to quity ratio, will increase the Audit Delay by 25.066 assuming other variables are fixed.

Referring to table 4 data explains the table of R values of 0.529, showing that the relationship between the independent variables, namely EPS and DER, with the dependent variable, namely Audit Delay, is quite strong (in the interval 0.400-0.599). The Coefficient of Determination is the square of the correlation coefficient as a measure to determine the ability of each variable used, namely to see the percentage (%) of the influence of TA, EPS and DER on Audit Delay. In the results of the determination test intable 4, it is known that nilai R Square sebesar 0.279, meaning that the percentage of contribution of the influence of EPS and DER on Audit Delay is 27.9%, while the remaining 72.1% can be explained by other factors that were not studied in this study.

The t test is used to significantly test the relationship between the independent variable and the dependent variable with a level of confidence of 95% (α= 0.05) and two sides with degrees of freedom df (n-k) = 35-2= 33 (n is the number / sample of data, k the number of variables (bound and free), so that the table obtained from the statistical table is 2.035. If tcount ≤ table then Ho is accepted, meaning there is an influence. whereas if tcalculate > ttable, HO is rejected, meaning there is no effect. In Table 3 earnings per share have a calculated value greater than the table value (-3.288 > 2.035), and a significance level smaller than 0.05 (0.002 < 0.05). This shows that the variable earnings per share has a significant effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021, the hypothesis (H1) is accepted.

The variable debt to quity ratio has a calculated value that is smaller than the ttable value (1.068 > 2.035), and a significance level greater than 0.05 (0.118 > 0.05). This shows that the variable debt to quity ratio has no effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021, the hypothesis (H2) is rejected. While the F test obtained a Fcalculate value greater than the Ftable value (6.206 > 3.285), and a significance level smaller than 0.05 (0.005< 0.05). This shows that the variables of earnings per share and debt to quity ratio together have a significant effect on Audit Delay

in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021, hypothesis (H3) is accepted.

1. The Effect of Earnings Per Share on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021

The regression coefficient of earnings per share ($\beta 1$) is negative -0.047, meaning that every increase of one unit of earnings per share, will decrease the Audit Delay by -0.047 assuming the other variables are fixed. In partial testing (t-test), earnings per share have a calculated value greater than the ttable value (-3.288 > 2.035), and a significance level smaller than 0.05 (0.002 < 0.05). This shows that the variable earnings per share has a significant effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021, the hypothesis (H1) is accepted.

The results of this study are the same as the results of research conducted by Poppy Indriani and Titan Terzagie (2016), which states that Earning Per Share affects audit delay. This indicates that earnings per share is one of the factors affecting Audit Delay. Companies that have a high level of profit tend to want to publish it immediately because it will increase the value of the company in the eyes of interested parties. While companies that have a low level of profit, the tendency that occurs is the decline in the publication of financial statements.

2. The Effect of Debt To Equity Ratio on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021

The regression coefficient value of the debt to quity ratio ($\beta 2$) variable is positive at 25.066, meaning that every increase in one unit of debt to quity ratio, will increase the Audit Delay by 25.066 assuming other variables are fixed. In partial testing (Test t), debt to quity ratio has a calculated value smaller than the ttable value (1.068 > 2.035), and a significance level greater than 0.05 (0.118 > 0.05). This shows that the variable debt to quity ratio has no effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021, the hypothesis (H2) is rejected.

The results of this study are the same as the results of research conducted by Petrus Gani (2019), which states that, debt to quity ratio has no effect on Audit Delay. This indicates that the debt to quity ratio is not one of the factors affecting the Audit Delay, meaning that the increase or decrease in the debt to quity ratio does not affect the Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021.

3. The Effect of Earnings Per Share and Debt To Equity Ratio on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021

By simultaneous testing (Test F), a Fcalculate value greater than the Ftable value was obtained (6.206 > 3.285), and a significance level smaller than 0.05 (0.005< 0.05). This shows that the variables of earnings per share and debt to quity ratio together have a significant effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021, hypothesis (H3) is accepted.

Based on the correlation test, it has an R value of 0.529, indicating that the relationship between the independent variables, namely EPS and DER with the dependent variable,

namely Audit Delay, is quite strong (in the interval 0.400-0.599), and the value of the R Square value is 0.279, meaning that the percentage of contribution of the influence of EPS and DER on Audit Delay 27.9%, while the remaining 72.1% can be explained by other factors not examined in this study.

Conclusion

Based on the results of data analysis and discussion that has been described, the conclusion of this study is that partially earnings per share have a significant effect on Audit Delay, while debt to quity ratio does not affect Audit Delay. Meanwhile, simultaneous testing of the variables of total assets, earnings per share and debt to quity ratio together has a significant effect on Audit Delay in Real Estate and Property Sector Companies Listed on the Indonesia Stock Exchange in 2017-2021.

Based on the conclusions in this study, the author can provide suggestions, namely, from the results of the study the effect of the variable earning per share and debt to quity ratio on Audit Delay is very small at 27.9%, it is recommended to add independent variables that can be expected to have a strong influence on audit delay such as the type of auditor's opinion, the size of the KAP, and the age of the company. So that the results of this study are better able to predict the factors that really affect audit delay. For companies, pay more attention to the factors that affect audit delay, because audit delay is one of the important aspects for a company as a consideration in decision making so that interested parties do not wait too long, and if there is a delay there will definitely be disadvantaged parties . For the next researcher, more variables should be studied outside the existing variables, periods and observations to be extended.

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