International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

The Effect Of Financial Distress, Institutional Ownership, And Audit Tenure On Audit Delay

Agita Lintang Pradipta[1], Siti Chaerunisa Prastiani[2]

[1,2]Accounting Study Program, Faculty of Economics and Business, Universitas Pamulang, South Tangerang, Indonesia

Abstract

This study aims to examine the effect of financial distress, institutional ownership, and audit tenure on audit delay in property and real estate companies listed on the Indonesia Stock Exchange (IDX) during 2020–2024. This study uses a quantitative approach with secondary data obtained from annual financial reports. The sample consists of 34 companies selected using purposive sampling, resulting in 170 observations. Data analysis was conducted using panel data regression with EViews 12. The results show that financial distress and institutional ownership do not significantly affect audit delay, while audit tenure has a significant effect on audit delay. Simultaneously, financial distress, institutional ownership, and audit tenure have a significant effect on audit delay. These findings provide empirical evidence regarding factors associated with audit delay in Indonesian property and real estate companies.

Keywords: Audit Delay; Financial Distress; Institutional Ownership; Audit Tenure; Signaling Theory

INTRODUCTION

Audit delay is an important aspect of financial reporting because it reflects the length of time required by auditors to complete the audit process from the end of the fiscal year to the date of the independent auditor's report. Timely financial reporting is important for investors, creditors, and other stakeholders because delayed financial information may reduce its relevance for decision-making. In this context, audit delay refers to the difference between the financial statement date and the date of the independent auditor's report (Faradista & Stiawan, 2022).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Audit delay remains an important issue in the Indonesian capital market. Public companies are required to submit audited annual financial statements within the specified reporting period. However, some companies still experience delays in submitting their financial reports and may therefore face sanctions in accordance with applicable capital market regulations. This condition indicates that the timeliness of audited financial reporting remains an important concern for companies listed on the Indonesia Stock Exchange (IDX).

The issue of audit delay is particularly relevant in the property and real estate sector. Based on the data used in this study, in 2024 there were 128 companies experiencing audit delay, including 17 companies from the property and real estate sector. This condition indicates that audit delay remains a relevant issue in this sector and may affect the timeliness of financial information received by investors and other stakeholders.

One theory that can explain audit delay is Signaling Theory. Signaling Theory explains how information disclosed by a company can provide signals regarding its condition and prospects to external parties. In financial reporting, timely audited financial statements may represent a positive signal because they indicate the company's ability to provide relevant financial information on time. Conversely, longer audit delays may be perceived as a negative signal because they may indicate certain conditions that require further attention during the audit process.

One factor that may be associated with audit delay is financial distress. Financial distress describes a condition in which a company experiences financial difficulties that may affect its ability to meet financial obligations. Such conditions can increase audit risk and require auditors to perform more extensive audit procedures, potentially extending the audit completion time. However, previous studies have reported inconsistent findings regarding the effect of financial distress on audit delay.

Another factor is institutional ownership, which represents the proportion of company shares owned by institutional investors. Institutional ownership can strengthen monitoring of management and encourage companies to provide financial information in a timely manner. Nevertheless, institutional ownership does not necessarily affect the duration of the audit because the audit process also depends on audit procedures, operational complexity, and the quality of financial reporting.

Audit tenure is also considered a potential determinant of audit delay. Audit tenure refers to the length of the engagement between an auditor and a client company. A longer audit tenure may provide auditors with better knowledge of the client's business

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

characteristics, internal control systems, accounting policies, and business risks. This familiarity can improve audit efficiency and potentially shorten audit delay.

Previous studies have shown inconsistent findings regarding the determinants of audit delay. Saputri et al. (2021) found that audit tenure and financial distress were associated with audit report lag. In contrast, Faradista and Stiawan (2022) and Maryani and Handayani (2024) found that financial distress did not affect audit delay. Similarly, Pronosokodewo and Adyaksana (2021) found an effect of institutional ownership on audit delay, while Neldi and Herawati (2024) and Siswanto and Suhartono (2022) found no significant effect. These differences indicate a research gap that requires further investigation. Based on these research gaps, this study aims to examine the effect of financial distress, institutional ownership, and audit tenure on audit delay in property and real estate companies listed on the Indonesia Stock Exchange during 2020–2024.

Specifically, this study aims to:

1. Examine the effect of financial distress on audit delay.
2. Examine the effect of institutional ownership on audit delay.
3. Examine the effect of audit tenure on audit delay.
4. Examine the simultaneous effect of financial distress, institutional ownership, and audit tenure on audit delay.

The novelty of this study lies in its focus on property and real estate companies listed on the IDX during 2020–2024 and its examination of three potential determinants of audit delay within a single model based on Signaling Theory. The study also provides recent empirical evidence showing that although the three variables jointly affect audit delay, only audit tenure has a significant partial effect.

LITERATURE REVIEW

Signaling Theory

Signaling Theory explains how information disclosed by a company can provide signals to external parties regarding the company's condition and prospects. In the context of financial reporting, companies have an incentive to provide timely and reliable information to investors and other stakeholders. The timely submission of audited financial statements can be interpreted as a positive signal because it indicates the company's ability to provide relevant financial information on time. Conversely, a long audit delay may be perceived as a negative signal because it may indicate certain conditions requiring further examination by auditors. Therefore, Signaling Theory

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

provides a theoretical basis for explaining the relationship between financial distress, institutional ownership, audit tenure, and audit delay.

Financial Distress and Audit Delay

Financial distress refers to a condition in which a company experiences financial difficulties that may affect its ability to meet financial obligations. Companies experiencing financial distress may face higher financial and audit risks, requiring auditors to conduct more comprehensive audit procedures. Consequently, the audit process may take longer and increase audit delay. In the context of Signaling Theory, companies experiencing financial difficulties may have an incentive to maintain timely financial reporting to prevent negative perceptions among investors and other stakeholders. However, financial distress does not necessarily result in longer audit delays. Auditors are required to perform audit procedures based on professional standards regardless of the client's financial condition. Previous studies, including Faradista and Stiawan (2022) and Maryani and Handayani (2024), found that financial distress does not significantly affect audit delay.

H1: Financial distress affects audit delay.

Institutional Ownership and Audit Delay

Institutional ownership represents the proportion of a company's shares owned by institutional investors. A higher proportion of institutional ownership may strengthen monitoring of management because institutional investors have greater incentives to oversee management decisions and company performance. Stronger monitoring may encourage management to provide financial information in a timely manner. Based on Signaling Theory, timely financial reporting can provide a positive signal to investors regarding the company's transparency and governance. Nevertheless, institutional ownership may not directly determine the duration of the audit because audit completion is influenced by audit procedures, operational complexity, and the quality of financial statement preparation. The findings of Neldi and Herawati (2024) and Siswanto and Suhartono (2022) indicate that institutional ownership does not significantly affect audit delay, whereas Pronosokodewo and Adyaksana (2021) reported a significant effect.

H2: Institutional ownership affects audit delay.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Audit Tenure and Audit Delay

Audit tenure refers to the length of the engagement between an independent auditor or public accounting firm and a client company. A longer audit tenure can provide auditors with a better understanding of the client's business characteristics, accounting policies, internal control systems, and business risks. This familiarity can improve audit efficiency and reduce the time required to complete audit procedures. From the perspective of Signaling Theory, efficient audit completion enables companies to submit audited financial statements on time, thereby providing a positive signal to investors and stakeholders. Previous research has shown that audit tenure may influence audit delay because auditors with longer engagement periods are more familiar with their clients' characteristics and can perform the audit process more efficiently.

H3: Audit tenure affects audit delay.

Financial Distress, Institutional Ownership, Audit Tenure, and Audit Delay

Financial distress, institutional ownership, and audit tenure may jointly influence audit delay through different mechanisms. Financial distress can increase the complexity and risk of the audit process, while institutional ownership represents an external monitoring mechanism that may encourage management to provide timely financial information. Meanwhile, audit tenure can improve auditor familiarity with the client and potentially increase audit efficiency.

Based on Signaling Theory, the timeliness of audited financial reporting represents an important signal regarding the company's condition and governance. A shorter audit delay may provide a positive signal, whereas a longer audit delay may be perceived negatively by investors and stakeholders. Therefore, the combination of financial distress, institutional ownership, and audit tenure is expected to contribute to variations in audit delay. The empirical results of the study confirm that the three variables simultaneously affect audit delay.

H4: Financial distress, institutional ownership, and audit tenure simultaneously affect audit delay.

Research Position

Previous studies have produced inconsistent findings regarding the determinants of audit delay. Financial distress has been found to have no significant effect in several studies, while other studies have reported different results. Similar inconsistencies are also found in studies examining institutional ownership and audit tenure. These

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

differences indicate a research gap concerning the factors influencing audit delay. In addition, this study focuses specifically on property and real estate companies listed on the Indonesia Stock Exchange during 2020–2024. The sector is relevant because audit delay remains a significant reporting issue, with several companies experiencing delays in submitting audited financial statements. Therefore, this study contributes empirical evidence regarding the effects of financial distress, institutional ownership, and audit tenure on audit delay within the Indonesian property and real estate sector.

RESEARCH METHODS

Research Design

According to Sugiyono (2023), a research method is a scientific way of obtaining data for a specific purpose and use. Conducting good research requires preparation that is just as important as the research itself; this preparation is commonly referred to as a research proposal. This study employs a quantitative research approach. The quantitative method is often called the traditional method because it has long been established as a research tradition. It is also referred to as the positivistic method because it is grounded in the philosophy of positivism, and is called the quantitative method because the research data take the form of numbers and are analyzed using statistics. The quantitative method, grounded in the philosophy of positivism, is used to study a particular population or sample, employs research instruments for data collection, and applies quantitative/statistical data analysis with the aim of testing predetermined hypotheses (Sugiyono, 2019). Quantitative research is a scientific research approach carried out systematically to analyze phenomena, their related components, and the causal relationships among the variables under study. This approach aims to develop, test, and apply mathematical models, theories, or hypotheses to explain the observed phenomena (Julhadi et al., 2022).

Research Setting and Period

This study uses data in the form of numbers and nominal values, referring to quantitative data. The data used in the analysis were obtained from www.idx.co.id, the official website of the Indonesia Stock Exchange (IDX), consisting of the financial statements of property and real estate companies listed on the IDX for the 2020–2024 period, supplemented by data accessed through the respective companies' websites. The Indonesia Stock Exchange (IDX) was chosen as the primary basis for data collection

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

based on two main considerations: its status as Indonesia's pioneering stock exchange and its ability to provide comprehensive data with structured governance.

The research was conducted from 3 August 2025 to the present.

Operational Definition of Variables

Dependent Variable (Y)

The dependent variable is often referred to as the output, criterion, or consequent variable. In Indonesian, it is commonly called the bound variable, that is, a variable that is influenced or becomes a consequence of the existence of an independent variable. The dependent variable used in this study is audit delay. Audit delay is defined as the number of days between the company's fiscal year-end date of 31 December and the date the audit report is signed. Timely audit delay is beneficial for the decision-making of financial statement users and reduces information asymmetry. Excessively long audit delay reduces the relevance of financial statement information, thereby affecting the decisions made by shareholders, as investors tend to perceive such delays negatively. Audit delay is measured as follows:

Audit Delay = Audit Report Date – Financial Statement Date

Source: (Febriyanti & Purnomo, 2021)

Independent Variables

The independent variable is often referred to as the stimulus, predictor, or antecedent variable. In Indonesian, it is commonly called the free variable, that is, a variable that influences or causes a change in, or the occurrence of, the dependent variable (Sugiyono, 2023).

Financial Distress (X1)

Financial distress can be defined as the stage of financial decline that occurs before a company experiences bankruptcy or liquidation. Financial difficulty begins with the company's inability to meet its obligations, particularly short-term obligations, including liquidity obligations and obligations classified under solvency. Financial distress conditions can occur at any time in any company (Goh, 2023).

$$Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$$

Where:

X1 = Working Capital / Total Assets

X2 = Retained Earnings / Total Assets

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

X3 = EBIT / Total Assets
X4 = Book Value of Equity / Book Value of Debt
Source: (Goh, 2023)

Institutional Ownership (X2)

The size of the percentage of share ownership reflects the degree of power held in controlling a company, which has implications for the procedures and policies used in monitoring management's decision-making. Share ownership by companies operating in the financial sector, commonly referred to as institutional parties, creates pressure on the company because all of its business activities are continuously reviewed and monitored by institutional parties, so that every decision made by management receives a response from these institutional owners (Pronosokodewo & Adyaksana, 2021).

Institutional Ownership = (Number of Shares Owned by Institutions / Number of Shares Outstanding) × 100%

Source: (Kristiana & Annisa, 2022)

Audit Tenure (X3)

Audit tenure is the length of the engagement period during which an auditor from a Public Accounting Firm (KAP) provides audit services to a client, in order to provide audit services for the company's financial statements (Aurely, Destiana, & Saadah, 2021).

Population and Sample

Population

A population is a generalized area consisting of objects/subjects that possess certain qualities and characteristics determined by the researcher to be studied and concluded upon (Sugiyono, 2023). The target population of this study consists of all property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) over a five-year period, from 2020 to 2024. To ensure the feasibility and efficiency of the analysis, not all members of this population were included; therefore, a systematic sampling procedure was required to obtain the observation units used as the data basis.

Sample

According to Sugiyono (2023), a sample is part of the number and characteristics possessed by the population. When the population is large and it is not feasible for the

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

researcher to study the entire population, the sample drawn from the population must be genuinely representative. Data were collected through purposive sampling, a sampling strategy in which subjects are deliberately selected based on specific predetermined criteria rather than through random selection. The sample criteria used were as follows:

1. Property and real estate companies listed on the Indonesia Stock Exchange for the 2020–2024 period.
2. Property and real estate companies that published annual reports consistently during 2020–2024.
3. Property and real estate companies that had complete data required by the researcher for the 2020–2024 period.

Data Collection Technique

This study collected data using the purposive sampling method, that is, by determining criteria, selecting, verifying, and then collecting the data. The data used are secondary data, namely financial statements published on the Indonesia Stock Exchange website during the 2020–2024 period containing information related to sustainability reporting and good corporate governance. Additional data were obtained from other sources such as journals, articles, and other sources relevant to the research.

Data Analysis Technique

The data analysis used is quantitative analysis, presented in numerical form and processed using statistical methods with the aid of Eviews software. Several methods are used, namely descriptive statistical analysis, classical assumption testing, the coefficient of determination test, multiple linear regression analysis, and hypothesis testing, including the simultaneous test (F test) and the partial test (t test).

Descriptive Statistical Analysis

Descriptive statistics are statistics used to analyze data by describing the collected data as it is, without intending to draw generalizable conclusions (Sugiyono, 2023). Descriptive statistical analysis is conducted to explore the basic characteristics of the data by presenting key information for each variable. Its objectives include identifying the number of observations (sample), determining the range of values through minimum and maximum measurements, and identifying central tendencies through the mean, median, and mode. In addition, this analysis also measures data

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

dispersion using standard deviation and summarizes it in percentage form. In the context of this study, the independent variables analyzed are financial distress, institutional ownership, and audit tenure, while the dependent variable is audit delay.

Panel Data Regression Model

There are three approaches used to estimate the parameters of the panel data regression model:

Common Effect Model (CEM)

CEM is the simplest approach, combining time-series and cross-sectional data without considering differences across individuals or time. Estimation is generally performed using Ordinary Least Squares (OLS) (Basuki, 2021).

Fixed Effect Model (FEM)

FEM assumes that differences among individuals are reflected in different intercepts. These differences are captured using dummy variables, making the model also known as the Least Squares Dummy Variable (LSDV) model (Basuki, 2021).

Random Effect Model (REM)

REM assumes that individual differences are represented through the error term. This model is commonly estimated using Generalized Least Squares (GLS) and is also known as the Error Component Model (ECM) (Basuki, 2021).

Panel Data Regression Model Selection

The selection of a panel data regression model aims to determine the most appropriate model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection is conducted through the following tests:

Chow Test

The Chow test determines whether CEM or FEM is more appropriate. If the Cross-section F probability < 0.05, FEM is selected; if > 0.05, CEM is selected.

Hausman Test

The Hausman test determines whether FEM or REM is more appropriate. If the Chi-Square probability < 0.05, FEM is selected; if > 0.05, REM is selected.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Lagrange Multiplier (LM) Test

The LM test determines whether REM is more appropriate than CEM when the previous tests do not clearly select FEM. If the Breusch-Pagan probability < 0.05, REM is selected; otherwise, CEM is preferred.

Classical Assumption Tests

Classical assumption tests are conducted based on the selected regression model and include normality, multicollinearity, heteroscedasticity, and autocorrelation tests (Basuki, 2021).

Normality Test

The normality test examines whether the regression residuals are normally distributed. A significance value > 0.05 indicates normally distributed residuals, while a value < 0.05 indicates non-normality.

Multicollinearity Test

The multicollinearity test identifies correlations among independent variables. A correlation above 0.90 indicates potential multicollinearity (Ghozali & Kusumadewi, 2023).

Heteroscedasticity Test

The heteroscedasticity test examines whether the residual variance is constant across observations. Using the ARCH test, a Prob. F-statistic or Prob. Chi-Square > 0.05 indicates no heteroscedasticity, whereas a value < 0.05 indicates its presence (Ghozali, 2021).

Autocorrelation Test

The autocorrelation test examines the correlation between residuals across periods. Based on the Durbin-Watson criterion, a value between -2 and +2 indicates no autocorrelation, while values below -2 or above +2 indicate positive or negative autocorrelation, respectively (Rochaety & Tresnati, 2019).

Multiple Linear Regression Analysis

Panel data regression combines cross-sectional and time-series data to analyze relationships between variables while accounting for differences across observation

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

units and time. The regression model used in this study is formulated as follows (Amaliah et al., 2023):

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:
Y=Audit Delay
α = Constant
β_1, β_2, β_3 = Regression coefficients
X_1 = Financial Distress
X_2 = Institutional Ownership
X_3 = Audit Tenure
e = Standard error

Hypothesis Testing

Hypothesis testing is conducted to determine the significance of the independent variables on the dependent variable, both simultaneously and partially.

F Test

The F test examines whether all independent variables simultaneously affect the dependent variable.

1. Prob(F-statistic) < 0.05: independent variables simultaneously have a significant effect.
2. Prob(F-statistic) > 0.05: independent variables do not have a significant simultaneous effect.

t Test

The t test examines the partial effect of each independent variable on the dependent variable.

1. Probability < 0.05: the independent variable has a significant partial effect.
2. Probability > 0.05: the independent variable does not have a significant partial effect.

Coefficient of Determination (R^2)

The coefficient of determination measures the ability of the regression model to explain variations in the dependent variable. An R^2 value closer to 1 indicates that the independent variables explain a greater proportion of the variation in the dependent variable, while a value closer to 0 indicates limited explanatory power (Ghozali, 2021).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

RESEARCH RESULTS AND DISCUSSION

Overview of the Research Object

The object of this research is companies in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Property and real estate companies are companies engaged in the development, sale, leasing, and management of property, with products such as apartments, shophouses, housing, office buildings, shopping centers, hospitals, and similar facilities. The data used in this study are secondary data obtained from the official website of the Indonesia Stock Exchange (www.idx.co.id) and the official websites of the respective companies. The population of this study consists of 92 property and real estate companies listed on the IDX. Using the purposive sampling technique a sample determination method based on certain criteria to obtain a relevant and representative sample 34 companies with 170 observational data points were obtained after the outlier process. A summary of the sample determination process is presented in Table 1.

Table 1. Number of Research Samples

No	Criteria	Criteria Violations	Cumulative
1	Property and real estate companies listed on the Indonesia Stock Exchange for the 2020–2024 period	-	92
2	Companies that did not consistently publish annual reports during 2020–2024	(24)	68
3	Companies that did not have complete data required for the study during 2020–2024	(11)	57
	Number of company samples		57
	Number of outlier companies		23
	Number of company samples after outlier removal		34
	Number of years studied		5
	Number of research data points		170

Source: Processed data, 2026

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Based on Table 1, 34 property and real estate companies meeting the research criteria were obtained. With an observation period of five years (2020–2024), the number of data points used in this study is 170 observations. Outlier removal was carried out by excluding extreme data, so that of the 57 companies meeting the initial criteria, 34 companies remained as the final sample.

Table 2. Research Data Sample

No	Code	Company Name
1	APLN	Agung Podomoro Land Tbk.
2	ASRI	Alam Sutera Realty Tbk.
3	BAPA	Bekasi Asri Pemula Tbk.
4	BCIP	Bumi Citra Permai Tbk.
5	DART	Duta Anggada Realty Tbk.
6	DILD	Intiland Development Tbk.
7	DMAS	Puradelta Lestari Tbk.
8	LPCK	Lippo Cikarang Tbk.
9	LPKR	Lippo Karawaci Tbk.
10	LPLI	Star Pacific Tbk.
11	MDLN	Modernland Realty Tbk.
12	MTSM	Metro Realty Tbk.
13	OMRE	Indonesia Prima Property Tbk.
14	PLIN	Plaza Indonesia Realty Tbk.
15	PWON	Pakuwon Jati Tbk.
16	SMDM	Suryamas Dutamakmur Tbk.
17	SMRA	Summarecon Agung Tbk.
18	TARA	Agung Semesta Sejahtera Tbk.
19	NASA	Andalan Perkasa Abadi Tbk.
20	RISE	Jaya Sukses Makmur Sentosa Tbk.
21	LAND	Trimitra Propertindo Tbk.
22	POSA	Bliss Properti Indonesia Tbk.
23	NZIA	Nusantara Almazia Tbk.
24	REAL	Repower Asia Indonesia Tbk.
25	TRIN	Perintis Triniti Properti Tbk.
26	KBAG	Karya Bersama Anugerah Tbk.
27	PURI	Puri Global Sukses Tbk.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

28	HOMI	Grand House Mulia Tbk.
29	ATAP	Trimitra Prawara Goldland Tbk.
30	ADCP	Adhi Commuter Properti Tbk.
31	TRUE	Triniti Dinamik Tbk.
32	ASPI	Andalan Sakti Primaindo Tbk.
33	AMAN	Makmur Berkah Amanda Tbk.
34	PPRO	PP Properti Tbk.

Source: www.idx.co.id, 2026 (processed data)

Research Results

Descriptive Statistics Analysis

Table 3. Descriptive Statistics Results

	X1 (Financial Distress)	X2 (Institutional Ownership)	X3 (Audit Tenure)	Y (Audit Delay)
Mean	62.41790	4685.733	2.482353	92.38824
Median	5.046319	0.655384	2.000000	88.00000
Maximum	4041.840	796469.1	5.000000	153.0000
Minimum	-11.32694	0.097077	1.000000	41.00000
Std. Dev.	377.5017	61086.34	1.359706	21.30205
Skewness	9.071046	12.92308	0.440980	0.749263
Kurtosis	88.34926	168.0059	1.926372	3.944785
Jarque-Bera	53929.89	197589.4	13.67459	22.22888
Probability	0.000000	0.000000	0.001073	0.000015
Observations	170	170	170	170

Source: Data processed with Eviews 12, 2026

The descriptive statistics results in Table 3 were obtained from 34 sample companies over the 2020–2024 period, comprising 170 observational data points. The audit delay variable (Y) has a minimum value of 41 days and a maximum of 153 days, with a mean of 92.39 days and a standard deviation of 21.30, indicating a relatively heterogeneous distribution of data across companies. The financial distress variable (X1) has a very wide range (minimum -11.33 to maximum 4,041.84) with a standard deviation (377.50) far exceeding the mean (62.42), indicating high variation in financial

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

condition among the sample companies. The institutional ownership variable (X2) also shows a heterogeneous data distribution, with a mean of 4,685.73 and a standard deviation of 61,086.34. Meanwhile, the audit tenure variable (X3) is relatively more homogeneous, with a mean of 2.48 and a standard deviation of 1.36, indicating that the variation in audit engagement periods across companies is not very large.

Panel Data Regression Analysis Test

Panel data regression was estimated using three approaches: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The estimation results are presented in Table 4.

Table 4. Panel Data Regression Estimation Results

Variable	CEM Coefficient	CEM Prob.	FEM Coefficient	FEM Prob.	REM Coefficient	REM Prob.
C	107.2805	0.0000	109.2489	0.0000	108.7470	0.0000
X1 Financial Distress	-0.007700	0.0607	-0.004162	0.2409	-0.005112	0.1377
X2 – Institutional Ownership	-4.48E-06	0.8587	-2.76E-05	0.2022	-2.13E-05	0.3103
X3 – Audit Tenure	-5.797168	0.0000	-6.635499	0.0000	-6.421244	0.0000

Source: Data processed with EViews 12, 2026.

Based on Table 4, all three models show that audit tenure (X3) has a significant negative effect on audit delay, with a probability value of 0.0000. Meanwhile, financial distress (X1) and institutional ownership (X2) are not statistically significant in any of the three models. The Prob(F-statistic) values below 0.05 indicate that the independent variables simultaneously affect audit delay across all three models.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Panel Data Regression Model Selection

To determine the most appropriate panel data regression model, the Chow Test, Hausman Test, and Lagrange Multiplier Test were conducted. The results are presented in Table 5.

Table 5. Summary of Panel Data Regression Model Selection

No.	Test	Model Comparison	Statistic	Prob. Value	Decision
1	Chow Test	CEM vs. FEM	Cross-section F = 4.499795	0.0000	Fixed Effect Model (FEM)
2	Hausman Test	FEM vs. REM	Chi-Sq. = 4.594001	0.2041	Random Effect Model (REM)
3	Lagrange Multiplier Test	CEM vs. REM	Breusch-Pagan = 53.24725	0.0000	Random Effect Model (REM)

Source: Data processed with EViews 12, 2026

Based on Table 5, the Chow Test produced a probability value of 0.0000, which is less than 0.05. Therefore, the Common Effect Model (CEM) was rejected, and the Fixed Effect Model (FEM) was preferred. Furthermore, the Hausman Test produced a probability value of 0.2041, which is greater than 0.05, indicating that the Random Effect Model (REM) was more appropriate than the FEM. Finally, the Lagrange Multiplier Test produced a Breusch-Pagan probability value of 0.0000, which is less than 0.05, confirming that the REM was more appropriate than the CEM. Therefore, based on the overall model selection results, the Random Effect Model (REM) was selected as the most appropriate model for analyzing the effect of financial distress, institutional ownership, and audit tenure on audit delay.

Classical Assumption Test

Based on the model selection results, the Random Effect Model (REM) was selected as the estimation model. Classical assumption tests were conducted to assess the validity of the regression model, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The results are presented in Table 6.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Table 6. Summary of Classical Assumption Test Results

No.	Test	Indicator	Statistic	Prob. / Value	Decision
1	Normality	Jarque-Bera	5.041020	0.080419	Normally distributed
2	Multicollinearity	Maximum correlation	-0.108060	< 0.90	No multicollinearity
3	Heteroscedasticity	ARCH F-statistic	0.762827	0.3837	No heteroscedasticity
4	Autocorrelation	Durbin-Watson	1.197847	—	No autocorrelation

Source: Data processed with EViews 12, 2026

Based on Table 6, the Jarque-Bera probability value of 0.080419 is greater than 0.05, indicating that the residuals are normally distributed. The correlation coefficients among the independent variables are below 0.90, indicating no multicollinearity. The ARCH test produces a probability value of 0.3837, which is greater than 0.05, indicating the absence of heteroscedasticity. Furthermore, the Durbin-Watson value of 1.197847 falls within the range of -2 to +2, indicating no autocorrelation. Therefore, the selected Random Effect Model satisfies the classical assumption tests and can be used for further analysis.

Multiple Linear Regression Test

Table 7. Multiple Linear Regression Test Results (Random Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	108.7470	3.424995	31.75100	0.0000
X1	-0.005112	0.003427	-1.491730	0.1377
X2	-2.13E-05	2.09E-05	-1.017800	0.3103
X3	-6.421244	0.944235	-6.800474	0.0000

Source: Data processed with Eviews 12, 2026

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Based on Table 7, the panel data regression equation of this study can be formulated as follows:

Y = 108.7470 – 0.005112X1 – 0.0000213X2 – 6.421244X3

The constant value of 108.7470 is positive, indicating that if all independent variables are held constant (equal to zero), audit delay is predicted to be at that value. The financial distress coefficient of -0.005112 indicates that every one-unit increase in financial distress will decrease audit delay by 0.005112 units, assuming other variables remain constant. The institutional ownership coefficient of -0.0000213 indicates that every one-unit increase in institutional ownership will decrease audit delay by 0.0000213 units. The audit tenure coefficient of -6.421244 indicates that every one-unit increase in audit tenure will decrease audit delay by 6.421244 units.

Hypothesis Testing

Simultaneous Test (F Test)

The simultaneous test (F test) aims to determine whether all independent variables jointly have a significant effect on the dependent variable. Testing criterion: if the Prob(F-statistic) value < 0.05, the independent variables have a simultaneous effect.

Table 8. Simultaneous Test (F Test) Results

F-statistic	Prob(F-statistic)
15.42328	0.000000

Source: Data processed with Eviews 12, 2026

The Prob(F-statistic) value of 0.000000 is smaller than 0.05, so it can be concluded that the variables financial distress, institutional ownership, and audit tenure simultaneously affect audit delay.

Partial Test (T Test)

The partial test is used to determine the individual effect of each independent variable on the dependent variable. Testing criterion: if the Prob value < 0.05, the variable has a significant effect.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Table 9. Partial Test (T Test) Results

Variable	Coefficient	t-Statistic	Prob.	Description
Financial Distress (X1)	-0.005112	-1.491730	0.1377	Not Significant
Institutional Ownership (X2)	-2.13E-05	-1.017800	0.3103	Not Significant
Audit Tenure (X3)	-6.421244	-6.800474	0.0000	Significant

Source: Data processed with Eviews 12, 2026

The first hypothesis tests the effect of financial distress on audit delay and obtained a significance value of 0.1377 (> 0.05), meaning financial distress has no significant effect on audit delay. The second hypothesis tests the effect of institutional ownership on audit delay and obtained a significance value of 0.3103 (> 0.05), meaning institutional ownership has no significant effect on audit delay. The third hypothesis tests the effect of audit tenure on audit delay and obtained a significance value of 0.0000 (< 0.05), meaning audit tenure has a significant effect on audit delay.

Coefficient of Determination Test (R^2)

The coefficient of determination test aims to measure the ability of the independent variables to explain the variation in the dependent variable.

Table 10. Coefficient of Determination Test Results

R-squared	Adjusted R-squared
0.217976	0.203844

Source: Data processed with Eviews 12, 2026

The Adjusted R-squared value of 0.203844, or approximately 20%, indicates that the variables financial distress, institutional ownership, and audit tenure jointly explain 20% of the variation in audit delay, while the remaining 80% is explained by other variables outside this research model.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

RESEARCH DISCUSSION

Simultaneous Effect of Financial Distress, Institutional Ownership, and Audit Tenure on Audit Delay

Based on the simultaneous F test results in Table 15, the Prob(F-statistic) value of 0.000000 (< 0.05) was obtained, meaning that financial distress, institutional ownership, and audit tenure simultaneously affect audit delay. This indicates that these three variables jointly contribute to influencing the length of time required to complete the audit of a company's financial statements. This result is consistent with signaling theory, which explains that the timeliness of submitting audited financial statements is a signal given by the company to investors and stakeholders. Short audit delay reflects a positive signal because it shows that the company is able to present its financial statements on time, whereas long audit delay may be perceived as a negative signal. This finding is consistent with the study by Saputri et al. (2021), which found a simultaneous effect of financial distress and audit tenure on audit delay, and is further reinforced by Pronosokodewo and Adyaksana (2021), who found an effect of institutional ownership on audit delay.

Effect of Financial Distress on Audit Delay

The t-test results for the financial distress variable show a probability value of 0.1377 (> 0.05), meaning financial distress partially has no effect on audit delay. In other words, both companies experiencing financial difficulties and those in a healthy financial condition have a relatively equal likelihood of submitting audited financial statements on time. As an illustration, PT Modernland Realty Tbk. in 2021 had a Z-score of 1.42, placing the company in the grey zone (a condition that is neither classified as safe nor as bankrupt), yet the company did not experience audit delay in the same year. This can be explained through signaling theory, in which management continues to strive to complete the audit process on time to avoid negative perceptions from investors and regulators, regardless of the financial condition faced. In addition, auditors continue to carry out audit procedures in accordance with professional standards without differentiating based on the client's financial condition. This finding is consistent with the studies by Faradista and Stiawan (2022) and Maryani and Handayani (2024), which also found that financial distress has no effect on audit delay.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Effect of Institutional Ownership on Audit Delay

The t-test results for the institutional ownership variable show a probability value of 0.3103 (> 0.05), meaning institutional ownership partially has no effect on audit delay. This study found no evidence supporting a relationship between the proportion of institutional investor ownership and the length of audit completion. As an illustration, PT Agung Podomoro Land Tbk. in 2020 had an institutional ownership proportion of 82.7%, yet the company still experienced an audit delay of 113 days. This indicates that the presence of institutional investors does not necessarily accelerate the audit process, because the monitoring function of institutional investors is more focused on company performance and strategic decision-making rather than on accelerating the audit process itself. The completion of the audit is determined more by the auditor's examination procedures, the complexity of the company's operations, and the quality of financial statement preparation. This finding is consistent with the studies by Neldi and Herawati (2024) and Siswanto and Suhartono (2022), but differs from the findings of Pronosokodewo and Adyaksana (2021), who stated that institutional ownership affects audit delay.

Effect of Audit Tenure on Audit Delay

The t-test results for the audit tenure variable show a probability value of 0.0000 (< 0.05), meaning audit tenure partially has a significant effect on audit delay, with a negative direction of effect. This indicates that the longer the engagement period between the auditor and the client company, the shorter the time required to complete the audit process. This condition occurs because auditors with longer engagement periods have a better understanding of the internal control system, accounting policies, operational characteristics, and business risks of their client companies, allowing the audit process to be carried out more efficiently without reducing audit quality. This finding is consistent with signaling theory, which explains that companies strive to convey positive signals to investors through the timely submission of audited financial statements, and longer audit tenure enables auditors to complete audits more efficiently to support this. This result is consistent with the studies by Ariansyah and Diyanti (2025) and Saputri et al. (2021), which explain that audit tenure affects the timeliness of financial statement submission.

Overall, the research results show that of the three independent variables tested, only audit tenure has a significant partial effect on audit delay, while financial distress and institutional ownership have no significant partial effect. Nevertheless, the three

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

variables are simultaneously proven to affect audit delay, with the ability to explain 20% of the variation in audit delay, while the remaining 80% is explained by other factors outside this research model.

CONCLUSION

This study examined the effects of Financial Distress, Institutional Ownership, and Audit Tenure on Audit Delay among property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Using panel data regression analysis, the study found that the three independent variables simultaneously influence Audit Delay. However, the partial test results indicate that Financial Distress does not significantly affect Audit Delay, suggesting that the financial condition of a company does not necessarily determine the length of the audit process. Likewise, Institutional Ownership does not significantly affect Audit Delay, indicating that the proportion of institutional ownership does not directly determine the timeliness of audit completion. In contrast, Audit Tenure has a significant effect on Audit Delay. This indicates that the duration of the auditor–client engagement is associated with the time required to complete the audit. The findings therefore suggest that auditor-related factors, particularly the length of the audit engagement, play an important role in determining Audit Delay. Overall, the findings provide empirical evidence regarding the factors associated with Audit Delay in Indonesian property and real estate companies and contribute to the discussion of timely financial reporting and auditing practices

REFERENCES

Amaliah, N., et al. (2023). Cited in the source thesis without full publication details.

Aurely, Destiana, & Saadah. (2021). Cited in the source thesis without full publication details.

Basuki, A. T. (2021). Analisis Data Panel Dalam Penelitian Ekonomi dan Bisnis. PT Rajagrafindo Persada, 1–161.

Faradista, C. S., & Stiawan, H. (2022). Pengaruh Financial Distress, Laba Operasi dan Ukuran Perusahaan Terhadap Audit Delay. Jurnal Simki Economic, 5(1), 20–32. https://doi.org/10.29407/jse.v5i1.122

Febriyanti, E., & Purnomo, L. I. (2021). Pengaruh Audit Complexity, Financial Distress, dan Jenis Industri Terhadap Audit Delay. SAKUNTALA: Prosiding Sarjana Akuntansi Tugas Akhir Secara Berkala, 1(1), 645–663.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Ghozali, I. (2021). Aplikasi Analisis Multivariate dengan Program IBM SPSS. Badan Penerbit Universitas Diponegoro.

Ghozali, I., & Kusumadewi. (2023). Cited in the source thesis without full publication details.

Goh, S. (2023). Monograf: Financial Distress. Indomedia Pustaka.

Kristiana, L. W., & Annisa, D. (2022). Pengaruh Kepemilikan Institusional, Auditor Switching, Dan Financial Distress Terhadap Audit Delay (Studi Empiris pada Perusahaan Sektor Pertambangan yang Terdaftar di Bursa Efek Indonesia Tahun 2018–2020). Jurnal Revenue: Jurnal Ilmiah Akuntansi, 3(1), 267–278.

Pronosokodewo, B. G., & Adyaksana, R. I. (2021). Tekanan Kepemilikan Saham Pada Audit Delay Di Bursa Efek Indonesia Periode. Journal of Applied Accounting and Taxation, 6(2), 123–136.

Rochaety, E., & Tresnati, R. (2019). Metodologi Penelitian Bisnis Dengan Aplikasi SPSS. Mitra Wacana Media.

Saputri, E. R., Setyadi, E. J., Hariyanto, E., & Inayati, N. I. (2021). Pengaruh Audit Tenure, Auditor Switching, Reputasi Auditor, Dan Financial Distress Terhadap Audit Report Lag (Studi Pada Perusahaan Pertambangan yang Terdaftar Di Bursa Efek Indonesia Tahun 2015-2019). Ratio: Reviu Akuntansi Kontemporer Indonesia, 2(2), 73–81. https://doi.org/10.30595/ratio.v2i2.10374

Sugiyono. (2019). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Alfabeta.

Sugiyono. (2023). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Alfabeta.

Yani, P., Neldi, M., & Dewi, R. C. (2021). Ukuran Perusahaan sebagai Financial Distress, Profitabilitas dan Pergantian Auditor Terhadap Audit Delay. Journal of Business and Economics (JBE) UPI YPTK, 6(3), 126–131. https://doi.org/10.35134/jbeupiyptk.v6i3.132

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.