

Effect Of Audit Delay Reaction To Investors (Study In Non-Financial Companies Listed In Indonesia Stock Exchange IDX)

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Abstrak

Penelitian ini bertujuan untuk menentukan dan menganalisis pengaruh audit delay terhadap reaksi investor pada perusahaan non-keuangan yang terdaftar di Bursa Efek Indonesia (BEI). Variabel independen dalam penelitian ini adalah audit delay, diukur dengan selisih antara tanggal penandatanganan laporan audit dan tanggal neraca, sedangkan variabel dependen adalah reaksi investor yang diukur dengan menggunakan abnormal return. Hasil penelitian menunjukkan bahwa audit delay memiliki efek negatif yang signifikan terhadap reaksi investor, dengan nilai t -2,897 dan signifikansi 0,007 ($p < 0,05$). Ini menunjukkan bahwa semakin lama audit delay, semakin kuat reaksi negatif dari investor. Misalnya, PT Tambang Bukit Asam Tbk (TABA) mengalami audit delay selama 55 hari dan menerima reaksi negatif investor tertinggi, sementara perusahaan dengan audit delay yang lebih pendek seperti Martina Berto (MBTO) menunjukkan reaksi negatif yang lebih rendah. Pembahasan ini mendukung gagasan bahwa audit delay yang lebih lama menciptakan ketidakpastian dan berita buruk bagi investor, yang memengaruhi keputusan investasi mereka. Hal ini konsisten dengan teori pengambilan keputusan dalam konteks perusahaan yang menghadapi masalah dan ketidakpastian. Kesimpulannya, penundaan audit berpengaruh signifikan negatif terhadap reaksi investor, yang berarti bahwa penundaan penyelesaian audit dapat berdampak buruk terhadap persepsi investor dan keputusan investasi di pasar modal Indonesia.

Kata Kunci: Keterlambatan Audit; Reaksi Investor dan Perusahaan Non-Keuangan.

Abstract

This study aims to determine and analyze the effect of audit delay on investor reaction in non-financial companies listed on the Indonesia Stock Exchange (IDX). The independent variable in this study is audit delay, measured by the difference between the audit report signing date and the balance sheet date, while the dependent variable is investor reaction measured using abnormal returns. The results show that audit delay has a significant negative effect on investor reaction, with a t -value of -2.897 and significance of 0.007 ($p < 0.05$). This indicates that the longer the audit delay, the stronger the negative reaction from investors. For instance, PT Tambang Bukit Asam Tbk (TABA) experienced an audit delay of 55 days and received the highest negative investor reaction, while companies with shorter audit delays like Martina Berto (MBTO) showed lower negative reactions. The discussion supports the notion that longer audit delays create uncertainty and bad news for investors, affecting their investment decisions. This is consistent with decision-making theory in the context of firms facing problems and uncertainty. In conclusion, audit delay significantly negatively influences investor reaction, implying that delays in audit completion can adversely impact investor perception and investment decisions in the Indonesian capital market.

Keyword: Audit Delay; Reaction Investor and Non-Financial Company.

1. Introduction

The Indonesian capital market has experienced significant growth and dynamic changes over the past decade, leading to increasing demands for transparent and timely financial reporting by publicly listed companies. Accurate and punctual financial statements are crucial for enabling investors and stakeholders to make informed decisions. Recognizing this, the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK) have continuously strengthened regulatory frameworks to enforce the timeliness and completeness of financial report submissions. One of the key regulations is OJK Regulation Number 14 of 2022, which mandates issuers to submit comprehensive periodic financial statements—both annual and semi-annual—including balance sheets, income statements, equity changes, cash flow statements, and detailed explanatory notes. These submissions must be made electronically through the OJK's Electronic Reporting System (ERS) within strict deadlines to enhance transparency and accountability. Despite these rigorous regulations, audit delays remain a persistent issue affecting many companies. Audit delay is commonly defined as the elapsed time between the fiscal year-end and the auditor's report signing date. Extended audit delays can hinder the timely dissemination of financial information, create market uncertainty, and negatively impact investor confidence. Empirical data from 2019 to 2023 show fluctuating trends in the number of companies delayed in submitting financial statements on the IDX. In 2019, approximately 42 companies reported late submissions; this number increased notably to around 88 in 2020. Subsequent years saw a decrease to 68 companies in 2021 and 49 companies in 2022. However, in 2023, the count rose sharply again to approximately 129 companies. These delays highlight ongoing challenges in ensuring the punctual completion of audits and financial reporting despite regulatory improvements.

The IDX enforces substantial sanctions on companies that fail to meet deadlines, including the suspension of stock trading starting from the 91st day of delayed audited financial reports. Nevertheless, many companies as late as mid-2024 have yet to meet submission obligations or pay fines, illustrating the real and ongoing prevalence of audit delays in the Indonesian capital market. In recent years, audit delay has remained a research focus due to its impact on the timeliness of financial statement submissions and investor decisions. Research by Almarzouq *et al.* (2024) confirms that audit delay duration is a critical factor determining the timeliness of reporting and the quality of information received by investors. Similar studies by Cığer *et al.* (2025) show that timeliness of financial reporting is a major qualitative attribute influencing the relevance and investor trust in company financial statements. Moreover, Nguyen *et al.* (2022) found that delayed financial reporting negatively affects stock market reactions, usually resulting in negative abnormal returns. This indicates investors perceive delays as “bad news” that can increase uncertainty and risks associated with the company. Recent studies in Indonesia also reveal that despite stringent regulations from OJK and IDX since 2019 aimed at improving reporting timeliness, significant audit delay practices still occur among many listed companies, disrupting investor confidence and market transparency (IDX, 2024).

Table 1. The number of companies listed on the Stock Exchange were late in submitting financial statement period 2019-2023

Year	Number of Companies Delayed in Submitting Financial Statements
2019	42
2020	88
2021	68
2022	49
2023	129

The table illustrates the number of companies listed on the Indonesia Stock Exchange (IDX) that delayed submitting their annual financial statements from 2019 to 2023. In 2019, 42 companies reported delays, nearly doubling to 88 in 2020, largely influenced by global economic conditions and the COVID-19

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pandemic's impact on audit and reporting processes. In 2021 and 2022, the number of delays decreased to 68 and 49 companies respectively, reflecting improved compliance and audit completion. However, 2023 saw a sharp increase to 129 companies delaying submissions, raising concerns among regulators and investors due to the increased uncertainty and potential loss of market confidence. This persistent issue highlights the need for further research on the effects of audit delay on investor reactions amid strengthened market supervision in Indonesia. The submission of financial statements is closely linked to investor reactions, as highlighted by Nguyen *et al.* (2022). Timely submission tends to elicit positive investor responses, often reflected in rising stock prices, signaling good news and profitable prospects. Conversely, delays in financial reporting usually trigger negative reactions, leading to stock price declines, as delayed submissions are perceived as bad news with questionable relevance. This dynamic underscores the critical role of timeliness in maintaining investor confidence. In Indonesia, despite increasingly stringent regulations on financial reporting—such as those enforced up to 2024—audit delays remain a significant phenomenon. Data shows a fluctuating but persistent number of companies submitting their financial statements late, with a notable surge in 2023 to 129 companies. Such delays contribute to market uncertainty, eroding investors' trust and potentially destabilizing the capital market. This ongoing challenge reflects the complex interplay between regulatory enforcement, corporate governance, and market expectations in Indonesia. This study aims to complement existing literature by focusing on the effect of audit delay on investor reactions specifically within non-financial firms listed on the Indonesia Stock Exchange, incorporating the influence of the latest financial reporting regulations. By investigating this phenomenon, the research seeks to deepen understanding of how audit delays affect market dynamics and investor behavior in the Indonesian context, providing valuable insights for regulators, companies, and stakeholders striving to enhance transparency and market confidence.

2. Literature Review

Audit delay is a significant phenomenon in accounting and capital markets due to its impact on the quality of financial reporting and investor perceptions. Audit delay is defined as the time required by auditors to complete the audit process from the fiscal year-end date to the issuance date of the audit report (Murdiansyah & Sari, 2023). Such delays can cause uncertainty among stakeholders and potentially reduce investor confidence in the company (Almarzouq *et al.*, 2024). In the context of the Indonesian capital market, regulations enforced by the Financial Services Authority (OJK) through Regulation Number 14 of 2022 require listed companies to submit financial reports timely and completely via an electronic reporting system. However, data show that many companies still experience delayed reporting, with the number of late submissions increasing significantly in 2023 compared to previous years (Nguyen *et al.*, 2022; IDX Report, 2023). This indicates that audit delay remains a major challenge for effective supervision and transparency in the Indonesian capital market. According to signaling theory, delays in financial reporting send negative signals to investors, who respond with market reactions such as a decline in stock prices or negative abnormal returns (Nguyen *et al.*, 2022; Deden Arifin & Neli, 2023). Prior research on the effect of audit delay on stock prices has yielded mixed results; some studies report no significant effect, while others find a strong negative relationship (Marindah, 2013). These inconsistencies motivate further research to understand local contexts and evolving regulations, particularly focusing on the non-financial sector. Recent empirical studies in Indonesia's sectors reveal that variables such as profitability, solvency, company size, and auditor opinion do not significantly affect the length of audit delay (Murdiansyah & Sari, 2023). Nevertheless, audit delay remains an important indicator affecting investor trust and behavior.

2.1 Decision Making Theory

Holm, *et al* (2025) outlines that the decision is solving the problems faced by the firm. According to Davis, the decision must be able to answer questions about what was discussed in conjunction with the planning, and can also be action on the implementation of the highly deviated from the original plan.

2.2 Audit Delay

Audit Delay is a long time in the completion of the audit which is measured from the closing date of the financial year, up to the date of completion of an independent audit report (Endri *et al.*, 2023). Proof of the correctness and accuracy will affect the level of usefulness. Empirical evidence has shown that the decisions based on the financial statements is affected by the accuracy of financial reporting (Eissa *et al.*, 2025). The factors that affect the audit delay is (a) the size of the company, (b) the type of company, (c) the financial performance, and (d) the auditor's opinion.

2.3 Investor Reaction

The length of time of completion of the audit will affect the timeliness of the information published, resulting in the market's reaction and the influence of uncertainty making a decision to invest. Audit delay the lower the financial statements will provide a rapid response to the investor in making a decision where such information can provide value in the eyes of investors. To determine the calculation of investor reaction, the existence of an abnormal return calculation. According to Yunita *et al.* (2023) find that during the COVID-19 period, timeliness of financial report submission had a positive effect on abnormal returns in food & beverage firms listed on IDX (International Journal of Business and Applied Economics, 2023). H1: *audit delay* effect on investor reaction.

3. Reaserch Methodology

This research is a quantitative study with an explanatory approach. The object of this study is Indonesian non-financial companies listed on the Indonesia Stock Exchange (IDX) during the period 2019 to 2023. The observation period covers five years, from 2019 to 2023, and the sample consists of 30 companies selected using the purposive sampling method. Data were collected through documentation and literature study, focusing on annual financial reports and relevant secondary data sources from IDX publications and related regulatory agencies. The data analysis methods include descriptive statistics, classical assumption tests, and regression analysis to determine the influence of audit delay on investor reaction during the specified period.

3.1 Operational Definition of Variables

- 1) X1 variable in this study is the Audit Delay. Audit Delay is measured by means of the date of signing the audit report reduced the balance sheet date.
- 2) Y variables in this study is the reaction of investors. Investor reaction was measured using a calculation abnormal return (AR) using the study of events and value relevance studies or association studies. Calculating AR are as follows:

Calculation abnormal return can be obtained by adding together the abnormal return during the period.

$$Sickle = Rit - E (Rit)$$

Information:

Sickle = Abnormal Return

Rit = Actual Return (cover stock happens to the securities in period to t)

E (Rit) = *expected Return* (Stock cover that occurred securities i-th to events to-t)

3.2 Data Analysis Technique

Data were analyzed using descriptive analysis, classic assumption test, simple regression test and t test.

4. Results and Discussion

4.1 Results

4.1.1 Simple Regression Test Results

Analysis of simple linear regression aims to determine the direction of the relationship between the independent variable (X) to the dependent variable (Y) is positive or negative, and to predict the value of the dependent variable when the independent variable value increased or decreased. Simple linear regression analysis performed using SPSS 21 for windows. Here is the result of a simple linear regression analysis test, which will be shown in Table 2.

Table 2. Simple Linear Regression Test Results

variables	Standardized Coefficients (Beta)	t	Sig.	Information
X	-0.480	-2897	0.007	Significant
A			0.05	
R			.480	
R Square			0.231	
The coefficient of determination (Adj. R2)			0.203	
F - Calculate			8.394	
F - Table			4.26	
Sig. F			0.007	
t - table			1,699	

Based on a simple regression test results, the regression equation in Standardized Coefficient obtained from Table 2 is as follows:

$$Y = a + \beta_1 X_1$$

$$Y = -0,480X$$

Multiple linear regression equation can be named Audit Delay variable regression coefficient (X) is approximately -0.480 indicating that profitability variable (X1) has a negative influence on investor reaction (Y). This means that any increase of the Audit Delay (X) of -0.480, there will be a decrease or bad news to investor reaction (Y) of -0.480.

4.1.2 Regression Coefficient Test (t test)

This test is used to determine whether the independent variable in the regression model (X1, X2, ..., Xn) is partially significant effect on the dependent variable (Y). and partial test results are shown in the following table:

Table 3. Partial Test Results (t)

Model	Coefficients ^a			t	Sig.
	Coefficients Unstandardized	Std. Error	Standardized Coefficients		
	B		Beta		
1 (Constant)	9.493	,937		10.137	,000
Audit Delay (X)	-,034	,012	-,480	-2.897	,007

a. Dependent Variable: Investor reaction (Y)

Based on the table above, we conclude as that influence audit delay the reaction of investors has t of -2.897 with a significance of 0.007. T value greater than t table that is equal to 1.699 (-2.897 > 1.699), this indicates the negative influence of the audit delay the reaction of investors. The significant value of 0.007,

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less than 0.05, so the decision to H_0 is rejected. It can be concluded that the audit delay has no effect (negative) significant investor reaction.

4.1.3 The Coefficient Of Determination R^2

The purpose of this test is to test the level of closeness or the relationship between the dependent variable and independent variables that can be seen from the magnitude of the coefficient of determination squared. The coefficient of determination used to measure the percentage of variation explained perubah bound by all independent modifiers. Coefficient of determination lies between 0 and 1 ($0 < R^2 < 1$), where the higher the value of R^2 of a regression or close to 1, then the regression results will be. This means free modifiers provide almost all the information needed to predict the dependent variable. The coefficient of determination (R^2) can be seen in Table 4 as follows:

Table 4. Results Analysis The coefficient of determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,480a	,231	,203	1,662

From the analysis of the coefficient of determination in the above table, the value of R Square (R^2) in the regression models at 0.231. This means that the results of the regression is able to explain the influence of variable X to Y of 23.1% and the remaining 76.9% is explained by other variables that are not included in this study. R values in the regression analysis obtained was 0.480, meaning a relationship of correlation between variables audit delay by investor reaction because the value close to 1 rather than 0

4.2 Discussion

The results of this study describes the results of the data as described previously. Discussion of the results arranged sequentially based on the formulation of the hypothesis. This study uses the audit delay as the independent variable and the reaction of investors as the dependent variable. The first hypothesis (H_1) stated that the audit delay has an influence on investor reaction. Based on the test results of H_1 on the t-test, the study found the influence of audit delay the reaction of investors. The results showed that the variables of audit delay the reaction of investors have t of -2.897 with a significance of 0.007. T value greater than t table that is equal to 1.699 ($-2.897 > 1.699$), this indicates the negative influence of the audit delay the reaction of investors. The significant value of 0.007, less than 0.05, so the decision to H_0 is rejected. It can be concluded that the audit delay has no effect negative. significant investor reaction. The results are consistent with the hypothesis proposed in H_1 , so that H_1 in this study received. It is also in line with research that has been done by Yunita *et al.* (2023) found that audit delay effect on investor reaction. This is because the market test indicates a significant reduction in the content of financial information if the difference of the time of reporting (reporting delay) is too long and have an impact on investors' expectations and reactions. The longer the time delay of the publication of the audited annual financial statements will lead to potential economic uncertainty is expected from the market. This phenomenon became particularly prominent during and after the COVID-19 pandemic, which significantly disrupted business operations and the audit process worldwide. The pandemic created new obstacles for company management and auditors, including remote work challenges, limited access to financial data, and stricter health protocols. As a result, many companies experienced longer audit completion times, contributing to a higher incidence of audit delays during 2020–2022. These extended delays intensified uncertainty in the market, and investors reacted more negatively to companies with late financial reports, associating such delays with potential bad news or weakened financial positions amid the crisis. Based on the above results, the more the number of days in the delay of the audit by the company in the company's annual report will increasingly occur bad news and uncertainty on the expected economy and can influence the decision making of investors. This is in line with the theory of decision making within hasan Holm, *et al* (2025) outlines that the decision is solving the problems faced by the firm. According to Davis, the decision must be able to answer questions about what was discussed in conjunction with the planning, and can also be action on the implementation of the highly deviated from the original plan.

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Based on analysis of data from 30 companies, as measured by abnormal return can be seen, there are several companies that obtain the highest negative reaction of investors to the value-55namely the company TABA (PT Tambang Bukit Asam Tbk) keterambatan span of 55 days and the lowest with a value of -1 is the company MBTO (Martina Berto) with a delay of 38-day span. This suggests that higher levels of reporting delays, it will cause an adverse reaction (bad news) to the investor. The companies that get a positive value on the day of closing, in the previous days later and tend to fluctuate against abnormal return value. This shows the presence of audit delay causes a symptom of bad news to investors in the company.

5. Conclusion

The results of this study indicate that audit delay has a significant negative influence on investor reactions to Indonesian non-financial companies listed on the Indonesia Stock Exchange. Statistically, audit delay shows a negative t-value of -2.897 with a significance level of 0.007, confirming that longer delays in the audit process tend to trigger more negative abnormal returns. This suggests that when companies take longer to publish audited annual financial statements, investors perceive this as a signal of bad news or increased uncertainty regarding the company's financial health, especially evident during disruptive periods such as the COVID-19 pandemic. This phenomenon became particularly pronounced during the COVID-19 pandemic, when companies across sectors faced unprecedented operational challenges. The pandemic disrupted normal audit workflows, as restrictions on physical access, remote working arrangements, and difficulties in data collection led to longer audit completion times. These audit delays were more common and, in the eyes of investors, were associated with heightened uncertainty about a company's financial health and future prospects. As a result, markets became more sensitive to late financial disclosures, and companies experiencing audit delays during this period often faced steeper declines in market confidence and stock returns. Thus, the negative reactions observed such as those for TABA and MBTO reflect not only company-specific issues but also the broader climate of economic uncertainty exacerbated by the COVID-19 crisis, reinforcing the importance of timely and transparent financial reporting to maintain and enhance investor trust and market stability. Companies should ensure timely completion and publication of audited financial statements to reduce market uncertainty and negative investor reactions by improving internal coordination, leveraging technology to streamline audit and reporting processes, and maintaining strong communication with auditors, especially during periods of disruption such as pandemics. In parallel, regulators should continue strictly enforcing reporting deadlines while also providing guidance and support mechanisms for companies facing genuine operational challenges in meeting these requirements. Future research is recommended to expand the sample size and extend the observation period to obtain broader and more robust insights, incorporate a wider range of sectors for comparative analysis, and examine additional factors that may influence investor reactions, such as corporate governance quality, the use of audit technology, auditor characteristics, and macroeconomic shocks like the COVID-19 pandemic.

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