Tenure audit effect on timeliness of financial statement publication with industry specialist auditors as moderating

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ABSTRACT

This study aims to empirically examine the effect of tenure audits on the timely publication of financial statements moderated by industry specialist auditors. This study uses a sample of 726 Firm Years, which were obtained through a purposive sampling method from companies listed on the Indonesia Stock Exchange in 2018-2020. This study uses the method of Sub-Group Logistic Regression and Sub-Group Moderation in testing the hypothesis. The results of this study indicate that audit tenure has a negative effect on the timeliness of financial statement publications. This means that the longer the audit period of an auditor, the publication of financial statements will be relatively less timely. The results of this study also show that industry specialist auditors are able to moderate the relationship between audit tenure and the timeliness of financial statement publications. This means that the influence of audit tenure on the timely publication of financial statements in the industry specialist auditor group is greater than in the non-industry specialist auditor group. Therefore, the more specialist the auditor, the stronger the influence between audit tenure on timeliness.

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Introduction

Financial statements are an important instrument used by companies to convey information to internal and external users. Referring to OJK regulation No.13/POJK.03/2017 Article 2 requires that financial statements reported by public companies must first be audited by an independent auditor. This audit of financial statements aims to avoid material misstatement and is presented in accordance with generally accepted accounting standards in Indonesia.

Decision making can be made when information is available, therefore timeliness is one of the important factors in presenting relevant information (Anggreni & Latrini, 2016). Information is said to be relevant if it has predictive value, feedback value and is available on time (timeliness) (Jeva, 2014).

The phenomenon of delays in submitting financial reports every year tends to be high. Through the announcement of the submission of audited financial reports ending as of December 31, 2018 No.: Peng-SPT-00008/BEL.PP3/07-2019 based on IDX monitoring, as of June 29, 2019 there were 10 listed companies that had not submitted audited financial statements as of December 31 2018 and has not paid the fine for the late submission of the financial statements. Furthermore, through the announcement of the submission of audited financial reports No.: Peng-LK – 00004/BEL.PP3/06-2020 which ended on June 2, 2020, there was an increase of 64 companies that had not submitted financial reports in a timely manner.

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The timeliness of the publication of financial statements in this study focuses on the compliance theory which refers to POJK No. 29/POJK.04/2016 and the decision of the chairman of Bapepam & Financial Institutions No. 431/BL/2012. Based on this regulation, companies listed on the IDX are required to report an annual report to the public no later than the end of the fourth month / 120 days after the end of the financial year.

The emergence of Government Regulation no. 20 of 2015 concerning the Practice of Public Accountants Article 11 Paragraph 1 which regulates the provision of audit services by public accountants for a maximum of five consecutive financial years, while by KAP it is not limited to causing pros and cons to the rotation regulation. With the regulation regarding audit rotation, the public's trust in the audit opinion issued will be even greater because the public believes that the auditor will be more independent in conveying audit findings (Seidman, 2001). Parties who are against the regulation will argue that with the increase in the audit engagement period, the quality of the audit produced by the auditor will increase, because the auditor will be more familiar with the auditee's operating business unit.

Audit tenure focused on agency theory. This is because the relationship between management and auditors refers to agency theory which shows the third type of agency problem involving the owner and external parties in the contract. The conflict is related to the length of the auditor's assignment to the client company providing business knowledge to the auditor so that they are able to design audit programs to produce high-quality financial reports.

The inconsistency of research results regarding audit tenure on the timely publication of financial statements raises the suspicion that there are variables that moderate the relationship between these variables. The variable that is thought to moderate the relationship is the auditor's industry specialization. Longer audit tenure is considered to reduce the timeliness of auditors in disclosing possible financial reporting errors, thereby reducing audit quality (Singer and Zhang, 2018). Furthermore, Singer and Zhang, (2018) also explain that audit tenure can reduce audit quality because a long engagement period allows auditors to lose their independence. This independence is reduced because of the closeness of the auditor to the client. Other than that, With a long engagement period, it is also possible for the auditor not to apply new audit procedures because they are too comfortable with the old audit procedures that have been applied. This is considered to reduce the timeliness of audit financial reporting and reduce audit quality.

Auditors are called specialists in an industry if they have specific understanding and abilities in a particular industry obtained from auditing experiences and special trainings regarding auditing a particular industry so as to improve audit quality (Rahadiano, 2012). Habib & Bhuiyan (2011) auditors with specialist ratings are able to start and complete the audit process faster than non-specialist auditors. The industry specialization of this auditor is important because according to the ISA audit process one of them is assessing risk, in assessing risk there are activities, namely carrying out risk assessment procedures that aim to identify or assess RSSM (risk of material misstatement) by understanding the auditee entity.

Literature Review

Theoretical and Conceptual Background

Effect of Tenure Audit on Timeliness of Financial Statement Publication

Type three agency theory which describes contracts between companies and external parties (Armour et al., 2009). In this study, the relationship that occurs between auditors (agents) and management (principals) can cause conflicts when they are still bound in the employment contract period (audit tenure) which affects the length of time the company submits its financial statements. Government Regulation No. 20 of 2015 concerning the Practice of Public Accountants Article 11 Paragraph 1 regulates the provision of audit services by public accountants for a maximum of 5 (five) consecutive financial years, while by KAP it is not limited. The limitation of the length of the public accountant's tenure is at maintaining its independence. Lee et al. (2009) said that the longer the assignment of KAP by the client company, this allows the auditor to identify the company thereby minimizing the time for completing the audit and financial statements in a timely manner.

Research conducted by Jeva & Ratnadi (2015), Anggreni & Latrini (2016) and Dewi & Ratnadi (2016) also found that audit tenure has a negative effect on the speed at which companies publish their financial statements. This means that the longer the relationship between the client and the auditor (audit tenure), the shorter the time span for the publication of the financial statements. Based on theoretical considerations and previous research, the researcher predicts that there will be a positive influence between audit tenure that affects the timeliness of financial statement publications, so based on this explanation, the following hypothesis can be proposed: Research conducted by Jeva & Ratnadi (2015), Anggreni & Latrini (2016) and Dewi & Ratnadi (2016) also found that audit tenure has a negative effect on the speed at which companies publish their financial statements. This means that the longer the relationship between the client and the auditor (audit tenure), the shorter the time span for the publication of the financial statements. Based on theoretical considerations and previous research, the researcher predicts that there will be a positive influence between audit tenure that affects the timeliness of financial statement publications, so based on this explanation, the following hypothesis can be proposed:

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H1: audit tenure affects the timeliness of the publication of financial statements.

The influence of Industry Specialist Auditors in moderating the relationship between audit tenure and the timeliness of financial statement publications

The inconsistency of research results regarding audit tenure on the timely publication of financial statements raises the suspicion that the variable that moderates the relationship is auditor industry specialization. The growing industrial sector demands that auditors not only have knowledge of the audit process, but also knowledge of the client's industry. Longer audit tenure is considered to reduce the auditor's timeliness in disclosing possible financial reporting errors, thereby reducing audit quality (Singer and Zhang, 2018). Furthermore, Singer and Zhang, (2018) also explain that audit tenure can reduce audit quality because a long engagement period allows auditors to lose their independence. This independence is reduced because of the closeness of the auditor to the client. Other than that, with a long engagement period, it is also possible for the auditor not to apply new audit procedures because they are too comfortable with the old audit procedures that have been applied. This is considered to reduce the timeliness of audit financial reporting and reduce audit quality. Industry specialization auditors will help auditors more quickly understand the company's business conditions. By having industry specialization, auditors will have more access in implementing technology, physical facilities, company control systems (Kwon et al., 2007). This is what is considered to be able to strengthen the negative influence between audit tenure and the timeliness of audit reporting. With a long engagement period and added industry specialization, the auditor is considered to be taking longer to carry out audit procedures because of the closeness they have, in addition to the more knowledge the auditor has regarding the company's business, but the more expertise they have because the industry specialization auditor will also make the auditor understand better. loopholes to help audit procedures.

This is in line with the third type of agency conflict which describes contracts between companies and external parties. Agency theory explains that agents (who in this case are auditors) tend to prioritize their personal interests when given the opportunity (Agoglia et al., 2015). This is considered in accordance with the condition of the auditor who has had a long audit tenure and industry specialization, which by prioritizing his personal interests, the auditor can deliberately prolong audit procedures, thereby reducing the timeliness of financial reporting. Based on the previous explanation, it is concluded based on agency theory and previous research that there is a positive relationship between audit tenure and the timeliness of financial statement publications, industry specialist auditors are one of the factors that can strengthen this relationship. So based on this explanation, a hypothesis can be proposed:

H2: Industry specialization auditors moderate the effect of audit tenure on the timeliness of financial statement publications.

Figure 1: Conceptual framework

Research and Methodology

Data

The population used in this study are companies listed on the Indonesia Stock Exchange (IDX) during 2018-2020. The sample used in this study was taken using a purposive sampling technique. The criteria for consideration of sample selection in this study are as follows:

- i. Companies listed on the Indonesia Stock Exchange (IDX) consecutively from 2018-2020.
- ii. Companies that issue financial statements and have been audited for the period 2018-2020.
- iii. Reports of companies listed on the IDX that do not use rupiah
- iv. Companies that provide data on the variables to be studied and do not experience liquidation from 2018-2020. If the company goes into liquidation, the research results will no longer be useful because the company is no longer operating.

The total sample in this study was 726 company years.

Operational Definition and Variable Measurement

Dependent Variable

In this study the dependent variable is the timeliness of the publication of financial statements. through regulation no. 29/POJK.04/2016 and the Decree of the Chairman of Bapepam & Financial Institutions No. 431/BL/2012 states that companies listed on the IDX are required to publish annual reports no later than the end of the fourth month (120 days) after the financial year ends, therefore, the variable timeliness of financial statement publications is measured by the Real Absolute Timeliness (KwAR) was used in research by Wirakusuma (2008). measured based on the difference in the number of days of the company's financial reporting with the time limit that has been applied in the OJK.

$$\text{KwAR} = \text{OJK Deadline} - \text{Financial Statement Publication Date.}$$

If the value obtained is greater, then a company is said to be more punctual and vice versa. If a company's financial reporting exceeds the stipulated time limit, the company's KwAR value is negative.

Independent Variable

In this research, the independent variable is Tenur Audit. The audit tenure variable is measured based on the year of engagement, namely by identifying the opinion number in accordance with the Independent Auditor Report Numbering Procedure issued by the Financial Professional Development Center (PPPK).

How to identify the year of engagement can be seen in point e, as follows:

- i. The first four digits are the license number of the Public Accountant.
- ii. One digit behind is the period of the audit engagement year separated by a hyphen (-).

Moderating Variables

In this study using the steps introduced by Craswell et al. (1995) to determine the auditor's industry specialization as follows:

- i. Classify a sample of industries that have a minimum of 30 companies.
- ii. Identifying the auditor who audits the company in one industry. In identifying the auditor, it is done based on the name of the audit partner. Industry specialization if auditing >15% of the total companies in an industry. Non Specialization if auditing <15% of the total companies in an industry.

Using a dummy variable, 1 for auditor industry specialization and 0 for non auditor industry specialization.

Methods and Data Analysis

This research uses descriptive analysis test, hypothesis test, and model feasibility test. Hypothesis testing was carried out using sub-group logistic regression and sub-group moderation.

The equation for the statistical form of logistic regression testing is as follows:

$$\text{KwAR} = \beta_0 + \beta_1 X + \epsilon_1$$

$$\text{KwAR}_{(\text{moderasi})} = \beta_{0m} + \beta_{1m} X_m + \epsilon_m$$

$$\begin{aligned}\text{KwAR}_{(GS)} &= \beta_{0GS} + \beta_{1GS} XGS + \epsilon_{GS} \\ \text{KwAR}_{(GNS)} &= \beta_{0GNS} + \beta_{1GNS} XGNS + \epsilon_{GNS}\end{aligned}$$

Notations:

KwAR = Ketepatanwaktuan Absolut Riil

X = Audit Tenure

β = Koefisien Intersep

ϵ = Error

β_{GS} = Group Spesialis

β_{GNS} = Group non Spesialis

Subgroup Moderation Test

In this study, the analysis of subgroup moderating variables used (Smith-Satterwait test). The test criteria state that if the Z test statistic > Z table, the industry specialist auditor is able to moderate the effect of the tenure audit on the timely publication of financial statements. The formula for the smith-satterwait test is as follows:

$$Z = \frac{|coef_{GS} - coef_{GNS}|}{\sqrt{se^2_{GS} - se^2_{GNS}}}$$

Information:

Z : smith-satterwait test

KoefGS : Specialist Koef Group

Coef GNS : Koef Group Non Specialist

Se2GS : Standard Error Specialist Group

Se2GnS : Standard Error Non-Specialist Group

Analysis and Findings

The following are the results of descriptive statistical tests as follows:

Table 1: Descriptive Analysis of the Timeliness of Financial Report Publication Variables

Variable Timeliness Publication of Financial Statements	Frequency	Percentage
Not on time	244	33.6%
On time	482	66.4%
Total	726	100.0%

Based on the table above, it is known that from 726 observations in this study there are 33.6% observations that are not timely in publishing financial statements and 66.4% timely observations in publishing financial statements. This shows that most of the observations are timely in publishing financial statements.

Table 2: Descriptive Analysis of Tenure Audit Variables

Variable Audit Tenure	Frequency	Percentage
1 Period	281	38.7%
2 Period	247	34.0%
3 Period	164	22.6%
4 Period	34	4.7%
Total	726	100.0%

Based on the table above, it is known that from 726 observations in this study there are 38.7% Observations audited by the auditor have an engagement with a KAP with an engagement period of 1 period. As much 34.0% Observations in the audit by the auditor have an engagement with KAP with an engagement period of 2 periods. Next 22.6% Observations in the audit by the auditor have an engagement with KAP with an engagement period of 3 periods. Then as much 4.7% Observations in the audit by the auditor have an

engagement with KAP with an engagement period of 4 periods. This shows that most of the observations in the audit by the auditor have an engagement with a KAP with an engagement period of 1 period.

Table 3: Descriptive Analysis of Industry Specialist Auditor Variables

Industry Specialist Auditor Variables	Frequency	Percentage
Not an Auditor Industry Specialization	302	41.6%
Auditor Industry Specialization	424	58.4%
Total	726	100.0%

Based on the table above, it is known that from 726 observations in this study there are 41.6% audited observations by auditors who do not have industry specialization auditors, and 58.4% audited observations by auditors specializing in industry auditors. This shows that most of the observations are audited by auditors who have specialization in the industry of auditors.

Goodness of Fit Model

Model Accuracy

Table 4: Model Accuracy

<i>Hosmer and Lemeshow Test</i>			
Model	Chi-square	df	Sig.
Overall Model	3.157	2	0.206
Specialization Group	0.059	1	0.807
Non-Specialized Group	5.504	2	0.064

In testing the results of the accuracy of the model if it shows that the probability > level of significance ($\alpha = 5\%$), so it can be stated that the model formed matches the observation data. Overall the model produces a Chi-square test statistic of 3.157 with a probability of 0.206 the model formed is capable or feasible to use. The Specialist Group produced a Chi-square test statistic of 0.059 with a probability of 0.807. that the model formed matches the observation data. The Non-Specialist Group produced a Chi-square test statistic of 5.504 with a probability of 0.064. that the model formed matches the observation data, which is capable or feasible to use

Classification Accuracy Test

Table 5: Classification accuracy test

Model	Observed	Predicted		Percentage Correct
		On time	Not on time	
Overall Model	On time	396	86	82.2
	Not on time	132	112	45.9
	Overall Percentage			70.0
Specialization Group	On time	397	0	100
	Not on time	27	0	0
	Overall Percentage			93.6
Non-Specialized Group	On time	0	85	0
	Not on time	0	217	100
	Overall Percentage			71.9

Overall Model

In general, the level of classification accuracy of the prediction results of the logistic regression model of the overall effect of audit tenure on the timeliness of financial statement publications (not moderated by industry specialist auditors) is 70.0%. This means that the logistic regression model has a high level of sensitivity to the effect of audit tenure on the timeliness of financial statement publications in the overall model. The Specialist Group in general, the level of accuracy of the prediction results of the logistic regression model of the effect of audit tenure on the timeliness of the publication of financial statements in the industry specialist auditor group is 93.6%. This means that the logistic regression model has a high level of sensitivity to the effect of audit tenure on the timely publication of financial statements in the industry specialist auditor group. The Non-Specialist Group in general, the level of accuracy of the prediction results of the logistic regression model of the effect of audit tenure on the timeliness of the publication of financial statements in the non-specialist industry auditor group is 71.9%. This means that the logistic regression model has a high level of sensitivity to the effect of audit tenure on the timeliness of financial statement publications in the non-specialist industry

auditor group. the level of accuracy of the prediction results of the logistic regression model of the effect of audit tenure on the timeliness of the publication of financial statements in the non-specialist industry auditor group is 71.9%. This means that the logistic regression model has a high level of sensitivity to the effect of audit tenure on the timeliness of financial statement publications in the non-specialist industry auditor group. the level of accuracy of the prediction results of the logistic regression model of the effect of audit tenure on the timeliness of the publication of financial statements in the non-specialist industry auditor group is 71.9%. This means that the logistic regression model has a high level of sensitivity to the effect of audit tenure on the timeliness of financial statement publications in the non-specialist industry auditor group.

Coefficient of Determination

Table 6: Coefficient of Determination

Model	Dependent Variable	Nagelkerke R Square
Overall Model	Timeliness of publication of Financial Statements	0.087
Specialization Group	Timeliness of publication of Financial Statements	0.129
Non-Specialized Group	Timeliness of publication of Financial Statements	0.027

The results of testing the coefficient of determination, it was found that the effect of the tenure audit on the timeliness of the publication of financial statements of 8.7% and 91.3% was explained by other factors outside of model 1. The addition of the moderating variable of industry specialist auditors was also proven to improve the model with an increase in the value of the coefficient of determination. so that now the model is able to predict 12.9% and 87.1% is explained by other factors outside the research model.

Sub-group Logistics Regression Hypothesis Testing and Sub-Group Moderation

Table 7: Simultaneous Hypothesis Testing

<i>Omnibus Test – Likelihood Ratio</i>			
	Chi-square	df	Sig.
Overall Model	71.001	1	0.000
Specialization Group	14,210	1	0.000
Non-Specialized Group	5.636	1	0.018

The test criteria state if the probability level of significance (α) then there is a significant effect simultaneously. The overall model produces a Chi-square value = 71,001 with a probability of 0.000. This means that there is a simultaneous significant effect of audit tenure on the timeliness of financial statement publications. The Specialist Group produces a Chi-square value = 14,210 with a probability of 0.000. This means that there is a simultaneous significant effect of audit tenure on the timely publication of financial statements. The Non-Specialist Group, in a Chi-square value = 5.636 with a probability of 0.018. This means that there is a simultaneous significant effect of audit tenure on the timely publication of financial statements in the non-industrial specialist auditor group.

Table 8: Partial Hypothesis Testing

	Overall Model		Specialization Group		Non-Specialized Group	
Independent Variables	Wald	Sig.	Wald	Sig.	Wald	Sig.
Audit Tenure	64,885	0.000	14,259	0.000	5.475	0.019
Constant	107.593	0.000	63.546	0.000	0.406	0.524

The test criteria state if the probability level of significance (α) then there is a significant influence individually. Overall the model produces a statistical value of the Wald test of 64.885 with a probability of 0.000. This means that there is a significant effect of audit tenure on the timely publication of financial statements in the overall model. The Specialist Group produced a statistical value of the Wald test of 14,259 with a probability of 0.001. This means that there is a significant effect of audit tenure on the timely publication of financial statements in the industry specialist auditor group. The Non-Specialist Group produced a wald test statistic of 5.475 with

a probability of 0.019. This means that there is a significant effect of audit tenure on the timely publication of financial statements in the non-specialist industry auditor group.

Table 9: Multiple Logistics Regression Test

Independent	Dependent	Overall Model		Specialization Group		Non-Specialized Group	
		B	Odds Ratio	B	Odds Ratio	B	Odds Ratio
Audit Tenure	Timeliness of Financial Statement Publication	-0.762	0.467	-0.868	0.420	-0.333	0.717
Constant	Timeliness of Financial Statement Publication	2.217	9.178	4.395	81.016	-0.209	0.811
KwARoverall	=	2.217 - 0.762 X					
KwARGS	=	4.395 - 0.868 X					
KwARGNS	=	-0.209 - 0.333 X					

ypothesis 1 which states that there is a negative effect of audit tenure on the timely publication of financial statements. Tested with a subgroup logistic regression model. Based on the results of simultaneous hypothesis testing and partial hypotheses, the result is a chi square of 71,001 and a Wald's test of 64,885. This means that there is a significant effect of constants on the timeliness of the publication of financial statements in the overall model. The logistic regression model of the audit tenure subgroup has a negative and significant effect on the timeliness of publication of financial statements, with a value of 2.217 and -0.762. These results indicate that the audit tenure variable has a negative and significant effect on the timeliness of publication of financial statements in the overall model.

Tenure audit on the timeliness of the publication of the financial statements of the industry specialist group of auditors

Based on the results of simultaneous hypothesis testing and partial hypotheses, the result is a chi square of 14,210 and a Wald's test of 63,546. This means that there is a significant effect of constants on the timeliness of financial statement publications in the industry specialist auditor group. The subgroup logistic regression model showed negative and significant results, which were worth 4.395 and -0.868 indicating that the audit tenure variable had a negative and significant effect on the timeliness of publication of the industry specialist auditor group's financial statements.

Tenure audit on the timeliness of the publication of the financial statements of the non-specialist group of industry auditors.

Based on the results of simultaneous hypothesis testing and partial hypotheses, the result is a chi square of 5,636 and a Wald's test of 5,475. This means that there is a significant effect of constants on the timeliness of financial statement publications in the non-specialist industry auditor group. The subgroup logistic regression model showed negative and significant results, which were -0.209 and -0.333 indicating that the audit tenure variable had a negative and significant effect on the timeliness of publication of the financial statements of the non-specialist industry auditor group.

Table 10: Moderation Examiner Subgroup

Industry Specialist Auditor	Logistics Regression Estimation Results			Smith-Satterthwait Test	
	Coefficients	SE	P Value	Z Statistics	Z Table
Specialization Group	-0.868	0.230	0.000	1979	1.96
Non-Specialized Group	-0.333	0.142	0.019		

Hypothesis 2 which states that industry specialist auditors strengthen the positive effect of tenure audits on the timeliness of financial statement publications. Tested by sub-group moderation testing using the smith-satterthwait test in a Z statistic of 1979. The test results show Z statistics > Z table. This means that industry specialist auditors moderate the effect of audit tenure on the timely publication of financial statements. Judging from the probability of the partial test results, it is known that the effect of audit tenure on the timely publication of financial statements in the industry specialist auditor group has a lower probability than the effect of audit tenure on the timely publication of financial statements in the non-industry specialist auditor group. This means that the effect of audit tenure on the timely publication of financial statements in the industry specialist auditor group is greater than the effect of audit tenure on the timely publication of financial statements in the non-industry specialist auditor group so that Hypothesis 2 is accepted.

Effect of Tenure Audit on Timeliness of Financial Statement Publication.

Based on the results of testing the first hypothesis, it is known that there is a negative influence between audit tenure on the timeliness of financial statement publications, so that the longer the audit tenure, the less timely the company will publish financial statements. This is shown by the results of testing the first hypothesis which states that audit tenure has a negative effect on the timeliness of financial statement publications. Thus, type three agency theory related to management relations with external parties (auditors) which is used as the theoretical basis in formulating this hypothesis is in accordance with the results of the study.

The results of this study support previous research conducted by Krisnanda & Ratnadi (2017) which explains that whether an auditor is good or bad in understanding all operational activities of a company does not at all affect the speed of the company in publishing financial statements because regulations regarding the deadline for submitting financial statements have been regulated. . The results of this study are also in line with studies conducted by Jeva & Ratnadi (2015), Anggreni & Latrini (2016) and Dewi & Ratnadi (2016) which state that the longer the client's relationship with the auditor, the longer the period of publications of financial statements. .

The Role of Industry Specialist Auditors in Relationship Audit Tenure and Timeliness of Financial Statement Publications

Based on the second hypothesis testing, it is known that industry specialist auditors moderate the effect of audit tenure on the timely publication of financial statements, so that until with a long engagement period and supported by an industry-specialized auditor, the auditor will tend to be less punctual. This means that the influence of audit tenure on the timeliness of financial statement publications in the industry specialist auditor group is greater than in the non industry specialist auditor group, meaning that the more specialist auditors, the stronger the negative influence between audit tenure on timeliness. These results are in line with the research of Irianto et al (2010) and Fitriany and Wahyuni (2012) who say that industry specialist auditors moderate the relationship between audit tenure and audit quality,

This is in line with the third type of agency conflict which describes contracts between companies and external parties. Agency theory explains that auditors tend to prioritize their personal interests when given the opportunity (Agoglia et al., 2015). This is considered in accordance with the condition of the auditor who has had a long audit tenure and industry specialization, which by prioritizing his personal interests, the auditor can deliberately prolong audit procedures, thereby reducing the timeliness of audit financial reporting.

However, the results of this study do not support the compliance theory (compliance theory), namely the presence of industry specialist auditors is not able to minimize the delay in the publication of financial statements. The results of this study indicate the importance of the role of regulation in encouraging the timeliness of financial reporting. The existence of clear regulations regarding audit time limits by KAP will encourage auditors to be more independent because they do not audit a company for too long. In addition, from a company perspective, these results also illustrate that in order to obtain audit results relatively quickly, companies need to be more consistent in changing their auditors, so that conflicts of interest can be minimized.

Implications

The results of this study provide theoretical implications for the third type of agency theory. Agency theory which assumes that humans will take action according to their needs when they have the opportunity provides an illustration that companies need to minimize this through consistent auditor or KAP rotation. However, this research is not in line with compliance theory, where industry-specialized auditors are not able to minimize the delay in the publication of financial statements. The results of this study also provide practical implications for auditors and to continuously improve audit quality through the timely reporting of company audits. By always applying the precautionary principle and not prioritizing personal interests, the auditor will work more effectively and efficiently, so that timely financial reporting of audit results can also be obtained. This is important for auditors and KAP because it will determine the perspective of clients and regulators on the performance of the audit that has been carried out.

This study proved that there was still a phenomenon of delay in the publication of financial statements even though the government has strictly regulated it starting from the time limit to the sanctions imposed. Therefore, it is hoped that the government can issue further policies to encourage companies to publish their financial reports in a timelier manner. In addition, a follow-up policy regarding sanctions against KAPs that violate the rules on audit rotation limits also needs to be carried out by the regulator in order to maintain the quality of audits carried out by auditors.

Conclusion

This study aims to empirically examine the effect of audit tenure on the timeliness of financial statement publications with industry specialist auditors as moderators in companies listed on the Indonesia Stock Exchange. This research was conducted during 2018 to 2020. The sample was obtained using the purposive sampling method so that 726 companies were obtained which were then tested by sub-group logistic regression and sub-group moderation.

The results of this study indicate that audit tenure has a negative effect on the timeliness of financial statement publications. This means that the longer the audit period of an auditor, the publication of financial statements will be relatively less timely. The results of this study also show that industry specialist auditors are able to moderate the relationship between audit tenure and the timeliness of financial statement publications. This means that the influence of audit tenure on the timely publication of financial statements in

the industry specialist auditor group is greater than in the non industry specialist auditor group. Therefore, the more specialist the auditor, the stronger the influence between audit tenure on timeliness.

The results of this study provide theoretical implications for agency theory. Agency theory which assumes that humans will take action according to their needs when they have the opportunity provides an illustration that companies need to minimize this through a consistent rotation of auditors or KAP. However, this study is not in line with compliance theory, where industry-specialized auditors are not able to minimize the delay in the publication of financial statements.

The researcher realizes that there are limitations in this study related to the timeliness of the publication of financial statements which is measured by the difference in the number of days of company financial reporting with the time limit that has been applied in the OJK. Real absolute timeliness is used because researchers find it difficult to find data related to when the audit process begins precisely because it is not included in the financial statements, the researcher's advice is that in future research the timeliness of financial statement publications is calculated using the actual date from the time the audit began so as to be able to provide a more real assessment regarding audit performance.

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