
Determinants of audit delay: evidence from manufacturing sector of Indonesia

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Abstract

This paper is focused on the determinants of audit delay. The purpose of this paper is to examine the relationship between profitability, solvency, audit opinion and audit delay in manufacturing sector of companies listed on the Indonesian stock exchange. The paper uses 53 Indonesia companies over the period 2011-2014. The Multiple linear regression analysis is provided to test hypothesis. Cluster analysis is also provided for clustering long audit delay. All companies fulfill the requirement to publish the audit report in four months after the year end. Companies in cluster one have audit delay in one or two months after year end and cluster two has audit delay in three months after year end. The difference between cluster one and cluster two is given by the profitability factor. This study concludes that profitability has impact on audit delay, while solvability and audit opinion do not have impact on the audit delay. This research has three implications, (1) profitability is important to be considered when publishing the audit report (2) companies tend to publish their audit report on time to convince the investor, because a long audit delay can affect the decision of the company's stakeholder especially the investor (3) leverage for firm in cluster 2 (more audit delay) higher than leverage in cluster 1 (less audit delay).

Keywords: Audit Delay, Audit Opinion, Leverage, Profitability

JEL Classification: M,40,M41,M42,

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