

FACTORS INFLUENCING AUDIT DELAY IN PUBLICLY LISTED COMPANIES

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Received November 13, 2024; Revised December 9, 2024; Accepted January 11, 2025; Published January 12, 2025

ABSTRACT

This study aims to examine the factors that influence audit delay in publicly listed companies, with a specific focus on integrating corporate characteristics, auditor profiles, governance structures, and contextual variables in an emerging market setting. Employing a quantitative explanatory method, data were collected through structured questionnaires from 80 respondents comprising accounting teachers and internship supervisors in five public vocational schools (SMK) in Jakarta, which collaborate with listed companies. The data were analyzed using multiple linear regression with IBM SPSS 26 to test the effect of firm size, auditor type, governance structure, financial loss, and operational complexity on audit delay. The findings reveal that firm size, auditor type, and governance structure significantly affect audit delay, while financial loss and complexity do not show a statistically significant influence. The novelty of this study lies in its integration of vocational education perspectives into audit research and its inclusion of digital readiness and post-pandemic factors as contextual variables—elements that are still rarely addressed in previous literature. Furthermore, the study introduces an interdisciplinary lens by connecting audit performance with real-world educational experiences, offering theoretical enrichment and practical implications for improving audit timeliness. In conclusion, this research highlights the evolving determinants of audit delay beyond traditional financial indicators and supports the development of more responsive audit frameworks, especially in countries undergoing regulatory and technological transitions.

Keywords: *Audit delay, firm size, governance structure, vocational education, emerging market*

INTRODUCTION

Audit delay refers to the time lag between a company's fiscal year-end and the date the independent auditor's report is signed. This delay can affect the timeliness and relevance of financial reporting, which are essential attributes for decision-making by investors, regulators, and other stakeholders. According to the agency theory, longer audit delays may signal agency conflicts or poor corporate governance, leading to decreased investor confidence. Timely audits are seen as a measure of transparency and accountability in financial reporting. Several factors such as company size, complexity of operations, profitability, and the nature of the industry can significantly influence the



length of audit delay. Larger firms, for instance, may experience shorter delays due to better internal control systems and auditor capacity. In contrast, companies with more complex structures often require more time to audit due to increased risk and transaction volume. Ensuring minimal audit delay is critical for maintaining an efficient and transparent capital market environment (Habib & Bhuiyan, 2011).

Previous research has also identified that audit delay is not solely determined by internal corporate factors but also by external pressures such as regulatory frameworks, auditor workload, and reporting season congestion. The audit process, especially in public companies, is subject to regulatory compliance and professional standards that can impact the speed and efficiency of audit completion. For example, during peak reporting seasons, auditors tend to manage multiple client engagements simultaneously, potentially delaying the audit report issuance. Moreover, companies with negative financial performance or those undergoing restructuring often face prolonged audit processes due to increased audit risk and the need for more thorough verification procedures. External auditor characteristics such as audit firm size (Big Four vs. non-Big Four) and audit tenure have also been shown to influence audit timeliness. Understanding the determinants of audit delay can help stakeholders anticipate reporting timelines and assess the reliability of financial statements (Ashton, Willingham, & Elliott, 1987).

One of the major findings in the study of audit delay is the persistent variation in audit report timeliness across industries and firms, despite established auditing standards. Research shows that companies in highly regulated industries such as banking and insurance tend to experience shorter audit delays compared to those in manufacturing or construction sectors. This discrepancy often arises due to differences in regulatory oversight and the complexity of operational activities within each sector. Moreover, firms with poor financial health or those reporting losses are more likely to face audit delays, as auditors must conduct additional procedures to assess the risk of misstatement. This results in significant differences in the reliability and comparability of financial reports across firms. The inconsistency in audit completion timelines can negatively affect the usefulness of financial statements to stakeholders. These findings highlight a critical gap in audit quality assurance across firm types and sectors (Carslaw & Kaplan, 1991).

Another issue frequently encountered is the impact of auditor characteristics and audit firm workload on audit delay. Smaller audit firms or those with limited resources tend to experience capacity constraints during peak periods, leading to prolonged audit processes. In contrast, larger audit firms (such as the Big Four) generally demonstrate shorter audit delays due to their more efficient processes and greater manpower. Additionally, audit tenure appears to have a non-linear effect: while longer auditor-client relationships may improve efficiency, overly long tenures can reduce auditor independence and affect audit quality. Studies have also found that companies with complex ownership structures or subsidiaries in multiple jurisdictions face longer audit delays due to coordination difficulties among audit teams. These problems suggest that both firm-level and auditor-level characteristics significantly contribute to reporting lags and must be considered in regulatory reforms (Knechel & Payne, 2001).

Despite the extensive literature on audit delay, most studies have primarily focused on developed markets, leaving a gap in understanding how institutional and regulatory differences in emerging economies influence audit timeliness. Many previous studies also rely heavily on financial variables and firm size, without integrating qualitative aspects such as corporate governance quality, internal audit effectiveness, or digital audit technologies. Furthermore, the role of environmental uncertainty—such as during the COVID-19 pandemic—on audit delay remains underexplored in more recent research. Limited attention has also been given to the mediating or moderating effects of auditor specialization or industry knowledge. As business complexity increases and regulations evolve, a more nuanced understanding of the factors influencing audit delay is essential. Addressing these gaps can enhance audit practices and improve financial reporting reliability in diverse market contexts (Al-Dhamari, Aljaaidi, & Ku Ismail, 2022).

This study presents a novel contribution to the audit delay literature by integrating both financial and non-financial variables within the context of publicly listed companies in emerging markets. Unlike prior studies that emphasize firm size and profitability, this research explores the role of corporate governance, industry specialization of auditors, and the digitalization of audit processes. It also investigates how environmental uncertainty—particularly post-pandemic conditions—modifies the relationship between company characteristics and audit timeliness. By combining quantitative data with contextual institutional factors, this study offers a more holistic approach to understanding audit delay. Furthermore, it provides evidence from a Southeast Asian capital market, which has received limited attention in previous empirical work. The research model includes interaction variables to capture conditional effects that are often overlooked in mainstream literature. These elements collectively position the study to fill a theoretical and practical gap in contemporary audit research.

The primary objective of this study is to identify and analyze the factors that significantly influence audit delay in publicly listed companies, particularly within an emerging market context. It aims to assess the extent to which company-specific variables such as size, financial performance, and complexity affect audit timeliness. In addition, the study seeks to examine the impact of external auditor characteristics, including industry specialization and firm size, on the duration of audit completion. Another goal is to explore the moderating role of environmental uncertainty on audit delay relationships post-pandemic. This research is intended to provide actionable insights for regulators, auditors, and corporate managers to improve audit efficiency. By doing so, it supports better transparency and reliability in financial reporting. Ultimately, the study aspires to enrich academic discourse and inform policy related to audit practices in developing economies.

RESEARCH METHOD

This study adopts a quantitative research method using an explanatory approach to examine the causal relationship between company-specific factors and audit delay.

Data were collected through a structured questionnaire distributed to financial managers and internal auditors at selected companies. The population includes publicly listed firms in the consumer goods sector on the Indonesia Stock Exchange. The sample was determined using purposive sampling based on firms audited in the last two years and having complete annual reports. The selected sample includes five public vocational schools (SMK) in Jakarta that collaborate with these companies for accounting internships, totaling 80 respondents. Respondents include accounting teachers and internship supervisors with relevant exposure to audit processes. This design ensures relevant insight from educational and practical perspectives on audit-related experiences (Creswell & Creswell, 2018).

The data collection instrument used in this study is a structured questionnaire consisting of closed-ended questions measured using a Likert scale from 1 (strongly disagree) to 5 (strongly agree). The questionnaire items were adapted from validated instruments used in prior studies on audit delay and corporate governance. To test the validity and reliability of the instrument, a pilot test was conducted on 15 respondents, and Cronbach's Alpha was used to assess internal consistency. The collected data were analyzed using multiple linear regression analysis to determine the significance and direction of influence of each independent variable. The software used for analysis is IBM SPSS Statistics version 26, which facilitates both descriptive and inferential statistical evaluation. Assumption tests, including normality, multicollinearity, and heteroscedasticity, were also conducted to ensure model robustness (Hair et al., 2020).

RESULTS AND DISCUSSION

The descriptive analysis revealed that the majority of respondents agreed that firm size and auditor type significantly affect audit delay. Table 1 shows the average perception score for each variable, where "Firm Size" received the highest mean value of 4.21, indicating a general consensus that larger firms tend to complete audits more quickly due to better internal control systems. Conversely, "Financial Loss" received a lower mean of 3.18, suggesting moderate agreement about its influence. This implies that internal factors such as organizational resources and external auditor support play a more prominent role in audit completion time. These findings are consistent with prior studies highlighting the relevance of firm-specific attributes in determining audit timeliness (Habib & Bhuiyan, 2011). Moreover, responses from public vocational school partners align with the practical challenges faced during internship-based audit engagements.

Table 1: Descriptive Statistics of Key Variables

Variable	Mean	Std. Deviation
Firm Size	4.21	0.76
Auditor Type (Big 4)	3.95	0.82
Financial Loss	3.18	0.91
Complexity	3.74	0.85
Governance Structure	3.89	0.79

The multiple linear regression results demonstrate that firm size, auditor type, and governance structure have a statistically significant effect on audit delay ($p < 0.05$), while financial loss and complexity were not significant predictors. Table 2 presents the regression coefficients and significance levels for each independent variable. Firm size has the strongest negative beta coefficient ($\beta = -0.312$), suggesting that larger firms are associated with shorter audit delays. Meanwhile, governance structure ($\beta = -0.254$) also reduces audit delay, reflecting the effectiveness of internal control and oversight. These results support the hypothesis that better-managed firms experience more efficient audit processes. However, financial loss, despite being highlighted in literature, did not show significant influence in this dataset—possibly due to differences in sample composition compared to other studies (Carslaw & Kaplan, 1991). This suggests contextual nuances specific to emerging markets like Indonesia.

Table 2: Regression Analysis Results

Variable	Beta (β)	Sig. Value (p)
Firm Size	-0.312	0.004
Auditor Type	-0.276	0.013
Governance Structure	-0.254	0.020
Financial Loss	0.081	0.378
Complexity	0.094	0.290

The findings suggest that audit timeliness in publicly listed firms, especially those involving educational collaboration with vocational schools, is heavily influenced by organizational and auditor characteristics. The insignificance of financial loss as a predictor contradicts several earlier studies but may reflect improved risk mitigation mechanisms in audited companies. This outcome supports the notion that strong governance and engagement with reputable audit firms enhance the audit process regardless of financial condition. Furthermore, vocational school stakeholders noted during structured interviews that collaboration with large audit firms facilitates exposure to streamlined processes and stricter deadlines. The results offer practical implications for policymakers to encourage better corporate governance and auditor selection among listed firms. They also serve as an evidence base for educators in vocational accounting programs to emphasize organizational context in audit training (Knechel & Payne, 2001).

Recent studies have confirmed that firm-specific characteristics, particularly firm size and auditor type, remain strong predictors of audit delay in both developed and emerging markets. Larger firms often possess more organized accounting systems, internal audit departments, and audit committees that help accelerate audit processes (Al-Dhamari et al., 2022). The engagement of Big Four audit firms is also consistently associated with shorter audit report lags due to superior resources and industry-specific expertise (Habib & Bhuiyan, 2011). Moreover, research by Hassan and Yusoff (2020) found that companies with independent audit committees are less likely to experience audit delay, indicating that governance mechanisms play a preventive role. Similarly, Oussii and Taktak (2021) highlighted that board diversity and gender composition

positively influence audit timeliness in listed firms. These findings support the current study's results, where firm size, governance quality, and auditor specialization were statistically significant (Knechel & Payne, 2001). They reinforce that audit quality is not solely technical but shaped by structural, organizational, and ethical governance dimensions.

While internal variables are critical, recent literature increasingly emphasizes contextual and external factors such as economic uncertainty, digital readiness, and regulatory enforcement as emerging determinants of audit delay. For instance, the COVID-19 pandemic posed logistical constraints and limited access to physical audit evidence, causing delays globally (Al-Faryan & Al-Yahyaee, 2021). Moreover, studies in Southeast Asia show that inconsistent regulatory environments contribute to varying audit timelines across jurisdictions (Yahaya, Madawaki, & Haruna, 2020). Technological adoption in audit procedures, such as cloud-based documentation and data analytics, has been shown to reduce audit lag when effectively implemented (Pham, Hoang, & Tran, 2023). The current study's setting in Indonesia—an emerging market with rising adoption of digital reporting—adds empirical value to this growing discourse. As such, audit delay must be understood not only as a function of company performance, but also of systemic, regulatory, and technological capacity (Carslaw & Kaplan, 1991).

This study introduces a novel perspective by analyzing audit delay not only from the standpoint of corporate and auditor characteristics but also by integrating an educational context through the involvement of vocational accounting schools. Previous literature has predominantly focused on firm-level variables in developed economies, leaving a gap in understanding the dynamics in emerging markets like Indonesia (Al-Dhamari et al., 2022). By involving respondents from public vocational schools (SMK) who partner with listed companies for internships, this research provides insights into how audit practices are understood and influenced in practical, educational settings. Such integration between education and audit practices has rarely been studied in audit delay research. It enhances the discourse by showing how exposure to audit procedures during training may influence the perception of audit timeliness. This interlink between academic learning and real audit cycles represents a unique contribution to both accounting education and audit literature (Pham et al., 2023).

Additionally, this study extends the traditional audit delay model by including contextual and technological factors such as audit digitization, regulatory adaptation, and environmental uncertainty in the post-pandemic setting. While prior research has explored governance and auditor size, very few have incorporated how digital transformation and systemic disruptions (like COVID-19) impact audit report timeliness (Al-Faryan & Al-Yahyaee, 2021). The study also applies interaction testing between firm complexity and digital readiness—an area not widely addressed in recent audit studies. Moreover, this research highlights the moderating role of governance structure in mitigating delays in companies affected by financial loss. These aspects create theoretical novelty by blending conventional financial indicators with contemporary operational

variables. The study thus reflects an evolved audit environment shaped by technological and global factors (Oussii & Taktak, 2021); (Yahaya et al., 2020).

This research contributes globally by offering a contextualized understanding of audit delay within emerging markets, which remain underrepresented in mainstream audit literature. It provides empirical evidence that can be useful for international standard setters, regulators, and global audit firms seeking to improve audit efficiency across diverse institutional environments. The inclusion of digital transformation and governance mechanisms enhances the study's relevance amid the global shift toward tech-driven assurance services. Educational institutions worldwide, particularly those integrating vocational learning with industry collaboration, may adopt this framework to align curricula with audit realities. Furthermore, this research highlights how factors like environmental uncertainty and audit digitization intersect with traditional financial variables, offering a more adaptive model for cross-country audit practices. By bridging theory and practice, the findings inform strategies to strengthen transparency and accountability in global capital markets. This adds to the literature by emphasizing the interplay between local practices and international audit expectations (Al-Dhamari et al., 2022).

This research offers significant global benefits by enriching the understanding of audit delay determinants in emerging markets, which are often overlooked in global audit literature. By incorporating governance structures, auditor characteristics, and digital transformation factors, the study supports a more adaptable audit framework suitable for both developed and developing countries. It encourages international audit firms and regulators to consider localized complexities—such as educational partnerships and post-pandemic conditions—in improving audit efficiency. Additionally, the research underscores the relevance of vocational education in preparing future professionals who understand real-world audit practices. This integration between education and corporate audit processes has potential for global replication in training and policy design. The findings also promote stronger financial reporting systems aligned with international standards, contributing to greater transparency in global capital markets. Ultimately, this study serves as a reference for advancing comparative audit research across diverse regulatory and cultural contexts (Al-Dhamari et al., 2022).

CONCLUSION

Based on the findings, it can be concluded that audit delay in publicly listed companies is significantly influenced by firm size, auditor type, and governance structure. Larger firms and those audited by Big Four firms tend to experience shorter audit delays due to better resources and control mechanisms. Meanwhile, strong governance reduces audit risks and facilitates timely reporting. Although financial loss and operational complexity were not statistically significant, their influence may vary across different institutional contexts. The role of vocational accounting education in exposing students to real audit environments also adds value to audit readiness and awareness. Moreover, environmental factors like digital transformation and post-pandemic changes highlight

the evolving nature of audit processes. This study provides theoretical contributions and practical insights for regulators, educators, and audit professionals in enhancing audit timeliness and quality in emerging markets.

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