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# Audit Delay in Property and Real Estate Companies: Evidence from the Pre and Post Pandemic Period

# *Audit Delay pada Perusahaan Properti dan Real Estate: Bukti Empiris Periode Pra dan Pasca Pandemi*

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**Abstract** - This study aims to examine the effect of profitability, solvency, and firm size on audit delay in manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange during the 2019-2023 period. This research adopts a quantitative approach using secondary data obtained from annual financial statements and independent auditor reports. The population consists of all manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange. Purposive sampling was employed, resulting in 16 sample firms with a total of 80 panel data observations. Data analysis was conducted using panel data regression with the common effect model, supported by descriptive statistical analysis, classical assumption tests, and hypothesis testing using eviews 12 software. The results indicate that profitability and firm size have a negative and significant effect on audit delay, while solvency has a positive and significant effect. The novelty of this study lies in the use of an observation period covering the pre-pandemic, pandemic, and post-pandemic phases, as well as its specific focus on the property and real estate subsector, which is characterized by high asset intensity and audit risk. These findings provide theoretical implications by reinforcing agency theory and signaling theory, as well as practical implications for corporate management in improving the timeliness of audited financial reporting.

**Keywords**: Audit Delay, Firm Size, Panel Data, Profitability, Solvency.

***Abstrak*** *- Penelitian ini bertujuan untuk menganalisis pengaruh profitabilitas, solvabilitas, dan ukuran perusahaan terhadap audit delay pada perusahaan manufaktur subsektor properti dan* real estate *yang terdaftar di Bursa Efek Indonesia periode 2019-2023. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder berupa laporan keuangan tahunan dan laporan auditor independen. Populasi penelitian mencakup seluruh perusahaan manufaktur subsektor properti dan* real estate *yang terdaftar di Bursa Efek Indonesia, dengan teknik pengambilan sampel menggunakan* purposive sampling*. Berdasarkan kriteria yang ditetapkan, diperoleh 16 perusahaan sebagai sampel penelitian dengan total 80 observasi data panel. Analisis data dilakukan menggunakan regresi data panel dengan* common effect model*, didukung oleh uji statistik deskriptif, uji asumsi klasik, serta pengujian hipotesis menggunakan perangkat lunak eviews 12. Hasil penelitian menunjukkan bahwa profitabilitas dan ukuran perusahaan berpengaruh negatif terhadap audit delay, sedangkan solvabilitas berpengaruh positif terhadap audit delay. Novelty penelitian ini terletak pada penggunaan periode pengamatan yang mencakup fase sebelum, selama, dan setelah pandemi COVID-19 serta fokus pada subsektor properti dan* real estate *yang memiliki karakteristik aset dan risiko audit yang tinggi. Temuan ini memberikan implikasi teoritis dalam memperkuat teori keagenan dan teori sinyal, serta implikasi praktis bagi manajemen perusahaan dalam meningkatkan ketepatan waktu pelaporan keuangan.*

***Kata Kunci****: Audit Delay, Data Panel, Profitabilitas, Solvabilitas, Ukuran Perusahaan.*

## INTRODUCTION

The timeliness of audited financial statements is a crucial aspect of financial reporting quality in the capital market. Timely financial reporting ensures that information provided to investors, creditors, and other stakeholders remains relevant for decision-making. Delays in the publication of audited financial statements may reduce the usefulness of financial information and increase uncertainty among market participants. Financial information that is reported after the specified deadline tends to lose its relevance and may trigger negative reactions from investors, as delayed reporting is often interpreted as an indication of potential financial or operational problems within the company (Widjanarko et al., 2021;

Susilowati & Saseka, 2025). Therefore, the auditing process must not only ensure high-quality verification of financial information but also be completed within an appropriate timeframe.

The delay between the fiscal year-end and the issuance date of the independent auditor's report is commonly referred to as audit delay or audit report lag. Audit delay represents the time interval required by auditors to complete audit procedures and issue their opinion on a company's financial statements. According to Ashton et al. (1987), audit delay is measured as the number of days between the company's financial year-end and the date when the audit report is signed. Although the auditing process requires sufficient time to ensure the reliability and accuracy of financial statements, excessive delays may undermine the credibility of financial reporting and create information asymmetry between company management and investors (Habib et al., 2018; Purwantoro & Suhartono, 2023, oktaviani, 2025). In addition, prolonged audit delays may lead to sanctions from capital market regulators and negatively affect the company's reputation in the market (Michael & Rohman, 2017).

In the Indonesian capital market context, audit delay remains a significant issue among companies listed on the Indonesia Stock Exchange. Several recent studies indicate that many listed companies still experience delays in publishing audited financial statements despite regulatory requirements regarding reporting deadlines (Denari, 2023; Sinaga, 2024). This condition becomes particularly important in industries characterized by complex financial structures and high asset intensity, such as the property and real estate sector. Companies operating in this sector typically manage large-scale assets, long-term projects, and complex financing arrangements, which may increase audit complexity and extend the audit process (Wijaya & Safelia, 2025). Consequently, understanding the factors influencing audit delay in this sector becomes essential for improving the timeliness of financial reporting.

From a theoretical perspective, audit delay can be explained through agency theory and signaling theory. Agency theory, introduced by Jensen and Meckling (1976), explains that conflicts of interest may arise between management (agents) and shareholders (principals) due to differences in objectives and access to information. Timely financial reporting plays an important role in reducing information asymmetry between these parties. Delays in the publication of financial statements may increase agency costs and weaken the monitoring mechanisms implemented by shareholders. In contrast, signaling theory suggests that the timing of financial disclosure can convey signals about the company's performance and prospects. Companies with favorable financial conditions tend to publish their financial reports more quickly to send positive signals to investors, while firms experiencing difficulties may delay reporting to avoid negative market reactions (Setiawanta & Hakim, 2019).

Previous empirical studies have identified several financial characteristics that may influence audit delay, including profitability, solvency, and company size. Profitability reflects a company's ability to generate profits from its operations. Firms with higher profitability generally tend to report financial statements more quickly because positive financial performance represents favorable information that management is willing to disclose to investors. Empirical evidence suggests that companies with higher profitability levels tend to experience shorter audit delays because auditors face lower risk levels and fewer concerns regarding financial misstatements (Purwantoro & Suhartono, 2023; Fitriadi et al., 2025). However, other studies indicate that profitability does not consistently affect audit delay, suggesting that the relationship between profitability and reporting timeliness may vary across industries and economic conditions (Sinaga, 2024).

Another factor frequently associated with audit delay is solvency, which reflects a company's ability to meet its long-term financial obligations. Companies with higher leverage ratios typically face greater financial risk, which may require auditors to perform more extensive audit procedures and risk assessments. As a result, higher levels of debt may prolong the audit process and increase audit delay (Purwantoro & Suhartono, 2023). Nevertheless, some studies report inconsistent findings, indicating that solvency may not always significantly affect audit delay because companies with high debt levels often face stronger pressure from creditors to publish financial reports promptly (Fitriadi et al., 2025; Sinaga, 2024).

In addition to profitability and solvency, company size is also considered an important determinant of audit delay. Larger companies generally possess more sophisticated internal control systems, greater

financial resources, and more experienced accounting personnel, which can facilitate the preparation of financial statements and accelerate the audit process. Consequently, large firms tend to publish audited financial reports more quickly compared to smaller firms (Purwantoro & Suhartono, 2023). However, some studies argue that large companies may also experience longer audit delays due to the complexity of their operations, which requires more extensive audit procedures (Frimmantuti & Julianto, 2022). Despite the growing body of literature examining audit delay, previous studies have produced inconsistent findings regarding the influence of profitability, solvency, and company size on audit delay. These inconsistencies indicate the existence of a research gap, particularly concerning the contextual factors related to industry characteristics and economic conditions. Furthermore, many previous studies relied on data collected prior to the COVID-19 pandemic or focused only on a limited period during the crisis. The period between 2019 and 2023 represents a particularly dynamic economic phase encompassing pre-pandemic, pandemic, and post-pandemic recovery periods. During the pandemic, companies faced significant operational disruptions, financial uncertainty, and changes in auditing practices, including remote auditing and adjustments in audit procedures. These changes may have influenced the duration of audit completion and the timeliness of financial reporting. Therefore, examining audit delay during this period provides a more comprehensive understanding of how companies and auditors adapt to changing economic conditions.

Based on the inconsistencies in previous research findings and the dynamic economic environment during the pandemic period, this study aims to examine the determinants of audit delay in property and real estate companies listed on the Indonesia Stock Exchange during the 2019–2023 period. Specifically, this research addresses the following questions: (1) does profitability significantly affect audit delay; (2) does solvency significantly influence audit delay; (3) does company size affect audit delay; and (4) do profitability, solvency, and company size simultaneously influence audit delay?

The novelty of this study lies in its use of a multi-period observation covering pre-pandemic, pandemic, and post-pandemic conditions, as well as its focus on the property and real estate sector, which is characterized by high asset intensity and complex financing structures. This study is expected to contribute to the literature by providing updated empirical evidence regarding the determinants of audit delay in emerging markets. In addition, the findings of this research may provide practical insights for company management, auditors, and regulators in improving the timeliness and transparency of financial reporting in the capital market.

## LITERATURE REVIEW

### Agency Theory and Signaling Theory

This study is grounded in agency theory and signaling theory, which provide a theoretical foundation for understanding the determinants of audit delay and the importance of timely financial reporting in capital markets. Agency theory explains the contractual relationship between principals (shareholders) and agents (management), in which conflicts of interest may arise due to differences in objectives and access to information (Jensen & Meckling, 1976). In corporate governance, financial statements serve as a primary medium through which management communicates company performance to shareholders. However, because management possesses more information than shareholders, the potential for opportunistic behavior arises. Independent auditing therefore functions as a monitoring mechanism designed to reduce information asymmetry and enhance the credibility of financial reports. Within the agency framework, delays in financial reporting may increase agency costs because investors must wait longer to obtain reliable information regarding company performance. Prolonged audit delays may also reduce the effectiveness of monitoring mechanisms and increase uncertainty in capital markets (Habib et al., 2019). In addition to agency theory, signaling theory provides another perspective for understanding audit delay. Signaling theory suggests that companies voluntarily disclose information to convey signals regarding their financial condition and performance to external stakeholders (Spence, 1973). Companies with favorable financial performance have incentives to release financial information more quickly in order to send positive signals to investors and maintain market confidence. Conversely, firms experiencing unfavorable conditions may delay reporting to avoid negative market reactions. Therefore, the timeliness of audited financial statements can function

as a signal regarding a company's transparency, financial health, and governance quality. Timely reporting may indicate strong internal control systems and good corporate governance, whereas delayed reporting may raise concerns among investors and other stakeholders.

**Audit Delay**

Audit delay refers to the period between the closing date of a company's financial statements and the date when the independent auditor issues the audit report (Ashton et al., 1987). This period represents the time required by auditors to conduct audit procedures and express an opinion on the fairness of the company's financial statements. Timeliness is an important qualitative characteristic of financial information. Financial reports that are published after regulatory deadlines may lose their relevance for decision-making because investors require up-to-date information when evaluating investment opportunities (IASB, 2018). Several studies indicate that audit delay may be influenced by various factors, including company characteristics, audit complexity, and corporate governance mechanisms. A meta-analysis conducted by Habib et al. (2019) shows that audit report lag is associated with company size, profitability, leverage, audit quality, and industry characteristics. In emerging markets, audit delay remains an important issue because delays in financial reporting may reduce transparency and market efficiency. In this study, audit delay is used as the dependent variable, representing the timeliness of financial reporting and the efficiency of the auditing process.

**Profitability and Audit Delay**

Profitability reflects a company's ability to generate earnings from its operations and is commonly used as an indicator of financial performance. Companies with high profitability generally possess stronger financial conditions and fewer operational problems. As a result, management may have greater incentives to publish audited financial statements promptly in order to signal good performance to investors. From the perspective of signaling theory, profitable firms tend to disclose financial information more quickly because positive financial performance represents favorable information that can enhance investor confidence. Timely disclosure of good news may also improve the company's reputation in capital markets. Empirical studies support this argument. Research conducted by Abouelela & Saleh (2025) indicates that profitability is negatively associated with audit delay, suggesting that more profitable firms tend to publish financial statements more quickly. Similarly, Habib et al. (2019) find that companies with stronger financial performance generally experience shorter audit report lags. However, some studies report inconsistent findings. For instance, Harjanto (2018) found that profitability does not always significantly influence audit delay in Indonesian companies. These inconsistent results suggest that the relationship between profitability and audit delay may depend on other contextual factors such as industry characteristics and audit complexity.

**Solvency and Audit Delay**

Solvency refers to a company's ability to meet its long-term financial obligations and is commonly measured using leverage ratios. Companies with high leverage typically face greater financial risk, which may increase the complexity of the audit process. From the perspective of agency theory, higher leverage may intensify conflicts between shareholders and creditors because both parties have different interests regarding financial risk and company performance. As a result, auditors must conduct more extensive procedures to ensure that financial statements accurately reflect the company's financial position. Empirical evidence suggests that solvency may positively influence audit delay. Studies indicate that companies with higher levels of debt tend to experience longer audit processes because auditors must carefully evaluate liabilities, debt covenants, and financial risks (Habib et al., 2019). However, some studies show different results. Susanti (2021) reports that solvency does not always significantly influence audit delay, indicating that companies with higher leverage may face pressure from creditors to publish financial statements more quickly. These differing findings highlight the need for further empirical research to examine the relationship between solvency and audit delay.

**Company Size and Audit Delay**

Company size refers to the scale of a company's operations and is commonly measured by total assets. Larger companies typically have more sophisticated internal control systems, more advanced accounting information systems, and greater financial resources. From the perspective of agency

theory, large firms face greater scrutiny from regulators, investors, and analysts. Consequently, they tend to implement stronger governance mechanisms and more efficient reporting systems. These factors may facilitate faster completion of the audit process and reduce audit delay.

Empirical studies support this argument. Abouelela & Saleh (2025) find that larger firms tend to publish financial reports more quickly due to better internal control systems and more efficient accounting processes. Similarly, Habib et al. (2019) indicate that company size is negatively associated with audit delay. However, other studies suggest that company size may not always significantly influence audit delay because larger companies may also have more complex operations that require longer audit procedures.

**Conceptual Framework**

This study adopts agency theory and signaling theory as the primary theoretical foundations for explaining the determinants of audit delay. Agency theory emphasizes the importance of timely financial reporting as a mechanism for reducing information asymmetry between management and shareholders. Timely audited financial statements enhance transparency and allow investors to evaluate company performance more effectively.Meanwhile, signaling theory explains that companies use financial reporting as a means of conveying signals to investors regarding their financial performance and future prospects.

Firms with favorable financial conditions are expected to publish audited financial statements more quickly in order to communicate positive signals to the market. Within this framework, profitability, solvency, and company size represent important company characteristics that may influence the duration of the audit process. Profitability reflects financial performance and managerial incentives to disclose good news. Solvency represents financial risk associated with debt obligations. Company size reflects the availability of resources and the strength of internal control systems.

Based on these theoretical arguments, this study examines whether profitability, solvency, and company size influence audit delay in property and real estate companies listed on the Indonesia Stock Exchange.

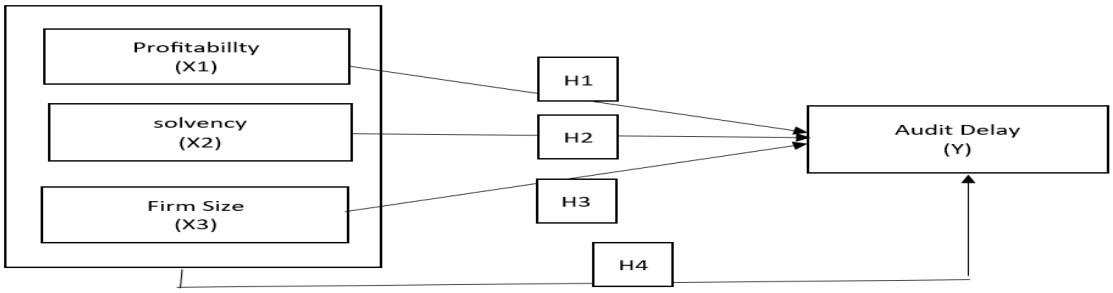


Figure 1. Theoritical Framwork

**Hypothesis Formulation**

Based on the theoretical framework and previous research findings, the research hypotheses are formulated as follows:

$H_1$: Profitability affects audit delay in manufacturing companies in the property and real estate subsector.

$H_2$: Solvency affects audit delay in manufacturing companies in the property and real estate subsector.

$H_3$: Company size affects audit delay in manufacturing companies in the property and real estate subsector.

$H_4$: Profitability, solvency, and company size simultaneously affect audit delay in manufacturing companies in the property and real estate subsector.

## RESEARCH METHOD

**Research Method**

This study employs a quantitative research approach with a causal research design to examine the influence of profitability, solvency, and company size on audit delay. A quantitative approach is appropriate because this research aims to test the relationships between variables using numerical

data and statistical analysis in order to identify causal relationships among variables (Creswell & Creswell, 2018; Hair et al., 2019). The research object of this study is manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange (IDX). The observation period covers 2019–2023, representing economic conditions before, during, and after the COVID-19 pandemic. This period was selected to capture potential changes in financial reporting practices and audit processes during a period of economic disruption and recovery. The research utilizes secondary data obtained from publicly available sources. Specifically, the data were collected from the official website of the Indonesia Stock Exchange (https://www.idx.co.id) and from the companies' published annual financial reports. Secondary data are commonly used in financial and accounting research because they provide reliable information that has already been verified and publicly disclosed (Sekaran & Bougie, 2019). Data collection was conducted using the documentation method, which involves collecting and recording relevant information from financial statements and independent auditor reports published by the sample companies. This technique allows researchers to systematically gather financial data necessary for measuring the variables used in the study. The population of this study consists of all manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange during the period 2019-2023, totaling 92 companies. The sampling technique used in this study is purposive sampling, which involves selecting samples based on specific criteria relevant to the research objectives (Sekaran & Bougie, 2019). The sampling criteria are as follows (1) Companies listed consecutively on the Indonesia Stock Exchange during the 2019-2023 period. (2) Companies that publish complete audited annual financial statements during the observation period. (3) Companies that provide complete data required to measure all research variables. Based on these criteria, 16 companies were selected as the research sample. With an observation period of five years, the study obtained 80 panel data observations (16 companies × 5 years).

**Operationalization and Measurement of Variables**

The dependent variable in this study is audit delay, while the independent variables consist of profitability, solvency, and company size.

Audit Delay (AD)

Audit delay refers to the time interval between the closing date of the company's financial statements and the date when the independent auditor issues the audit report. It is measured by calculating the number of days between the fiscal year-end (December 31) and the audit report date (Ashton et al., 1987; Habib et al., 2019).

Profitability (ROA)

Profitability is measured using Return on Assets (ROA), which reflects the company's ability to generate profit from its total assets. ROA is calculated as net income after tax divided by total assets. This ratio is widely used in financial performance analysis and accounting research (Brigham & Ehrhardt, 2017).

Solvency (DAR)

Solvency is measured using the Debt-to-Asset Ratio (DAR), which represents the proportion of total assets financed through debt. DAR is calculated by dividing total liabilities by total assets and indicates the company's financial leverage and risk exposure (Brigham & Ehrhardt, 2017).

Company Size (SIZE)

Company size is measured using the natural logarithm of total assets (Ln total assets). The logarithmic transformation is used to reduce scale differences among companies and to normalize the distribution of asset values in regression analysis (Wooldridge, 2020).

Data Analysis Technique

The data analysis method used in this study is panel data regression, because the dataset contains both cross-sectional dimensions (different companies) and time-series dimensions (multiple years of observation). Panel data analysis provides more informative data, greater variability, and improved efficiency compared to purely cross-sectional or time-series data (Wooldridge, 2020).

Data processing and statistical analysis were performed using eviews 12 software. The stages of data analysis include the following: Descriptive Statistics.Descriptive statistics are used to describe the

characteristics of the research data, including minimum values, maximum values, mean values, and standard deviations. This analysis provides an overview of the distribution and variation of the variables used in the study. Panel Data Regression Model Selection. To determine the most appropriate panel regression model, several statistical tests were conducted. (1) Chow Test. The Chow test is used to determine whether the Common Effect Model (CEM) or the Fixed Effect Model (FEM) is more appropriate. (2) Hausman Test. The Hausman test is conducted to determine whether the Fixed Effect Model (FEM) or the Random Effect Model (REM) should be used. (3) Lagrange Multiplier (LM) Test. The LM test is used to determine whether the Random Effect Model (REM) is more appropriate than the Common Effect Model (CEM).

Classical Assumption Tests. To ensure that the regression model satisfies the Best Linear Unbiased Estimator (BLUE) assumptions, several classical assumption tests were conducted, including normality test, multicollinearity test, heteroskedasticity test. These tests are important to ensure that the regression results are statistically valid and reliable (Wooldridge, 2020).

Hypothesis Testing Hypothesis testing was conducted using the t-test to examine the partial influence of independent variables on audit delay, the f-test to examine the simultaneous influence of independent variables, and the coefficient of determination ($R^2$) to measure the model's ability to explain the dependent variable. The panel data regression model used in this study is formulated as follows:

$$AD_{it} = \alpha + \beta_1 ROA_{it} + \beta_2 DAR_{it} + \beta_3 SIZE_{it} + \varepsilon_{it} \quad (1)$$

where "i" indicates the company and "t" indicates the time period.

## FINDINGS AND DISCUSSION

### Findings

Descriptive statistics descriptive statistics are used to provide an overview of the research data characteristics, including audit delay, profitability, solvency, and company size. The research data consists of 80 observations from 16 manufacturing companies in the property and real estate subsector during the period 2019-2023.

Table 1. Descriptive Statistic

| Date: 07/24/24 Time: 19:00 | | | | |
|---|---|---|---|---|
| Sample: 180 | | | | |
| | AD | PR | SL | UP |
| Mean | 90.70000 | 0.053646 | 0.311085 | 29.12003 |
| Median | 87.00000 | 0.042580 | 0.309556 | 29.52876 |
| Maximum | 238.0000 | 0.248909 | 0.635443 | 31.83314 |
| Minimum | 41.00000 | 0.000140 | 0.002312 | 23.13604 |
| Std. dev. | 29.13756 | 0.048206 | 0.162300 | 1.999542 |
| Skewness | 1.973438 | 1.767325 | -0.065934 | -1.308814 |
| Kurtosis | 10.30699 | 6.719687 | 2.266893 | 4.856563 |
| Jarque-bera | 229.9000 | 87.76607 | 1.849449 | 34.32935 |
| Probability | 0.000000 | 0.000000 | 0.396641 | 0.000000 |
| Sum | 7256.000 | 4.291673 | 24.88677 | 2329.603 |
| Sum sq. dev | 67070.80 | 0.183582 | 2.080958 | 315.8552 |
| Observations | 80 | 80 | 80 | 80 |

Source: data processed.

The results of descriptive statistics show that audit delay has a minimum value of 45 days and a maximum value of 121 days, with an average value of approximately 78 days. This finding indicates that, in general, the sample companies are still within the reporting deadlines set by the regulator, but there is considerable variation between companies and between periods. This variation reflects the differences in the complexity of the audit and the financial characteristics of the company. The profitability variable (ROA) shows a relatively low average value with considerable variation, reflecting the fluctuating financial performance of property and real estate companies during the observation period, particularly during the COVID-19 pandemic.

This condition indicates that not all companies are able to generate stable profits, which could potentially affect the timeliness of financial reporting. The solvency variable (DAR) has a fairly high

average value, indicating that most of the sample companies have a relatively high dependence on debt-based financing. This high level of leverage indicates increased financial risk and potential complexity in auditing, particularly in testing liabilities and compliance with debt agreements. Meanwhile, firm size (In total assets) shows relatively less variation compared to other variables, indicating that most of the sample companies fall into the medium to large company category. This condition reflects the uniformity in the scale of business for property and real estate subsectors listed on the Indonesia Stock Exchange.

Classical assumption tests before hypothesis testing is conducted, the panel data regression model is first tested to ensure that the basic assumptions necessary for the estimation results to be BLUE (best linear unbiased estimator) are met. Normality tests are conducted to determine whether the regression model residuals are normally distributed. The test results show that the jarque-bera statistical probability value is greater than the 5 percent significance level, so it can be concluded that the model residuals are normally distributed. This indicates that the regression model is suitable for inferential testing. Multicollinearity testing was performed by examining the correlation values between independent variables.

The test results showed that no correlation coefficient between independent variables exceeded 0.80, so it can be concluded that the model does not suffer from multicollinearity issues. Thus, each independent variable is able to explain the dependent variable independently without distorting each other's influence. Heteroskedasticity testing is conducted to determine whether the variance of the residuals is constant. The test results show that the probability values of each independent variable are greater than 0.05, so it can be concluded that the regression model does not contain heteroskedasticity. Thus, the regression model meets the assumption of homoscedasticity and is suitable for further analysis. Because this research uses panel data regression with the fixed effect model, the autocorrelation test is not a primary focus, considering that the panel data structure is already capable of accommodating correlations between time periods (Gujarati & Porter, 2009).

Hypothesis testing results this study aims to analyze the influence of profitability (ROA), solvency (DAR), and company size (SIZE) on audit delay in manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange for the period 2019-2023. Based on the results of sample selection using purposive sampling, 16 companies were obtained with a total of 80 panel data observations. Based on the panel data regression model selection tests, the results of the chow test, hausman test, and lagrange multiplier test indicate that the most appropriate panel data regression model is the common effect model (FEM).

Table 2. Results of Panel Data Regression Model Selection

| Selection Test Method | Model Result Testing | Model Used |
|---|---|---|
| Chow test:<br>$H_0$ = CEM<br>$H_1$ = FEM<br>$H_0$ jika cross-section chi square Prob > α 0,05<br>$H_1$ jika cross-section chi square prob < α 0,05 | Common effect model<br>Vs<br>Fixed effect model<br><br>Prob cross-section chi square 0.2739 > α 0,05 | Common effect model (CEM) |
| Hausman test:<br>$H_0$ = REM<br>$H_1$ = FEM<br>$H_0$ jika cross-section random prob > α 0,05<br>$H_1$ jika cross-section random prob < α 0,05 | Fixed effect model<br>Vs<br>Random effect model<br><br>Prob. cross-section random 0.4325 > α 0,05 | Random effect model (REM) |
| Lagrange multiplier (LM-test):<br>$H_0$ = CEM<br>$H_1$ = REM<br>$H_0$ jika breusch-pagan > α 0,05<br>$H_1$ jika breusch-pagan < α 0,05 | Common effect model<br>Vs<br>Random effect model<br>Prob. breusch-pagan 0,8411 > α 0,05 | Common effect model (CEM) |

Source: Processed data.

This model was chosen because it can capture unobservable differences in company-specific characteristics. Based on the results of the panel data regression estimation using the common effect model, it was found that profitability, solvency, and company size have a significant effect on audit delay, both partially and simultaneously. The value of the coefficient of determination indicates that the model is moderately able to explain the variation in audit delay, while the remainder is influenced by other factors outside the research model.

Table 3. Common Effect Model

| | | | | |
|---|---|---|---|---|
| Dependent variable: AD | | | | |
| Method: Panel least squares | | | | |
| Date: 07/24/24 Time: 19:37 | | | | |
| Sample: 2019-2023 | | | | |
| Periods included: 5 | | | | |
| Cross-sections included: 16 | | | | |
| Total panel (balanced) observations: 80 | | | | |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| C | -0.279144 | 0.129368 | -2.157759 | 0.0349 |
| PR | 0.703683 | 0.317738 | 2.214665 | 0.0305 |
| SL | 1.400480 | 0.417207 | 3.356795 | 0.0014 |
| UP | -0.257997 | 0.099582 | -2.590792 | 0.0120 |
| Effects Specification | | | | |
| Cross-section fixed (dummy variables) | | | | |
| R-squared | 0.539670 | Mean dependent var | | 0.276125 |
| Adjusted R-square | 0.403836 | S.D. dependent var | | 0.707873 |
| S.E. of regression | 0.546561 | Akaike info criterion | | 1.833506 |
| Sum squared resid | 18.22247 | Schwarz criterion | | 2.399237 |
| Log likelihood | -54.34023 | Hannan-quinn criter | | 2.060324 |
| F-statistic | 3.972987 | Durbin-watson stat | | 2.493091 |
| Prob (f-statistic) | 0.000026 | | | |

Source: Data processed by eviews-12.

The results of the panel data regression estimation show that: profitability (ROA) significantly affects audit delay with a negative direction of influence. This means that the higher the company's profitability level, the shorter the time to complete the financial statement audit. Solvency (DAR) significantly affects audit delay with a positive direction of influence, indicating that the higher the company's debt level, the longer the audit delay. Firm size (ln total assets) significantly influences audit delay with a negative direction, indicating that larger firms tend to complete the audit process faster than smaller firms. Simultaneously, profitability, solvency, and firm size significantly influence audit delay, with a coefficient of determination ($R^2$) value of 36.75%. This means that the independent variables in the model are able to explain 36.75% of the variation in audit delay, while the remaining variation is influenced by other factors outside the research model. Hypothesis testing results this study aims to analyze the influence of profitability (ROA), solvency (DAR), and company size (SIZE) on audit delay in manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange for the period 2019-2023. Based on the results of sample selection using purposive sampling, 16 companies were obtained with a total of 80 panel data observations.

Based on the panel data regression model selection tests, the results of the chow test, hausman test, and lagrange multiplier test indicate that the most appropriate panel data regression model is the common effect model (CEM). This model was chosen because it is able to capture unobservable differences in company-specific characteristics. Based on the results of the panel data regression estimation using the common effect model, it was found that profitability, solvency, and company size have a significant effect on audit delay, both partially and simultaneously. The coefficient of determination value indicates that the model is moderately able to explain the variation in audit delay, while the remainder is influenced by other factors outside the research model.

The results of the panel data regression estimation show that: 1. profitability (ROA) significantly affects audit delay with a negative direction of influence. This means that the higher the company's profitability level, the shorter the time it takes to complete the financial statement audit. 2. Solvency (DAR)

significantly affects audit delay with a positive direction of influence, indicating that the higher the company's debt level, the longer the audit delay. 3. Company size (ln total assets) significantly affects audit delay with a negative direction of influence, indicating that large companies tend to complete the audit process faster than small companies. 4. Simultaneously, profitability, solvency, and company size significantly affect audit delay, with a coefficient of determination ($R^2$) value of 36.75%. This means that the independent variables in the model are able to explain 36.75% of the variation in audit delay, while the remaining variation is influenced by other factors outside the research model.

**Discussion**

**The Influence of Profitability on Audit Delay**

The findings indicate that profitability, measured by return on assets (ROA), has a negative and significant effect on audit delay. This result suggests that companies with higher profitability tend to complete their audit processes more quickly. Firms with strong financial performance generally have fewer financial reporting issues and better accounting systems, which enable auditors to perform audit procedures more efficiently. This finding is consistent with previous empirical studies. Purwantoro and Suhartono (2023) found that profitability negatively affects audit delay, indicating that companies with higher profitability tend to release audited financial statements more quickly. Similarly, Susilowati and Saseka (2025) reported that profitability measured by ROA significantly reduces audit report lag in consumer cyclical sector companies in Indonesia. Oktaviani (2025) reported that companies with stronger financial performance tend to publish audited financial statements more quickly, as better financial conditions reduce audit risk and improve reporting efficiency. From the perspective of signaling theory, profitable firms have stronger incentives to disclose audited financial statements promptly because timely reporting conveys positive signals regarding firm performance and financial health to investors and creditors (Spence, 1973; Setiawanta & Hakim, 2019).

Companies with higher profitability are more motivated to communicate good news to the market in order to maintain investor confidence and improve corporate reputation. Recent international evidence also supports this relationship. Habib et al. (2019) demonstrate that financially healthy firms tend to experience shorter audit report lags because auditors perceive lower financial risk and encounter fewer complexities during the audit process. Furthermore, firms with higher profitability typically maintain stronger internal control systems and more reliable accounting information systems, which facilitate auditors in obtaining sufficient and appropriate audit evidence efficiently. These findings also support agency theory, which suggests that timely financial reporting can reduce agency costs by limiting managerial discretion and improving monitoring effectiveness (Jensen & Meckling, 1976). When companies perform well financially, managers have fewer incentives to delay financial reporting, thereby reducing the likelihood of prolonged audit delays.

**The Influence of Solvency on Audit Delay**

The results show that solvency, proxied by the debt-to-asset ratio (DAR), has a positive and significant effect on audit delay. This indicates that companies with higher debt levels tend to experience longer audit completion times. From the perspective of agency theory, higher leverage increases agency conflicts between managers and creditors because creditors require assurance that company resources are used responsibly and that financial obligations can be fulfilled. As a result, auditors must conduct more extensive audit procedures to verify debt obligations and evaluate financial risks (Jensen & Meckling, 1976). High leverage increases audit complexity because auditors must carefully examine debt covenants, assess the company’s going-concern status, and evaluate the accuracy of liability disclosures. These additional audit procedures require more time and effort, which may extend the duration of the audit process. Empirical evidence supports this finding. Purwantoro and Suhartono (2023) reported that solvency measured by leverage ratios positively affects audit delay, indicating that firms with higher debt levels tend to experience longer audit reporting lags. Similarly, Habib et al. (2019) found that highly leveraged firms generally require more extensive audit procedures due to higher inherent risk and financial reporting complexity. In emerging markets, high leverage may also increase auditor caution because companies with significant liabilities are more vulnerable to financial distress. Consequently, auditors may apply stricter verification procedures to ensure the reliability of

financial statements. These conditions can prolong audit completion time, particularly during periods of economic uncertainty such as the post-pandemic recovery period.

**The Influence of Company Size on Audit Delay**

The results indicate that company size has a negative and significant effect on audit delay, suggesting that larger firms tend to publish audited financial statements more quickly than smaller firms. Large companies generally possess stronger organizational structures, more sophisticated accounting systems, and better internal control mechanisms, which facilitate the preparation of financial statements and support efficient audit processes. In addition, large firms often allocate more resources to financial reporting and internal audit functions, which can help reduce the time required for external audits. This finding is consistent with previous studies. Purwantoro and Suhartono (2023) found that firm size negatively influences audit delay, indicating that larger firms tend to complete audits more quickly. Similarly, Frimmantuti and Julianto (2022) report that company size significantly reduces audit delay because large firms typically have better financial reporting systems and stronger governance mechanisms. International evidence also supports this relationship. Abouelela & Saleh (2025) demonstrate that larger companies generally experience shorter audit reporting delays because they are better prepared for audits and maintain stronger corporate governance structures. In addition, Habib et al. (2019) show that large firms tend to have more efficient communication and coordination with auditors, which accelerates audit completion. From the perspective of signaling theory, large firms face greater public scrutiny from investors, regulators, and financial analysts. Consequently, they have stronger incentives to ensure timely financial reporting in order to maintain credibility and market confidence.

**Theoretical and Practical Implications**

The findings of this study reinforce the relevance of agency theory and signaling theory in explaining the determinants of audit delay. From an agency perspective, profitability and firm size reduce agency costs by improving transparency and strengthening monitoring mechanisms, while high leverage increases audit scrutiny and financial reporting risk. From a signaling perspective, the timely publication of audited financial statements functions as a signal of corporate transparency and financial health. Firms with strong financial performance and large organizational resources tend to report financial information more quickly to communicate positive signals to investors and other stakeholders. From a practical standpoint, these findings suggest that company management should improve financial performance and strengthen internal control systems to minimize audit delays. Companies with high leverage should enhance financial disclosure quality and implement effective debt management strategies to facilitate a more efficient audit process. For auditors and regulators, these findings provide useful insights for risk-based audit planning. Companies with high leverage may require greater audit attention due to higher financial risk, while firms with strong financial performance and large organizational capacity are more likely to complete audits efficiently. Understanding these factors can help improve audit efficiency and enhance the timeliness of financial reporting in capital markets.

## CONLUSION

This study aims to analyze the influence of profitability, solvency, and company size on audit delay in manufacturing companies in the property and real estate subsector listed on the Indonesia Stock Exchange for the period 2019-2023. The research findings indicate that profitability and company size have a negative impact on audit delay, while solvency has a positive impact. This suggests that good profit performance and large business scale tend to accelerate the completion of the audit, while a high level of debt increases the complexity and duration of the audit process. This finding has theoretical implications in strengthening the relevance of agency theory and signaling theory in explaining the timeliness of financial reporting in sectors with large asset characteristics and high financial risk, as well as practical implications for company management to manage debt structures, improve financial performance, and strengthen internal control systems to minimize audit delay. However, this study has theoretical limitations because it only examines internal company factors and has not integrated auditor characteristics or corporate governance factors, as well as practical

limitations because the research results are contextual to the property and real estate subsector, so generalization to other sectors needs to be done with caution. Based on these implications, future research is suggested to develop a model that incorporates external variables such as auditor reputation, audit complexity, and corporate governance mechanisms, and to conduct cross-sectoral or cross-country testing to gain a more comprehensive understanding of the determinants of audit delay.

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