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The Effect of Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk, and Operational Complexity on Audit Report Lag with the Committee Audit as a Moderating Variable

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ABSTRACT

The author's purpose of conducting research is to determine the effect of Auditor switching, audit tenure, audit firm size, Profitability, business risk, and operating complexity on Audit Report Lag for the audit committee to moderate the effect of auditor switching, audit tenure, audit firm size, Profitability, business risk and complexity of operations on Audit Report Lag in manufacturing companies listed on the IDX. The population in this study was conducted on automotive companies listed on the Indonesia Stock Exchange (IDX) from 2015-2020, as many as ten companies. The sample in this study was ten automotive companies listed on the Indonesia Stock Exchange (IDX) from 2015-2020. The data collection technique used in this research is documentation. The analytical method used in this study is the SEM-PLS application.

The results showed that Auditor Switching and Audit Tenure partially did not affect Audit Report Lag. Audit Firm Size and Operational Complexity negatively and significantly affected Audit Report Lag. Profitability and Business Risk partially affected Audit Report Lag positively and significantly. The audit committee was unable partially moderate Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, and Business Risk on Audit Report Lag. Then the audit committee was able to moderate Operational Complexity on Audit Report Lag partially in Manufacturing Companies Listed on the IDX, which had a negative impact and significant.

Keywords: Auditor Switching, Tenure Audit, Firm Size Audit, Profitability, Business Risk, Operational Complexity, Audit Committee, and Audit Report Lag.

INTRODUCTION

Financial statements are very important in measuring and evaluating a company's performance. Financial statements are useful information when presented accurately and on time when needed by users of financial statements as a basis for decision making. The timeliness of financial reporting is very important because users require financial statement information to make decisions (Syahputri & Kananto, 2020).

Timeliness to publish audited financial statements is an important event, especially for a superior company that uses the capital market to invest. However, the Auditor also takes advantage of the opportunity to collect accurate data to assist the Auditor's opinion. Audit report lag is the difference between the closing date of the financial year and the time the Auditor submits the financial report, which can show how long the auditors can complete the audit (Jeniyanty, 2017). Audit report lag is the length of time for the completion of the audit, which is calculated from the book's closing date until the audit report's date is issued. The longer the Auditor completes his audit work, the

longer the report lags. The longer the audit report lag, the more likely the company will be late submitting financial statements to Bapepam and other users.

The time factor is sometimes a problem for auditors. On the one hand, pressure on auditors comes from investors and various interested parties, where investors think that financial statements should be issued immediately after the end of the fiscal year. Still, from the other side, according to the Professional Standards of Public Accountants (SPAP), the third standard is that the audit must be carried out with due care and thoroughness to evaluate sufficient evidence. It means that auditors must carry out audits with integrity and professional competencies, which makes the audit process take a long time (Jeniyanty, 2017).

According to (Hashim & Rahman 2011), excessive audit report lag can endanger the quality of financial reports because it does not provide timely information to investors and has implications for reduced investor confidence in the market. Several factors cause audit report lag, including auditor switching, audit tenure, audit firm size, Profitability, business risk, and operational complexity.

Auditor Switching is an act of the company changing the Auditor, which aims to maintain the independence of the Auditor to remain objective in auditing the company's financial statements. The change of auditors can cause audit report lag because the tasks of the new auditors cannot be completed on time. The new Auditor takes longer to audit the financial statements because the new Auditor needs to know the characteristics of the client's business and its systems from the beginning. It can result in the length of the audit, which results in delays in the submission of audited financial statements (Mariani & Latrini, 2016).

Many countries have set rules regarding mandatory auditor turnover. It was pioneered by the American government regulator, who made The Sarbanes Oxley Act (SOX) which contains regulations regarding the obligation of companies to perform auditor switching. Auditor switching occurs because it is voluntary, so the main concern is the client's side. When a client changes his Auditor when there are no rules that require it (voluntary), it occurs for several reasons, one of which is due to the client's company's dissatisfaction with the services provided by the old Auditor. In addition, auditor turnover can also be caused by unpaid fees and other problems by the client company so that the Auditor decides not to continue the assignment in the following year.

The results of research from (Rustiarini & Sugiarti, 2013) and (Iqra, 2017) show that auditor switching has a positive effect on audit report lag. It means that the more often the company changes auditors, the longer the audit report lag. However, it is different from research (Tambunan, 2014) which states that auditor switching does not affect audit report lag. It means that every Auditor who wants to carry out the audit process will first understand the business field of the client being audited before the audit process takes place, so it can be concluded that when a client decides to replace a new auditor or the Auditor accepts the opportunity to become an auditor of a new client, it has no effect to the length of the audit process.

In addition to the change of auditors, Audit Tenure is also one of the factors that cause audit report lag. Audit tenure is the length of the working relationship between the client company and the same public accountant or KAP for a certain time. The audit process requires a close working relationship with the company's management as the client. Audit tenure is the relationship between the Auditor's engagement and the company's management (client). If the Auditor's engagement period is longer, it will create dependence which causes the Auditor to begin to lose his independence. Therefore, the Auditor must know that threats to freedom and objectivity require appropriate safeguards (Dewi, 2014).

This audit engagement is regulated through Minister of Finance Regulation No.

17/PMK.01/2008 concerning Public Accountant Services. The regulation of the Minister of Finance contains a discussion regarding the limitation of the period of providing audit services for accountants, activity reports, and professional associations of public accountants. Previously, KAP provided restrictions on general audit services for a maximum of 5 (five) consecutive financial years, then changed to 6 (six) consecutive financial years and for a Public Accountant for a maximum of 3 (three) consecutive financial years. The long engagement period between the Auditor and the client can create a close relationship between them. This intimacy can hinder independence and reduce the quality of the Auditor (Al-Thuneibat et al., 2011).

When the Auditor has a long-term relationship with his client, this will encourage a better understanding of the client's financial condition. Therefore they will be able to detect going concern problems. From another point of view, maintaining a relationship with the same CPA firm for a long time is considered more economical for the client. The loss of auditor independence can be seen from the difficulty of auditors in providing going concern opinions for their clients (Puspitasari & Sari, 2012).

Dewi & Hadiprajitno (2017) stated that the longer the audit tenure, the longer the company's audit report lag. Research (Al-Thuneibat et al., 2011) states that the long engagement period between the Auditor and the client has the potential to create a close relationship between them. This intimacy can hinder independence and reduce auditor quality. However, research from (Dao & Pham, 2014) explains that companies with a long audit tenure will make the audit report lag shorter. It is because the Auditor will increasingly understand the client's business and the financial statements being audited so that the Auditor can determine the appropriate audit procedures and streamline the time required to conduct the audit.

Audit Firm Size or KAP size can also affect the incidence of audit report lag. Go public companies that use KAP audit services are included in the Big Four. They have more talented resources, so they will get greater incentives to complete their audit tasks faster than other KAPs. (Iskandar & Trisnawati, 2010) stated that large KAPs (Big Four) require a short time to complete their audits. It is because large KAPs (Big Four) can conduct audits efficiently and have a degree of flexibility in the audit process so that it is completed on time.

According to Devianto (2011), KAP size is the difference between the number of clients and the number of members owned by a public accounting firm. The size of the KAP can be seen in various things related to the KAP, such as the number of clients and the KAP's revenue. The size of the KAP indicates the Auditor's ability to be independent and carry out audits professionally because the Big Four KAPs are less economically dependent on clients and also tend to provide better audit quality than non-Big Four KAPs.

Audit services at big KAPs (Big Four) will shorten the audit report lag. However, suppose the company does not use the audit services of a large public accounting firm (Big Four). In that case, it will take longer for the Auditor to audit financial statements compared to companies that use audit services at a large public accounting firm (Big Four), which will cause the audit report lag to be longer.

According to (Devianto, 2011), KAP size is the difference between the number of clients and the number of members owned by a public accounting firm. The size of the KAP can be seen in various things related to the KAP, such as the number of clients and the KAP's revenue. The size of the KAP indicates the Auditor's ability to be independent and carry out audits professionally because the Big Four KAPs are less economically dependent on clients and also tend to provide better audit quality than non-Big Four KAPs.

Iskandar & Trisnawati (2010), (Abbas et al. 2019), and (Yogi et al. 2017) state that the size of KAP affects Audit Report Lag. The assumption is that the big KAPs (Big Four) have many competent resources. What usually happens is that large KAPs will have greater incentives to complete their audit tasks faster than other KAPs. Large KAPs are also trying to maintain their reputation with faster audit times. In contrast to (Priyambodo, 2016), (Widhiasari & Budiartha, 2016) states that the size of the KAP does not affect audit report lag. It means that both KAPs belonging to the big four and non-big four groups have the same competence in auditing, so it does not affect audit report lag.

Profitability is also a factor causing audit report lag. Profitability is a ratio that describes the effectiveness of a company's operations. According to (Lianto & Kusuma, 2010), Profitability shows the company's success in generating profits. High profitability value will reflect good management performance. It can affect the management sooner or later in reporting its performance.

Companies with high Profitability will immediately want to convey information containing good news to users of financial statements. Therefore, companies that can generate profits will tend to experience delays in submitting shorter financial statements. Profitable companies are incentivized to quickly inform the public of their superior performance by issuing annual reports.

On the other hand, companies with low Profitability will tend not to be on time in submitting their financial statements because the information in the financial statements contains bad news. With the timeliness in financial reporting by the company, it tends to have a long audit report lag. Carslaw and Kaplan (1991) state that companies that experience losses ask their auditors to schedule their audits later than they should, resulting in late submission of financial statements. Companies that participate in losses or have low levels of Profitability will have a bad impact that causes a decrease in the performance appraisal of a company. Low Profitability can be associated with financial pressure, which requires increased audit performance to verify the value of net assets and confirm that the company is going concerned.

This study measures Profitability using the Return On Assets (ROA) ratio. Return on Assets (ROA) is a company's financial ratio related to Profitability which aims to measure the company's ability to generate profits or profits at a certain level of income, assets, and share capital. The assessment of the profit level using ROA is more effective because it compares profit after tax and total assets owned by the company (Ariwidanta, 2016).

The results of the study (Ningsih & Widhiyani, 2015), (Nufita, 2017) and (Rosdiana, 2018) show that Profitability has a negative effect on audit report lag. It means that the higher the level of Profitability in a company, the shorter the audit report lag and vice versa. The lower the Profitability, the longer the audit report lag. While the results of research from (Juanita & Satwiko, 2012) and (Gienam, 2016) state that Profitability does not affect audit report lag.

Business risk can also be one of the causes of audit report lag. According to (Brigham & Houston, 2018), business risk is uncertainty about the estimated return on capital in the future, which decisions can be considered in the present. One of the ways to measure business risk is leverage.

Leverage shows how much the company's ability to pay off all its obligations. With greater capital owned by the company, it will bring good news for users of its financial statements. The large composition of capital can be seen from the low debt to equity ratio (DER) level. The lower the debt to equity ratio (DER), the financial statements produced by the company contain good news so that it will be faster for companies to publish their financial reports and avoid audit report lag.

On the other hand, Weston & Copeland in Hersugondo & Kartika (2013) stated that the higher the company's leverage level, the higher the company's risk. High corporate risk indicates that the company is experiencing financial difficulties. This high risk suggests the possibility that the company will not be able to pay off its obligations or debts in the form of principal or interest. The company's financial difficulties are bad news that will affect the company's condition in the eyes of the public. The management tends to delay the submission of financial reports containing bad news because the available time is used to reduce the debt to equity-ratio as low as possible (Dewi, 2014). It indicates that high leverage can increase audit risk in the completion of the audit process by the Auditor to extend the audit report lag time. Meanwhile, companies that have low leverage can shorten the audit report lag. It is the same as research (Angruningrum & Wirakusuma, 2013), (Hashim & Rahman, 2011), (Vuko & Cular, 2014), whose results show that leverage has a positive effect on audit report lag.

Operational complexity is a company's operating activities with a very high level of complexity due to the formation of departments and divisions of work that focus on the number of different units. The level of complexity depends on the number and location of branches owned by the company (Hariani & Darsono, 2014).

The complexity of operations directly impacts the division of work tasks and the division of organizational units, whose focus lies in the difference in the number of units. The more complex a company's operations with its various tasks and organizational units, the more complex managerial and organizational problems to solve (Hasibuan, 2017). It also represents the complexity of the audit services provided, which is a measure of whether or not the transactions owned by KAP clients are audited (Innayati & Susilowati, 2015)

The high level of complexity makes it more difficult for auditors to collect transaction data related to company branches. It can impact the delay in publishing financial statements to the public due to a long audit report lag by the Auditor to evaluate contracts made by clients and analyze very complex data or documentation. For companies with subsidiaries (branches), transactions owned by clients will be more complicated because there are consolidated reports that need to be audited (Ariyani & Budiartha, 2014).

The company has subsidiaries' complexity is measured by the number of branches or subsidiaries (Munthe, 2017) can be done with the formula: Operational complexity = Subsidiaries

Fitriyani (2015) and Rosdiana (2018) state that the complexity of the company's operations influences the audit report lag. It means that a high level of complexity will cause a level of complexity for auditors in carrying out their duties to audit financial statements, which can lead to a long audit report lag and impact delays in the publication of financial statements. However, this study differs from research (Innayati & Susilowati, 2015) and (Butarbutar & Hadiprajitno, 2017), which state that the complexity of the company's operations does not affect audit report lag.

Based on the decision of the Chairman of Bapepam and LK number Kep 643/BL/2012, it is stated that the audit committee is a committee formed by and responsible to the Board of Commissioners in assisting in carrying out its duties and responsibilities. Issuers of public companies are required to have an Audit Committee. The audit committee must act independently in carrying out its duties and responsibilities. The audit committee is expected to rebuild public trust in financial reporting and improve audit quality (Swami & Latrini, 2013).

The audit committee functions to provide views on issues related to financial policies, accounting, and internal control. The purpose of establishing the audit committee is to ensure that the financial statements issued are not misleading and under

generally accepted accounting practices, ensure that the internal controls are adequate, follow up on allegations of material deviations in the financial sector and their legal implications and recommend the selection of an external auditor. So that the better the audit committee in carrying out its role, the shorter the time for submitting the audited financial statements, and can shorten the audit report lag, and vice versa. The audit committee variable can be measured by looking at the number of audit committee members in each company used as a sample in the study (Widyati, 2013)

The audit committee in this study was used as a moderating variable because, seeing from the phenomenon that occurred, the company tried to apply various regulations to seek control over the company, namely by forming an audit committee with its duties and authorities, which were then expected to be able to balance various interests, so that with the existence of the audit committee can strengthen or weaken the influence of independent variables on audit report lag.

Manufacturing companies are one of the industrial sectors listed on the Indonesia Stock Exchange (IDX). One of the sub-sectors of manufacturing companies in the automotive and components sub-sector. The development of the automotive industry from year to year has experienced rapid growth. It is indicated by the innovation of motorcycle and car products that have been carried out on a large scale. The automotive industry provides vehicle products according to consumer needs, both types, models, and colors, even in terms of prices that adjust to the needs of each consumer. The components of these vehicles are also improved in quality so that the vehicles produced also have the quality that is competitive in the market. However, the advancement of vehicle innovation does not increase profits in the automotive industry and its components.

Indonesia has a vast open market potential in the automotive industry, which is a good opportunity for automotive industry players to expand. With the advancement of the automotive sector, companies in this field will certainly be able to earn even greater profits. The automotive industry is one of the leading industries in Indonesia. The development of the automotive world from year to year is increasing and moving very fast. It is supported by the current situation where the vehicle is no longer a luxury but a natural thing that must be owned to support daily activities or has even become a people's lifestyle. Therefore, the automotive industry competes with each other to gain a broad market share.

The following will present the calculation of data from several financial statements of automotive sector companies listed on the IDX, which can describe the phenomenon that occurs as seen from the decline in company profits, even companies that experience losses in 2020, are as follows:

Table 1. Calculation of Switching auditors, audit tenure, audit firm size, Profitability, business risk, operating complexity, audit committee, and audit report lag manufacturing automotive sector

Emiten Code	Year	*Auditor Switching*	*Audit Tenure*	*Firm Size*	ROA	Business risk	Operating complexity	Audit Committee	*Audit Report Lag*
PT Astra Otoparts, Tbk	2015	0	1	1	0.02	0,41	18	3	51
	2016	0	2	1	0.03	0,39	18	3	51
	2017	0	1	1	0.04	0,37	18	3	51
	2018	0	2	1	0.04	0,41	18	3	51
	2019	0	3	1	0.05	0,37	18	3	51
	2020	0	1	1	0.00	0,35	18	3	53
PT Indokordsa ,Tbk	2015	0	1	1	0,04	0,60	2	3	82
	2016	0	2	1	0,08	0,50	2	3	81
	2017	1	1	0	0,08	0,40	2	3	85
	2018	1	1	0	0,07	0,35	2	3	81
	2019	1	1	0	0,05	0,27	2	3	86
	2020	1	1	0	-0,02	0,26	2	3	88
PT Indospring ,Tbk	2015	0	2	0	0,00	0,33	3	3	86
	2016	0	3	0	0,02	0,20	3	3	83
	2017	1	1	0	0,05	0,14	3	3	85
	2018	1	1	0	0,04	0,13	3	3	84
	2019	1	1	0	0,04	0,10	3	3	115
	2020	1	1	0	0,02	0,10	3	3	85
PT Astra International, Tbk	2015	0	1	1	0,06	0,94	33	4	56
	2016	0	2	1	0,05	0,87	34	4	58
	2017	0	1	1	0,08	0,89	35	4	58
	2018	0	2	1	0,08	0,98	39	4	58
	2019	0	3	1	0,08	0,88	40	4	58
	2020	0	1	1	0,05	0,73	41	4	56

Source: IDX

Table 1 shows that the value of Auditor switching in several companies has increased, which is not followed by a decrease in audit report lag. It shows that many companies do not change independent audits, which impacts the audit report lag that occurs in the company.

Meanwhile, the increase in audit tenure in several companies was not followed by the decrease in audit report lag. In several

companies, firm-size auditors have increased, not followed by a decrease in audit report lag. The reputation of the auditors carried out by the company using KAP, which has a good reputation and has been recognized, is not followed by the company's audit report lag, as evidenced by the audit report lag, which has also increased.

The Profitability of several companies that have decreased, followed by audit report lag which has reduced. The decline in the company's Profitability was not able to speed up the auditing carried out, as evidenced by the number of days in the audit report lag, which also decreased. Business risk in several companies experienced a decline, followed by a decrease in audit report lag. The reduction in business risk shows that the company is quite capable of managing its business to minimize the risk that occurs in the company.

The complexity of the company's operations is quite good. It is because the company has subsidiaries that are also quite developed. A decrease also follows this in audit report lag. A reduction of audit report lag follows audit committees in several companies whose values are consistent.

Based on the description above, it is very important to evaluate the audit report lag, one of which is measured by Auditor switching, audit tenure, audit firm size, Profitability, business risk, and complexity of operations and audit committees, so the authors are interested in raising the title regarding: "The Effect of Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk and Operational Complexity on Audit Report Lag with the Audit Committee as Moderating Variable: A Study on Manufacturing Companies Listed on the IDX in 2015-2020".

Framework

Following the description of the background of the problem, literature review, and previous research, a conceptual research framework is prepared as follows:

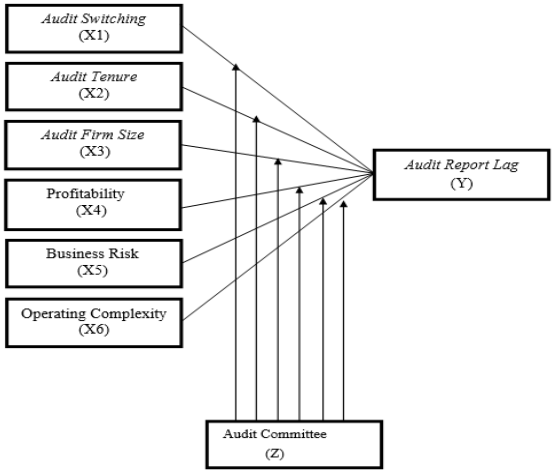


Figure 1. Conceptual Framework

H1: Auditor switching has positively affects audit report lag

H2: Audit tenure positively affects audit report lag

H3: Audit firm size positively affects audit report lag

H4: Profitability positively affects audit report lag

H5: Business risks positively affect apip's audit report lag.

H6: Operational complexity positively affects audit report lag

H7: Audit committee moderates the Relationship between the auditor switching and the audit report lag

H8: Audit committee moderates the relationship between the audit tenure and the audit report lag

H9: Audit committee moderates the relationship between the audit firm size and the audit report lag

H10: Audit committee moderates the relationship between the profitability and the audit report lag

H11: Audit committee moderates the relationship between the business risk and the audit report lag

H12: Audit committee moderates the relationship between the operational complexity and the audit report lag

RESEARCH METHODS

This research was designed by research using causal research. Causal research is research with identified causal relationships between variables (Erlina, 2011). This study

uses causal research to analyze the effect of Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk, and Operational Complexity on Audit Report Lag with the Audit Committee as Moderating variables.

This research was conducted on manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2015-2020 by accessing the official website www.IDX.co.id and conducting research at the IDX Medan Branch office. The research time is in 2022.

This study uses quantitative data, namely data expressed by the number or number of things being studied. The population is a generalization area consisting of groups of people, events, or something that has characteristics. The population is the whole collection of elements related to what researchers expect in drawing some conclusions (Sugiyono, 2017)." The population used in this study were all automotive companies listed on the Indonesia Stock Exchange (IDX) from 2015-2020, with as many as 13 companies. According to (Sugiyono, 2017) explaining, the sample is part of the number and characteristics possessed by the population.

The following are the sample criteria that will be used:

a. Automotive Sector Manufacturing Companies listed on the Indonesia Stock Exchange for the 2015-2020 period
b. Automotive Sector Manufacturing Company that publishes financial statements for the 2015-2020 period

Based on the above criteria, the sample in this study was 60 samples (10 samples x 6 years of research).

Data collection techniques consist of 2 (two), namely primary data and secondary data. The data used are inter-company data (cross-section) and time series (time series). In this study, the data analysis technique used is path regression or path analysis with the 2-way analysis method with the help of the SEM (Structural Equation Model) software application with the measurement of Partial Least Square (PLS).

RESULT AND DISCUSSION

1. Structural Model Analysis

This structural model analysis will analyze the relationship between variables, namely the independent variable and the dependent variable, as well as the relationship between:

a) R-Square

Table 2. R-Square Result Test

	R-Square	*R-Square Adjusted*
Y (*Audit Report Lag*)	0.473	0.402
Z (Audit Committee)	0.209	0.120

Source: SmartPLS 3 . Processing *Results*

The conclusion on testing the R-Square value is as follows:

1) R-Square model path 1 = 0.473 means the ability of Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk, and Operational Complexity in explaining Audit Report Lag is 47.3%. This result belongs to the weak category. Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk, and Operational Complexity are not so large in influencing the Audit Report Lag. Several other factors can affect the Audit Report Lag, such as the level of financial distress, liquidity, and other factors.
2) R-Square model path 2 = 0.209 means the ability of Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk, and Operational Complexity in explaining the Audit Committee is 20.9%. This result belongs to the weak category. Auditor Switching, Audit Tenure, Audit Firm Size, Profitability, Business Risk, and Operational Complexity are not so large in influencing the Audit Committee. Several other factors can affect the Audit Committee, such as the level of corporate governance, company size, and other factors.

b) F-Square

F-square is a measure used to assess the relative impact of an influencing variable on

the affected variable. F-square criteria according to Cohen (Juliandi et al. 2014):

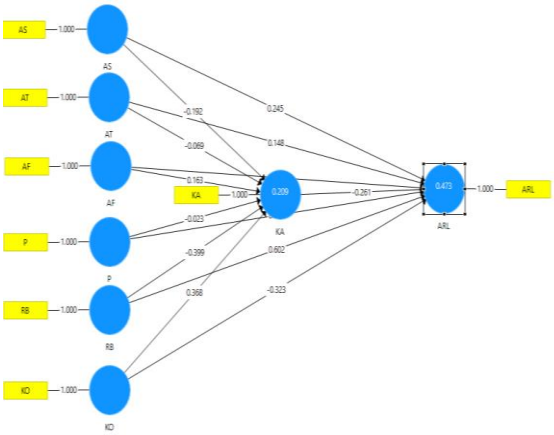
a. If the value of f-square = 0.02, then the small effect of the influencing variable on the affected variable
b. If the value of f-square = 0.15, then the effect is moderate/moderate from the variable that affects the variable that is affected
c. If the value of f-square = 0.35, then the large effect of the influencing variable on the affected variable

Table 3. F-Square Result Test

	X_1	X_2	X_3	X_4	X_5	X_6	Z	Y
X_1							0.024	0.058
X_2							0.005	0.035
X_3							0.018	0.088
X_4							0.000	0.078
X_5							0.078	0.247
X_6							0.089	0.095
Z								0.102
Y								

Source: SmartPLS 3 . Processing Results

Based on the F-square table above, the business risk variable has a moderate impact on the audit report lag variable. Meanwhile, auditor switching, audit tenure, audit firm size, Profitability, operating complexity, and audit committee have a small effect/effect on audit report lag in Manufacturing Companies Listed on the Indonesia Stock Exchange in 2015-2020. For auditor switching, audit tenure, audit firm size, Profitability, business risk, and operational complexity also have a small effect/affect on the audit committee of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2015-2020.



Source: SmartPLS 3 . Processing Results
Figure 2. Moderating Effect

2. Mediation Effect

The mediation effect analysis contains three sub-analyses: Direct, Indirect, and Total Effects.

a) Direct Effects

Direct effect analysis is useful for testing the hypothesis of the direct effect of a variable that affects the affected variable. According to (Juliandi et al., 2014), the direct effect measurement criteria include:

a. Path coefficient, if the path coefficient value is positive, then the influence of a variable is unidirectional. If the path coefficient value is negative, then the effect of a variable is in the opposite direction.

b. Profitability/Significant value or P-value. If the P-value <0.05, then it is significant. And if the P-value> 0.05, then it is not significant.

Table 4. Path Coefficients

	Original Sample	P-Values
$X_1 \rightarrow Y$	0.245	0.152
$X_1 \rightarrow Z$	-0.192	0.061
$X_2 \rightarrow Y$	0.148	0.184
$X_2 \rightarrow Z$	-0.069	0.639
$X_3 \rightarrow Y$	-0.293	0.041
$X_3 \rightarrow Z$	0.163	0.143
$X_4 \rightarrow Y$	0.306	0.043
$X_4 \rightarrow Z$	-0.023	0.854
$X_5 \rightarrow Y$	0.602	0.003
$X_5 \rightarrow Z$	-0.399	0.008
$X_6 \rightarrow Y$	-0.323	0.019
$X_6 \rightarrow Z$	0.368	0.000
$Z \rightarrow Y$	-0.261	0.003

Source: SmartPLS 3 . Processing Results

The path coefficients table above shows

1) Audit firm size has a negative and significant effect on audit report lag.
2) Profitability has a positive and significant effect on audit report lag.
3) Business risk has a positive and significant effect on audit report lag.
4) Business risk has a negative and significant effect on the audit committee.
5) Operational complexity has a negative and significant effect on audit report lag.
6) Operational complexity has a positive and significant effect on the audit committee.
7) The audit committee has a negative and significant effect on audit report lag.

b) Indirect Effect

Indirect effect analysis is useful for testing the influence of the indirect hypothesis of a

variable that affects the affected variable, which is mediated by a moderating variable. According to (Juliandi et al., 2014), the indirect effect assessment criteria are:

a. If the P-values <0.05, it is significant, which means that the mediator variable mediates the effect of a variable that affects a variable that is influenced. In other words, the effect is indirect.

b. If the P-values > 0.05, then it is not significant, which means that the mediator variable does not meditate on the influence of a variable that affects a variable that is influenced. In other words, the effect is direct

Table 5. Indirect Effect Test Result

	Original Sample	P-Values
$X_1 \rightarrow Z \rightarrow Y$	0.050	0.127
$X_2 \rightarrow Z \rightarrow Y$	0.018	0.656
$X_3 \rightarrow Z \rightarrow Y$	-0.043	0.263
$X_4 \rightarrow Z \rightarrow Y$	0.006	0.868
$X_5 \rightarrow Z \rightarrow Y$	0.104	0.128
$X_6 \rightarrow Z \rightarrow Y$	-0.096	0.050

Source: SmartPLS 3 . Processing Results

Based on the indirect effect table above, the indirect effect variable is the operating complexity variable on the audit report lag variable through the audit committee variable, which has a significant relationship.

c) Total Effect

The total effect is the sum of the direct and indirect impacts (Juliandi et al., 2014).

Table 6.Total Effect Result Test

	Original Sample	P-Values
$X_1 \rightarrow Y$	0.295	0.092
$X_1 \rightarrow Z$	-0.192	0.061
$X_2 \rightarrow Y$	0.166	0.143
$X_2 \rightarrow Z$	-0.069	0.639
$X_3 \rightarrow Y$	-0.335	0.023
$X_3 \rightarrow Z$	0.163	0.143
$X_4 \rightarrow Y$	0.312	0.040
$X_4 \rightarrow Z$	-0.023	0.854
$X_5 \rightarrow Y$	0.706	0.000
$X_5 \rightarrow Z$	-0.399	0.008
$X_6 \rightarrow Y$	-0.419	0.002
$X_6 \rightarrow Z$	0.368	0.000
$Z \rightarrow Y$	-0.261	0.003

Source: SmartPLS 3 . Processing Results

The total effect table above shows:

1. Audit firm size has a negative and significant effect on audit report lag.
2. Profitability has a positive and significant impact on audit report lag.
3. Business risk has a positive and significant effect on audit report lag.
4. Business risk has a negative and significant impact on the audit committee.
5. Operational complexity has a negative and significant effect on audit report lag.
6. Operational complexity has a positive and significant impact on the audit committee.
7. The audit committee has a negative and significant effect on audit report lag.

CONCLUSION

Based on the results of research and discussion, the following conclusions can be drawn:

1. Partially auditor switching has no effect on audit report lag in manufacturing companies listed on the IDX in 2015-2020
2. Partially, audit tenure has no effect on audit report lag in manufacturing companies listed on the IDX in 2015-2020
3. Partially audit firm size has a negative and significant effect on audit report lag in manufacturing companies listed on the IDX in 2015-2020
4. Partially profitability has a positive and significant effect on audit report lag in manufacturing companies listed on the IDX in 2015-2020
5. Partially business risk has a positive and significant effect on audit report lag in manufacturing companies listed on the IDX in 2015-2020
6. Partially complexity of operations has a negative and significant effect on audit report lag in manufacturing companies listed on the IDX in 2015-2020
7. Partially, the audit committee was unable to moderate the influence of the auditor switching on audit report lag in automotive sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2015-2020
8. Partially, the audit committee was unable to moderate the influence of the audit tenure on the audit report lag in automotive sub-sector manufacturing

companies listed on the Indonesia Stock Exchange in 2015-2020

9. Partially, the audit committee was unable to moderate the influence of the audit firm size on the audit report lag in automotive sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2015-2020
10. Partially, the audit committee was unable to moderate the influence of profitability on audit report lag in automotive sub-sector manufacturing companies listed on the Indonesia Stock Exchange 2015-2020
11. Partially, the audit committee was unable to moderate the influence of business risk on audit report lag in manufacturing companies of the automotive sub-sector listed on the Indonesia Stock Exchange in 2015-2020
12. Partially, the audit committee was able to moderate the influence of operational complexity on audit report lag in automotive sub-sector manufacturing companies listed on the Indonesia Stock Exchange 2015-2020

RESEARCH LIMITATIONS

Weaknesses or deficiencies that were found after analyzing and interpreting the data were as follows:

1. For further research, it is recommended to use other variables related to audit report lag, including solvency, financial distress, audit opinion, and company age.
2. Further researchers can use other moderating variables such as auditor industry specialization and liquidity and use other moderating test tools, namely interaction test or absolute difference value test
3. Further researchers can add categories of companies to be studied and extend the observation period to show trends in audit report lag in a wider scope.
4. For companies, it is better if the appointment of audit assignments is carried out long before the end of the financial year and gives flexibility to the Auditor so that the Auditor can plan the best possible time so that the audited financial statements can be issued as soon as possible, which means shortening the audit report lag.

SUGGESTION

Based on the results of the research, discussion and conclusions obtained, the following suggestions can be given:

1) The variables in this study are limited to auditor switching, audit tenure, audit firm size, Profitability, business risk and operating complexity variables, and audit committee
2) The population and sample of this study only focused on manufacturing companies in the automotive sub-sector listed on the Indonesia Stock Exchange
3) The research period is limited to 2015 to 2020, where this period is short enough to be able to see the trend of audit report lag.

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