



THE EFFECT OF PROFITABILITY, SOLVENCY, COMPANY SIZE AND COMPANY AGE ON AUDIT REPORT LAG IN THE ENERGY SECTOR 2021 - 2024

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ABSTRACT

This study aims to determine the effect of management ownership, audit committee, company size, company age, profitability, solvency, and company size on energy companies listed on the Indonesia Stock Exchange (IDX) between 2021 and 2024. A total of 164 data points were examined using the Data Regression Analysis Method after 41 companies were selected for this study using the Purposive Sampling Method. Based on this study, audit report delays are not substantially affected by management ownership, audit committee, company size, profitability, or solvency. On the other hand, audit report delays are significantly affected by company age.

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INTRODUCTION

The preparation of financial statements is the final phase in the accounting cycle. This phase is carried out after the balance sheet, adjusting entries, journal entries, and publication of the ledger. Accounting is the process of documenting, classifying, and summarizing financial events or transactions in monetary terms and understanding the results, according to Accounting Terminology Bulletin No. 1 (Hendriksen and Van Breda, 2000). More and more companies are becoming public companies, which increases the number of traders on the Indonesia Stock Exchange (IDX). This implies that financial statement audits must be conducted accurately and promptly. Publicly traded companies must submit audited financial statements to the Financial Services Authority (OJK). Financial statements are the final product of the accounting process. Financial statements provide data and assist decision-makers, including the government, creditors, investors, and suppliers (Cahyati & Anita, 2019).

This information must be useful to those who utilize financial statements. Financial information will be useful if it has the following four attributes, according to Statement of Financial Accounting Concepts (SFAC) No. 2: relevance, reliability, comparability, and understandability. Consumers expect financial

statements to be submitted on time, especially for public companies that obtain funding from the stock market.

Capital market participants will react negatively and investors will see it as a negative indication for the company if it takes too long to submit its financial statements, claim Kuslihaniati and Hermanto (2016). The audit process can take a long time due to a shortage of public accountants to perform audits, auditors who are not skilled or competent, many complex transactions that must be evaluated, and inadequate internal control systems within the company. As a result, auditors need more time to examine financial records. The time required for public accountants to complete an audit is known as the audit report lag (Megayanti and Budiarta, 2016).

Regulation No. 14/POJK.04/2022 of the Financial Services Authority (OJK) stipulates the requirements for issuers or public companies to provide financial reports on a regular basis. The Financial Services Authority (OJK) must receive annual financial reports from all public companies, and these reports must be published no later than the end of the third month after the reporting date. According to the amendment made by Regulation No. 36/PM/2003, Financial Services Authority (BAPEPAM) Regulation No. has set a deadline of 90 days after the end of the fiscal year for the submission of financial reports in accordance with Regulation No. 40/BL/2007. Although there are variations in capital market regulations in other countries, financial institutions and reporting to BAPEPAM must still comply with the applicable regulations in accordance with POJK No. 14 POJK.04/2022.

This study was supported by an incident at the energy infrastructure company PT Medco Energi Internasional Tbk (MEDC) from 2021 to 2024, which resulted in audit reports with an average duration of 108 days. This indicates that the 90-day period has passed, causing the company to experience delays in its audit reports. Companies often cite profitability, solvency, business size, audit committees, company age, and management ownership as reasons for delays in audit reports.

One reason why audit reports take longer to publish is because of the company's profitability, or its capacity to generate money. Shorter audit delays are usually associated with higher profits. Wirayudha et al. (2022) state that profitability has a negative impact on audit report latency, as entities with both high and low profits generally submit their reports on time. Yosefin et al. (2022) did not show a significant effect, while Yoga (2023) observed a favorable relationship between company profitability and audit report delays.

The time required to obtain an audit report can also be influenced by the size of the company, which is often determined by its total assets, revenue, or workforce. Because they have better internal controls and monitoring, larger companies usually have shorter delays. However, research results vary: Ni Made Sunarsih et al. (2021) report a beneficial effect, Sarah Nuraela (2019) finds a negative impact, while Tri Supadmo (2020) finds no impact. These conflicting findings indicate the need for further research.

The age of a company can also affect the length of time required to obtain an audit report. The audit process may run faster in older companies because they usually have more experience. On the other hand, delays can also be caused by increased operational complexity. According to the positive relationship shown by Ni Made Shinta and Budiarta (2016), older companies do experience more delays. However, Selvia and Ety (2019–2020) did not show a significant effect, while Andrew and Amelia (2019–2020) observed a negative effect. The differences in these findings indicate the need for further research.

Based on the explanation above, it can be interpreted that audit report lag remains an important issue because it affects the timeliness of financial information and investor confidence. The differences in previous research results indicate that the influence of profitability, company size, and company age on audit report lag still needs to be further examined, especially in public companies in Indonesia.

LITERATURE REVIEW

1. Agency Theory (Grand Theory)

Agency theory is used by businesses to analyze how shareholders and management collaborate to run their companies. When one or more people pay others to do work for them and then give those people decision-making authority, an agency relationship is created. When shareholders select a manager or agent to act as the company's administrator and decision-maker, an agency relationship is formed. According to Jensen and Meckling (1976), the disparity in knowledge and conflict of interest between principals and agents is the root cause of agency problems. According to Hendrawan and Wulandari (2020), agency theory is related to the relationship between delays in audit reporting and the age of the organization, which can cause principals and agents to clash. According to Kodriyah et al. (2017), agency theory clarifies the contractual arrangements between managers (agents) and owners (principals) in the management and supervision of business assets.

2. Audit

A neutral auditor examines financial statements to verify their integrity and compliance with accounting regulations. This procedure is known as an audit. Stakeholder confidence increases and clarity is achieved. Financial statement fraud and other potential dangers can be detected through audits. Shinta (2024) Audit report delay is the length of time between the end of the reporting period and the publication of the audit report. The time required to obtain an audit report can vary depending on the size of the company, profitability, solvency, audit committee, age, and management ownership. Zahra (2014) Strong internal controls and a fast audit process are very important because audit delays can damage investor confidence. In addition to improving the quality of financial reports, the reputation and experience of auditors accelerate the audit process. (Firmansyah, 2023)

3. Audit Report Lag

Audit report delays, also known as audit postponements, mean that financial reports are submitted at a time when changes in the company may affect how users make predictions and choices (Firmansyah & Amanah, 2020). According to Zahra (2019), audit report delays are a key concept in agency theory, which discusses information asymmetry and the need for timely financial reporting. Agency theory describes a contractual arrangement in which agents are authorized to oversee the company while possessing superior knowledge compared to principals, thereby giving rise to potential conflicts of interest and information disparities. Frederica (2018).

4. Profitability

According to Kasmir (2015), profitability is a statistic used to evaluate a company's ability to generate profits within a certain period of time. The concept of agency, according to Syahrani and Tiara (2019), discusses issues that arise when the objectives of the principal (owner) and agent (manager) are not aligned. One of the main reasons for this issue is the fact that managers with broader knowledge can act in their own best interests to increase revenue. According to agency theory, this conflict is reduced by auditors and other oversight procedures, which ensure that financial reports are accurate, transparent, and reflect actual profitability. Profitability is also related to management choices that can harm the interests of shareholders, such as how they handle agency costs such as taxes and make excessive investments. Edunomika (2024).

5. Solvency

Solvency is a term that describes a company's ability to pay off its long-term debts. To obtain this figure, you divide total liabilities by total assets (Wirakusuma, 2004). The result is the ratio of total debt to total assets. Ningsih and Widhiyani (2015) in Wijayanto (2016) state that research shows that solvency has a positive effect on audit delays, because high levels of corporate debt increase the possibility of conflicts of interest and financial statement fraud, thus requiring auditor vigilance. This contradiction can be explained by agency theory, which states that agents want to maximize their personal interests, even if it is detrimental to the principal. This makes solvency an important factor in determining a company's level of risk.

6. Company Size

The criteria used to determine company size based on variables such as market share and total assets are referred to as company size. Larger companies have greater agency costs than smaller companies, according to agency theory (Jensen and Meckling, 1976). Conflicts between managers (agents) and owners (principals) are more likely to occur due to more complex management and increased market and public scrutiny.

7. Company Age

The age of a company is the time that has passed since the company was listed on the Stock Exchange. The age of a company is the number of years the company has been listed on the Stock Exchange since it was first listed (Petronila, 2007). Petronila's (2007) study shows that, within the framework

of agency theory, the age of a company indicates its experience and maturity in running its operations. People assume that long-established organizations have better management expertise. This means that there are fewer disputes between principals (owners) and agents (management), and agency costs are lower. This is because older organizations tend to be more open and disclose more information, so it is less likely that management and shareholders will have different levels of knowledge.

Hypothesis

1) The Effect of Profitability on Audit Report Lag

Studies show that organizations with higher profits tend to want to immediately convey good news about their performance to investors and other stakeholders, which speeds up the audit process. On the other hand, organizations that do not generate much profit or suffer losses usually have longer audit report gaps because auditors must be more cautious during the audit process due to the danger of financial collapse and the possibility of incorrect profit figures. Saemargani and Mustikawati (2017).

According to agency theory, organizations that generate high profits prefer to accelerate their financial reporting in order to close the knowledge gap between management and investors. This results in shorter audit report gaps. On the other hand, organizations with low profits usually have longer audit report gaps because audits need to be more comprehensive (Lianto and Kusuma, 2010; Petronila, 2007).

Hakim's (2019) research shows that profitability results in longer delays in the issuance of audit reports. Pramaharjan and Cahyonowati (2015) also found that profitability has a negative impact on audit report lag.

H1: Profitability has a negative effect on Audit Report Lag.

2) The Effect of Solvency on Audit Report Lag

The theory regarding the effect of solvency on audit reporting delays states that an increase in a Company's solvency correlates with an extension in the time required to complete the audit report, because auditors are required to assess increased financial risks more comprehensively (Firnanti, 2016; Cahyadi, 2014). However, several studies show insignificant findings (Handoko et al., 2019). According to agency theory, high solvency increases the likelihood of disputes between management and shareholders, thus requiring a more comprehensive audit by auditors, thereby prolonging audit reporting delays (Lianto and Kusuma, 2010; Andika, 2015).

Lianto & Kusuma (2010), Sastrawan & Latrini (2016), and Artaningrum et al. (2020) found that solvency is an important factor that reduces audit reporting delays. The researchers proposed this theory for companies with a high debt-to-total-assets ratio, which are prone to long audit report delays, showing a positive effect on audit report lag.

H2: Solvency positively affects audit report lag

3) The Effect of Company Size on Audit Report Lag

This theory states that company size affects audit report delays, suggesting that larger companies often have shorter delays due to superior internal control systems, adequate resources, and managerial dedication to prompt reporting. However, some investigations show inconsistent or minor effects.

According to agency theory, shareholders and regulators exert greater pressure and monitor large organizations more closely. This makes management more likely to submit financial reports on time to avoid conflicts of interest and information asymmetry. This results in larger organizations experiencing shorter audit report delays, due to superior internal control systems and adequate resources to facilitate a timely audit process (Agustina & Jaeni, 2022; Chasanah & Sagoro, 2017).

Ariyani and Budhiarta (2014) as well as Dewi and Wiratmaja (2016) found that there is a substantial negative relationship between company size and the time required to obtain audit reports.

H3: Company size has a negative effect on audit report lag.

4) The Effect of Company Age on Audit Report Lag

According to this theory, the age of a company has an inverse relationship with the length of delay in audit reports; that is, the older the company, the shorter the waiting time for audit reports. Companies that have been established for a longer period of time have more sophisticated internal control systems and a better understanding of the audit process, which speeds up the preparation of audit reports. Jaeni and Agustina (2022).

According to agency theory, long-established companies indicate that their management, acting as agents, has more experience and is better prepared to provide financial reports on time. This speeds up the audit process and reduces disputes with principals. According to this hypothesis, company age has a negative impact on audit report delays. It is hypothesized that older companies usually have lower audit report delays because their internal control systems are more advanced and their audit procedures are more effective (Hendrawan and Wulandari, 2020; Agustina & Jaeni, 2022). The findings of this study are consistent with previous research by Laksono and Dul (2014), which shows that audit delays are positively and significantly influenced by the age of the organization. This implies that although younger companies have lower audit delays, older companies often have longer audit response times. Therefore, the following hypothesis is proposed.

H4: The age of the company has a positive effect on the audit report lag.

RESEARCH METHODS

Definition and Measurement of Variables

This research methodology emphasises quantitative data processing and analysis. To ensure that this study accurately represents the group, it is important to know the size and characteristics of the population. The research population indicates the aggregate number of people, objects, or events being studied (Susanto et al., 2024). Descriptive analysis is a research methodology that captures a specific moment, thereby facilitating data

collection based on empirical evidence. Descriptive statistics are often used to characterise the profile of sample data before applying descriptive analytical methods to test hypotheses (Hakim, 2022).

1. Audit Report Lag (Y)

Audit reporting lag is a quantitative variable determined by the number of days counted from the end of the financial statement audit, specifically the interval between the financial closing date of 31 December and the date of publication of the audit report. This study uses a ratio scale for measurement. (Sunarsih et al. 2021)

$$\text{Audit Report lag} = \text{Audit Financial Report lag} - \text{Fiancial Report Date}$$

(Sunarsih et al. 2021)

2. Profitability is a measure of how well a company can generate money by utilising all of its resources and capabilities, such as sales, cash, capital, personnel, branches, and so on. (Sunarsih et al. 2021)

$$\text{Return On Asset} = \frac{\text{Laba Setelah Pajak}}{\text{Total Aktiva}} \times 100\%$$

(Sunarsih et al. 2021)

3. Solvency

This ratio is the difference between total debt and total assets. It shows how much of the debt is covered by assets. The debt-to-total-assets ratio illustrates how much of the company's total assets are in debt. (Sunarsih, et al. 2021)

$$DER = \frac{\text{TOTAL UTANG}}{\text{TOTAL ASET}} \times 100\%$$

(Sunarsih et al. 2021)

4. Company Size

Company size is measured based on its natural logarithm, which reduces the number and hides the regression size. (Sunarsih et al. 2021)

$$\text{Company Size} = (\text{LN}) \text{ Total Assets}$$

(Sunarsih et al. 2021)

5. Company Age

Company age refers to how long a business has been established, able to compete, and survive. The list of companies shows their ages. (Gaol, 2020)

$$\text{Company Age} = \text{Current Company Age} - \text{Year of company establishment}$$

(Gaol, 2020)

Sample Research Method

A subset of the population that serves as the actual data source in research is called a sample. According to Amin et al. (2023), a sample is a subset of the population that represents the entire population. A sample is a collection of items or units selected from a population to be the subject of research. The selection of samples in this study focused on businesses in the energy sector from 2021 to 2024, based on the following criteria:

1. Energy companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024.
2. From 2021 to 2024, energy companies must consistently publish complete and sequential financial reports.
3. Energy companies that generate profits between 2021 and 2024.
4. Energy companies whose managers hold shares from 2021 to 2024.

A. Panel Data Regression

Panel data regression analysis is a statistical technique used to evaluate the impact of several predictor factors on a single response variable in a panel data framework (Alamsyah et al., 2022). There are three main ways to estimate panel data:

1. Common Effect Model (CEM)

The common effect model combines all data, both cross-sectional and time series, regardless of the temporal and spatial context of the study. This approach assumes uniformity of intercept values for each variable and slope coefficients across cross-sectional and time series units (Alamsyah et al., 2022). You can write the common effect model equation as follows:

$$Y_{it} = \beta_0 + \sum_{k=1}^n \beta_k X_{kit} + \varepsilon_{it}$$

(Alamsyah, et al., 2022)

2. Fixed Effect Model (FEM)

This paradigm assumes the existence of variability in effects between individuals. This variation can be addressed by using different intercepts. In a fixed effect model, each individual represents an unknown parameter calculated using the dummy variable methodology, often known as the Least Squares Dummy Variable (Alamsyah et al., 2022). The fixed effects model equation can be written as follows:

$$Y_{it} = \beta_{0i} + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon_{it}$$

(Alamsyah, et al., 2022)

3. Random Effects Model (REM)

The random effects model uses disturbance elements that may be linked across time or between individuals to estimate panel data. One problem with fixed effects models is that they have fewer degrees of freedom, making them less efficient at estimating parameters. This led to the creation of random effects models, which attempt to overcome the problems posed by fixed effects models. (Alamsyah et al., 2022)

The equation for random effects models is as follows:

$$Y_{it} = \beta_{0i} + \sum_{l=1}^m \beta_{li} X_{lit} + \epsilon_{it}$$

(Alamsyah, et al., 2022)

B. Panel Data Regression Selection

The method for selecting the best model from the three models above is carried out using the following tests:

1. Chow Test

The Chow test is carried out to ensure that the model used represents the general effect and fixed effect. The hypothesis for the Chow test in this study is: H0: Common Effects Model (CEM) H1: Fixed Effects Model (FEM). If the profitability is greater than 0.05, then H0 is accepted, which means that the common effects method is the appropriate model. Conversely, if the profitability is less than 0.05, then H0 is rejected and H1 is accepted. This means that the appropriate model is the one that uses the fixed effects method. (Nengsi, 2018).

2. Hausman Test

The Hausman test helps determine which model is best: the fixed effects model or the random effects model. Conversely, if the probability value is less than 0.05, H0 is rejected and H1 is accepted. This means that the fixed effects method is the appropriate model. Random effects help address this issue with fixed effects techniques, which use dummy variables that may make the model less certain. The random effects approach uses residuals that are assumed to show relationships over time or between objects, without requiring dummy variables. (Nengsi, 2018) If the probability value is greater than 0.05

3. Lagrange Multiplier (LM Test)

The Lagrange Multiplier (LM) test uses disturbance factors that may be linked over time or between individuals to make panel data estimates. Fixed effects models may be difficult to use because they have fewer degrees of freedom, making them less efficient in estimating parameters. This has led to the creation of random effects models designed to reduce the problems associated with fixed effects models (Nengsi, 2018).

C. Classical Assumption Test

Before performing regression testing, the classical assumption test checks whether there is data variance. These are common assumption tests:

1. Multicollinearity Test

The purpose of this test is to determine whether there is a strong relationship between independent variables. If multicollinearity occurs, you cannot determine the regression value, and the standard error value reaches infinity. Multicollinearity tests in Eviews can be calculated when the correlation between two independent variables exceeds 10, as indicated by the centred VIF table, which indicates a potential problem with the correlation. The relationship is not a problem if the centred VIF table shows a figure of less than 10 (Ghozali and Ratmono, 2017).

2. Heteroscedasticity Test

The purpose of this test is to determine whether the residual variance of an observation differs from the residual variance of other observations in the regression model. However, heteroscedasticity can make estimators (independent variable coefficients) inefficient and BLUE (Best Linear Unbiased Estimator), and standard errors can make t-statistics and F-values biased. This makes it difficult to determine the validity of hypothesis testing. If the estimator is less than 0.05, H_0 is rejected, which means that the linear regression model has heteroscedasticity. (Ghozali and Ratmono, 2017) state that the Glejser test is used in Eviews to detect heteroscedasticity.

D. Hypothesis Testing

1. T-Statistic Test

The T-statistic test only shows how much influence one independent variable has on changes in the dependent variable (Ghozali and Ratmono, 2017). The criteria for accepting or rejecting H_0 and H_a are based on the significance probability value:

- a. If the significance probability value exceeds 0.05, H_0 is accepted and H_a is rejected
- b. If the significance probability value is less than 0.05, H_0 is rejected and H_a is accepted.

2. F Statistical Test

The F test is used to evaluate regression coefficient hypotheses simultaneously. The F test is used to see whether the selected model can be used to determine how independent variables affect other dependent variables (M. Zulman, 2025). The F statistical test only shows whether all independent variables in the model can be used to predict changes in the dependent variable. The approach used involves examining the magnitude of the significance probability value. If the significance probability value is below 5%, the independent factors collectively will

have a substantial effect on the dependent variable (Ghozali and Ratmono, 2017).

3. R² Statistical Test

The coefficient of determination (R²) is used to determine how well one variable can explain another variable. Simply put, the coefficient of determination is obtained by squaring the modified R² value. Adding independent variables to the model can change the adjusted R² value (Ghozali and Ratmono, 2017).

RESULTS AND DISCUSSION

1. Sampling Criteria

In this study, the criteria that must be met include:

No	Source: processed by the author, 2025	Results by the	Number	Number
	Population: Companies in the energy industry listed on the Indonesia Stock Exchange (IDX)			83
1	Companies in the energy industry listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024		(25)	58
2	Energy companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024		(2)	56
3	Energy companies that generated revenue between 2021 and 2024		(15)	41
Sample Companies				41
Years of Observation				4
Number of observation data				164

Source: Results processed by the author, 2025

2. Descriptive Statistical Analysis

Statistik Deskriptif							
	AR L (Y)	ROA	DER	SIZE	KA	AG	KM
Mean	82	0.276	0.485	27.1 32	3	31	0.087 9

Med	86	0.085	0.412	28.4 73	3	29	0.005 7
Max	160	23.23 9	6.909	32.3 75	5	94	1.978 1
Min	31	0.276	0.000	13.3 42	0	9	0.000 0
Std. Dev.	16. 75	1.809	0.652	4.29 1	0.5 49	15.9 0	0.210 3
N	164	164	164	164	164	164	164

Source: Eviews 13 (data processed by the author in 2025)

The table shows a total of 164 data points. The lowest value for the audit report delay variable is 31 days, reported by PT. RMK Energy Tbk. in 2021. Meanwhile, PT. Medco Energi International Tbk. had the highest valuation in 2021. The average time required to obtain an audit report is 82 days, with a standard deviation of 16.75 days.

The lowest value for the profitability variable was 0.00131 at PT. Atlas Resources Tbk. in 2024. PT. Indo Tambangraya Megah Tbk. had the highest value, which was 23.23980. The average value of audit report delays was 0.276262, with a standard deviation of 1.809909.

The lowest value for the solvency variable is 0.00060 at PT. Radiant Utama Interinsco Tbk. in 2023. Meanwhile, the highest value, 6.90900, is found at PT. Batulicin Nusantara Maritim Tbk. in 2024. The average time required for audit report delays is 0.48546 days, with a standard variation of 0.65286 days.

For the company size variable, the minimum value was found at PT. Atlas Resources in 2023 at 13.342000. Meanwhile, the maximum value was found at PT. Medco Energi International in 2023 at 32.375000. The average value of audit report delays was 27.132300 with a standard deviation of 4.291869.

The lowest value for the audit committee variable is 0 at PT. Rukun Raharja Tbk. in 2023. The highest value is 5, found at PT. Indika Energy Tbk. during 2021 to 2024. The average time required to submit an audit report is 3 days, with a standard deviation of 0.54934.

The lowest value for the company age variable is 94 for PT. IMC Pelita Logistik Tbk in 2024. At PT. Bintang Samudera Mandiri Lines Tbk, the highest value is 9. The average time required to submit an audit report is 31 days, with a standard deviation of 15.90325 days.

The lowest management ownership value is found in PT. Adaro Minerals Indonesia Tbk from 2021 to 2024, PT. Bukit Asam Tbk from 2023 to 2024, PT. Baramulti Suksesserana Tbk from 2021 to 2024, PT. Bumi Resources Tbk from 2021 to 2024, PT. Dian Swastika Sentosa Tbk from 2021 to 2024, PT. Elnusa Tbk from 2021 to 2024, PT. Energi Mega Persada from 2021 to 2024, PT. Mitrabahtera Segara Sejati Tbk from 2021 to 2022, PT. Golden Energy Mines Tbk from 2021 to 2024, PT. Rukun Rahajra from 2021 to 2024, PT. Semacom Intergrated Tbk from 2021 to 2024, PT. Silo Maritime Perdana Tbk from 2021 to 2024, PT. Transcoal Pacific Tbk from 2021 to 2024, PT. Transpower Maritime Tbk from 2021 to 2024, PT. Golden Eagle Energy Tbk from 2021 to 2024 with a value

of 0.000. PT. Samindo Resources Tbk has the highest value of 1.9781. The average time required to submit an audit report is 0.08799 days, with a variance of 0.21031 days.

Panel Data Regression Model Estimation

1. Common Effect Model (CEM)

The CEM regression model combines time series data and cross-sectional data. The CEM test results in this study show that the Prob (f-statistic) value is 0.00000000 or less than 0.05, indicating that Profitability (ROA), Solvency (DER), Company Size (SIZE), and Company Age do not affect Audit Report Delays.

Dependent Variable: Y				
Method: Panel Least Squares				
Date: 06/15/25 Time: 21:58				
Sample: 2021 2024				
Periods included: 4				
Cross-sections included: 41				
Total panel (balanced) observations: 164				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	4.3762	0.1534	28.5199	0.0000
ROA	-0.0141	0.0091	-1.5530	0.1224
DER	0.0233	0.0253	0.9224	0.3577
SIZE	0.0077	0.0039	1.9873	0.0486
AG	-0.0015	0.0010	-1.4931	0.1374
R-squared	0.07048	Mean dependent var	4.3965	
Adjusted R-squared	0.03495	S.D. dependent var	0.2092	
S.E. of regression	0.20549	Akaike info criterion	-0.2851	
Sum squared resid	6.62968	Schwarz criterion	-0.1528	
Log likelihood	30.37550	Hannan-Quinn criter.	-0.2314	
F-statistic	1.98395	Durbin-Watson stat	1.4665	
Prob(F-statistic)	0.0000			

2. Fixed Effects Model (FEM)

FEM is a panel data regression model that assumes cross-section variation between units, as indicated by differences in intercept values. The test results show a Prob (F-Statistic) value of 0.00000004415, which is below 0.05. This means that audit report delays are influenced by profitability (ROA), solvency (DER), company size (SIZE), and company age (KA).

Dependent Variable: Y				
Method: Panel Least Squares				
Date: 06/15/25 Time: 21:57				
Sample: 2021 2024				
Periods included: 4				
Cross-sections included: 41				
Total panel (balanced) observations: 164				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ARL (Y)	5.2035	0.5229	9.9503	0.0000
ROA	0.0059	0.0085	0.6930	0.4897
DER	0.0248	0.0256	0.9685	0.3348
SIZE	0.0163	0.0105	1.5505	0.1237
AG	-0.0466	0.0117	-3.9830	0.0001
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.5742	Mean dependent var	4.3965	
Adjusted R-squared	0.4068	S.D. dependent var	0.2092	
S.E. of regression	0.1611	Akaike info criterion	-0.5780	
Sum squared resid	3.0369	Schwarz criterion	0.3104	
Log likelihood	94.3950	Hannan-Quinn criter.	-0.2173	
F-statistic	3.4301	Durbin-Watson stat	2.9257	
Prob(F-statistic)	0.0000			

3. Random Effects Model (REM)

REM assumes that disparities between panel data units arise from stochastic noise factors. The Prob value (F-Statistic) is 0.438, which is higher than 0.05. This means that Profitability (ROA), Viability (DER), Company Size (SIZE), and Company Age do not affect the lag in audit reports. Therefore, the heteroscedasticity test is very important.

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)

Date: 06/15/25 Time: 21:59				
Sample: 2021 2024				
Periods included: 4				
Cross-sections included: 41				
Total panel (balanced) observations: 164				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ARL (Y)	4.2264	0.1746	24.2024	0.0000
ROA	-0.0050	0.0079	-0.6324	0.5281
DER	0.0161	0.0220	0.7302	0.4664
SIZE	0.0093	0.0047	1.9825	0.0492
AG	-0.0019	0.0013	-1.4604	0.1462
Effects Specification				
			S.D.	Rho
Cross-section random			0.1074	0.3075
Idiosyncratic random			0.1611	0.6925
Weighted Statistics				
R-squared	0.0362	Mean dependent var		2.6387
Adjusted R-squared	-0.0006	S.D. dependent var		0.1732
S.E. of regression	0.1733	Sum squared resid		4.7148
F-statistic	0.9831	Durbin-Watson stat		1.9906
Prob(F-statistic)	0.4386			
Unweighted Statistics				
R-squared	0.0515	Mean dependent var		4.3965
Sum squared resid	6.7650	Durbin-Watson stat		1.3873

4. Selection of panel data regression techniques

- a. The Chow test is used to determine whether the CEM or FEM model is better. The test results show a Prob (F-statistic) value of 0.0000000003807, which is less than 0.05. This means that the FEM model is selected.

Effects Test	Statistic	d.f.	Prob.
Cross- section F	3.4604	(40,117)	1.0208
Cross- section Chi-square	128.038	40	0.0000000003807

- b. The Hausman test was conducted to find the best model between FEM and

REM. The test results showed a Prob value of 0.00002966, which is less than 0.05. This means that FEM is the better model to use.

Effects Test	Statistic	d.f.	Prob.
Cross-section random	30.642	6	0.00002966

c. The Lagrange Multiplier Test (LM Test) is a test that attempts to choose between the CEM and REM models. The Breusch-Pagan approach shows that the result is Prob = 0.0001 < 0.05, indicating that the REM model is better to apply.

	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	14.441 (0.0001)	7.9065 (0.0049)	22.3479 (0.0000)

model conclusion

No.	Method	Tester	Results
1	Uji Chow	CEM vs FEM	FEM
2	Uji Hausman	REM vs FEM	FEM
3	Uji LM	CEM vs REM	REM

Testing Classical Assumptions

a. Multicollinearity Test

	ROA	DER	SIZE	AG
ROA	1.000	-0.043	-0.034	0.036
DER	-0.043	1.000	-0.177	-0.117
SIZE	-0.034	-0.177	1.000	0.035
AG	0.036	-0.117	0.035	1.000

This study uses the degree of collinearity in each independent variable to identify multicollinearity. The above findings show that the multicollinearity test did not find any variables with values higher or lower than 0.90. Thus, it can be concluded that there are no signs of multicollinearity.

b. Heteroskedastisitas Test

Dependent Variable: ABS_RESID
Method: Panel Least Squares
Date: 06/15/25 Time: 22:00
Sample: 2021 2024
Periods included: 4
Cross-sections included: 41
Total panel (balanced) observations: 164

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ARL (Y)	0.1248	0.2689	0.4641	0.6434
ROA	-0.0020	0.0044	-0.4491	0.6542
DER	-0.0054	0.0132	-0.4081	0.6840
SIZE	0.0023	0.0054	0.4301	0.6679
AG	-0.0068	0.0060	-1.1269	0.2621
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.5023	Mean dependent var	0.0932	
Adjusted R-squared	0.3066	S.D. dependent var	0.0995	
S.E. of regression	0.0828	Akaike info criterion	-1.9083	
Sum squared resid	0.8029	Schwarz criterion	-1.0199	
Log likelihood	203.4812	Hannan-Quinn criter.	-1.5477	
F-statistic	2.5672	Durbin-Watson stat	2.3586	
Prob(F-statistic)	0.0000			

The Glejtsler test findings did not indicate strong heteroscedasticity in the regression model. The p-values for the independent variables X1, X2, and X3, all of which were greater than 0.05, indicated that this was not statistically significant. As a result, the residuals in the regression model did not show a pattern of inconsistent variance, indicating that the assumption of homoscedasticity was satisfied.

Hypothesis Testing

a. Simultan Test (Uji F)

F-statistic	0.00000000003807
Prob. (F-statistic)	0.0000000442

The simultaneous test examines how important the regression model is as a whole, or whether all independent variables affect the dependent variable. The F test shows an F statistic value of 0.00000000003807 and a probability of 0.0000000442. The overall model is significant because the probability value is very small (below 0.05). This means that the independent variables influence the dependent variable Y.

b. Koefisien Determinasi (R²)

R-squared	0,574209
Adjusted R-squared	0,406804

The coefficient of determination test shows how much of the change in the dependent variable can be explained by the independent variables. The R-squared value in these results is 0.574209, which means that the independent variables in the model can explain approximately 57.42% of the change in Y. The modified R-squared value of 0.406804 indicates that

the model still has sufficient predictive power, even though certain factors may not be very important. if the number of independent variables in the model is taken into account.

c. Partial Regression Test (T-test)

Variable	Coefficient	Std. Error	t-Statistic	Prob
Y	5.2034	0.5229	9.9503	2.8472
ROA	0.0059	0.0085	0.693	0.4896
DER	0.0248	0.0256	0.9684	0.3348
SIZE	0.0163	0.0105	1.5505	0.1237
AG	-0.0466	0.0117	-3.983	0.0001

The t-test evaluates the individual significance of each independent variable on its effect on the dependent variable Y. The regression results show that the variables ROA, DER, SIZE, and AG have probability values greater than 0.05. This means that these variables are not statistically significant at a 95% confidence level. The AG variable has a probability value of 0.0001, which indicates that this variable is significant at a high confidence level. This means that AG has a large effect on Y.

The t-test results can be summarized as follows:

1. Profitability does not affect the length of time required to obtain an audit report, with a probability value of $0.4896 > 0.05$. This occurred in companies in the energy sector listed on the Indonesia Stock Exchange between 2021 and 2024. As a result, the first hypothesis (H1) is rejected.
2. Capital strength does not affect audit report delays, as indicated by a probability value of 0.3348, which exceeds 0.05, for companies in the energy sector listed on the Indonesia Stock Exchange from 2021 to 2024. Consequently, the first hypothesis (H2) is rejected.
3. Company size also has no effect, with a probability value of $0.1237 > 0.05$, for companies in the energy sector listed on the Indonesia Stock Exchange from 2021 to 2024. Therefore, the initial hypothesis (H3) is incorrect.
4. Company age has a significant effect on the length of time required to obtain an audit report because the probability value is $0.0001 < 0.05$. This occurs in energy companies listed on the Indonesia Stock Exchange from 2021 to 2024. As a result, the first hypothesis (H5) is confirmed.

Panel Data Regression Analysis

The regression estimation analysis from three panel model approaches—Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM)—as well as the tests for selecting the best model (Chow Test, Hausman Test, and Lagrange Multiplier Test) indicate that the Random Effect Model (REM) is the most suitable for panel data regression analysis. The linear regression equation derived from the REM model is expressed as follows:

$$\text{Audit Report Lag} = 5,2034 + 36,06099 \text{ ROA} + 0,0248 \text{ DER} + 20,0163 \text{ SIZE} + 0,049 \text{ KA} -$$

$$0,0466+0,0731 KM+\epsilon$$

The model interpretation implies that the constant 5.2034 indicates that, assuming all independent variables are held constant or equal to zero, the average delay in audit reporting is about 5 days. The regression coefficient for the profitability variable (ROA) of 36.06099 means that for every 1% increase in profitability, the time required to conduct the audit will increase by 36 days. This implies that the more money a company generates, the faster it can submit its financial reports. The leverage coefficient (DER) of 0.0248, on the other hand, indicates that every 1% increase in leverage will add 1 day to the audit time. The company size coefficient (SIZE) of 20.0163 also shows that every 1% increase in business size can add 20 days to the audit period. Finally, the institutional ownership coefficient (KM) of 0.0731 indicates that for every 1% increase in institutional ownership, the audit time may rise by one day.

INTERPRETATION OF RESEARCH RESULTS

1. The Influence of Profitability on Audit Report Delays

The regression coefficient of the profitability variable is 36.06099, and its significance level is 0.693, which is greater than 0.05. This means that how profitable a company is not affect the time it takes to obtain an audit report. According to Agency Theory, Organizations that generate a lot of money usually want to report their finances quickly to gain investors' trust. However, the findings of this study contradict this idea, as increased profitability does not inherently accelerate the audit process. This may occur if a company has internal constraints or a complicated reporting system, which can result in lengthy audits even when the company is performing well.

This conclusion contradicts the Signaling Theory, which states that companies with good financial performance are more likely to submit their financial statements on time as a way to show investors that they are performing well. Wahyuningsih (2016) supports this conclusion, showing that more profitable companies tend to report faster to communicate favorable news to the market.

The amount of money generated by a company does not affect the length of time needed to obtain an audit report. This is because a company that makes a lot of money or suffers significant losses will not change the timeframe for delivering its financial statements. A profitable company delivers good news to the market, while a company that does not make much money delivers bad news. However, these signals do not alter the amount of time a company takes to submit its financial statements. (Tianty 2023).

This research reinforces the conclusion of Tiono and Jogi (2012), which indicates that profitability does not affect audit report delays. However, this finding differs from other studies, such as those by Hilmi and Ali (2007), Merdekawati (2010), Ansah (2000), and Rachmawati (2009), which show

that profitability has a positive effect on audit report delays. These differences in results may arise from several variables, including company characteristics, the effectiveness of the reporting system, as well as variations in methodology and research periods. Even if a business generates a lot of money, its audit report may still be delayed if the audit system is complex or the reporting deadline is less urgent.

2. The Effect of Solvency on Audit Report Delays

The regression coefficient for the solvency variable is 0.0248, and its significance level is 0.9684, which is greater than 0.05. This means that solvency does not have a significant effect on the length of time required to obtain an audit report. According to Agency Theory, highly solvent organizations prefer to wait before disclosing their financials because the risk is high, which may reduce investor confidence. On the other hand, companies with poor solvency have stronger financials and tend to submit their financial statements earlier. Nevertheless, the findings of this study indicate that the level of solvency does not affect the extent of audit report delays.

According to Agency Theory, high solvency increases the potential for conflicts between management and shareholders, which necessitates more comprehensive audits by auditors, subsequently extending the delay in audit reports (Lianto and Kusuma, 2010; Andika, 2015). The absence of the impact of solvency on audit report delays in some studies may be due to various methodological considerations, the dominance of alternative factors, data limitations, or the complex interactions between these variables.

This is in line with the research findings of Murdiawati (2016) and Hapsari (2016), who also concluded that solvency does not affect audit report latency. Dura's (2017) study supports a direct or positive relationship between solvency and audit report delays, indicating a favorable effect between the two variables. These differing results may be due to variations in company characteristics, financial conditions, or reporting techniques used in each study.

3. The Effect of Company Size on Audit Report Delay

The regression coefficient for the company size variable is 20.0163, and its significance level is 1.5505, which is greater than 0.05. This means that company size does not affect the time required to obtain the audit report. Agency Theory states that large companies should have strong internal controls, which should accelerate the audit process. This study's findings do not support this idea, as company size does not affect the duration of the audit process.

According to Agency Theory, shareholders and regulators exert more

pressure and oversight on large organizations, which makes management more likely to submit financial reports on time to avoid conflicts of interest and information asymmetry. This results in shorter audit report delays for large companies because they have superior internal control systems and sufficient resources to facilitate a swift auditing process (Agustina & Jaeni, 2022; Chasanah & Sagoro, 2017).

These findings are consistent with the research of Saputra et al. (2020), which shows that company age affects the latency of audit reports. Companies that have been established longer tend to have a better understanding of how to prepare and audit financial statements, which means that these companies are likely to create optimal processes to ensure the accuracy of their financial reports. This will shorten the time between one audit report and the next.

These results are consistent with studies conducted by Agustina and Chairi (2022), Fitriana and Bahri (2022), as well as Puspitasari and Yuniarta (2021), which concluded that company size does not affect audit report latency. This is likely because auditors use the same methods to examine both large and small businesses.

4. The Effect of Company Age on Audit Report Delay

The regression coefficient for "Company Age" is 0.0466, and its significance level is $-3.983 < 0.0001$. This indicates that the age of the company affects the time required to obtain an audit report. According to Agency Theory, older companies generally have more complex operational and organizational structures, so audits take longer. Auditors need extra time to study the processes and systems of long-established companies, which may have changed significantly over time.

The test results indicate that company age has a significant impact on the length of time required to obtain an audit report, with a significance value of 0.0001 and a t-statistic of -3.983. Since this figure is less than 0.05, the notion that company age affects audit delays is correct. This suggests that company age greatly influences the duration of the audit process.

These findings are consistent with the research by Saputra et al. (2020), which indicates that company age affects audit report delays. The longer a company has been established, the more knowledge it has on how to prepare and audit financial statements. This means that the company can ensure it has the best systems in place to ensure the accuracy of its financial reports. This, of course, affects the length of time needed to issue the company's audit report.

This study reinforces previous research (Fitriani & Sari, 2020), which showed that older companies require a longer time to complete audit reports. However, this conclusion differs from the findings of Santoso et al. (2023), which indicate that company age does not significantly affect audit report delays, as older companies are considered to have more established and organized reporting systems. Other studies (Hendrawan &

Wijaya, 2021) support the idea that older companies find it more difficult to modernize their audit and financial reporting systems, which ultimately makes the audit report take longer to complete. This gap implies that other variables, such as the efficiency of management information and accounting systems, potentially influence the waiting time for the audit report.

CONCLUSION, LIMITATIONS, AND RECOMMENDATIONS

Conclusion

The following conclusions can be drawn based on the results of data analysis, hypothesis testing, and discussion:

1. Profitability (ROA) does not have a significant effect on audit report delays in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period.
2. Capital Strength (DER) does not have a significant effect on audit report delays in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period.
3. Company Size (SIZE) does not have a significant effect on the time required to obtain audit reports in energy companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period.
4. Company Age (AGE) has a significant and positive effect on the time it takes for audit reports to be issued in energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2021-2024 period.

Limits

This research is limited in the scope of its study object, focusing only on energy sector companies listed on the Indonesia Stock Exchange (IDX) from 2021 to 2024. In addition, other factors that may affect audit report delays are not examined in this study, as indicated by the adjusted R-squared value of 0.406804. This suggests that differences in audit report delays are caused by factors beyond those analyzed in this research.

Recommendation

Considering the findings and limitations of this study, future researchers are advised to expand their investigation parameters and use a duration of more than four years to extrapolate the results. Furthermore, by extending the observation period, researchers can gain a deeper understanding of the dynamics and patterns associated with the variables that contribute to audit report delays

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