



### A Literature Review on the Influence of Profitability and Firm Size on Audit Delay

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#### ABSTRACT

This study examines the effect of profitability and firm size on audit delay through a structured literature review. Audit delay reflects the timeliness of audited financial statement submissions and is influenced by various internal and external factors. This study reviews articles published between 2020–2025 in SINTA-indexed journals that discuss profitability, firm size, and audit delay. The review findings indicate that profitability does not consistently affect audit delay, suggesting that higher or lower profit levels do not necessarily accelerate audit completion. Similarly, firm size shows no consistent significant effect on audit delay. These findings imply that other factors beyond profitability and firm size play a more dominant role in determining audit delay.

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## INTRODUCTION

Financial statements are the primary medium through which companies communicate information regarding their financial position, performance, and cash flows to stakeholders. The usefulness of financial statements depends on qualitative characteristics such as relevance, reliability, comparability, and understandability. Timeliness is a critical component of relevance, as delayed information loses its decision-making value. According to Hendi and Sitorus (2023), the timeliness of audit reports plays an important role in maintaining the reliability and relevance of financial information for report users. Therefore, the timeliness of financial reporting is one of the main indicators in assessing the transparency and credibility of companies in the capital market.

In the context of reporting timeliness, audit delay is an important issue in financial accounting research. Audit delay refers to the time span between the fiscal year-end and the issuance date of the independent auditor's report Meidina and Tartilla (2022). A prolonged audit delay reduces the relevance of financial information and may delay investors' economic decisions. Prior studies indicate that audit delay is influenced by firm characteristics and audit complexity Gustiana and Rini (2022).

One internal factor often associated with audit delay is profitability. Companies with high profitability levels usually try to speed up the publication of financial reports as a positive signal to the market, so they are expected to have shorter audit delays Sulistiawati and Amyar (2022). However, several studies, such

as Meidina and Tartilla (2022) and Gustiana and Rini (2022), found that profitability does not have a significant effect on audit delays. Auditors still need the same amount of time to conduct their examinations, regardless of the size of the company's profits. This indicates empirical differences in the effect of profitability on audit delays across various sectors.

Another factor that is often studied is company size. Theoretically, large companies have more resources, better internal control systems, and high public pressure to report audit results on time. Therefore, company size is expected to have a negative effect on audit delay Masyta Triana Putri et al. (2021). However, recent research findings show different results. Research by Meidina and Tartilla (2022) and Christiane et al. (2022) concluded that company size does not have a significant effect on audit delay. This is because the complexity of large companies' transactions can actually prolong the audit time.

In recent years, the dynamics of the Indonesian capital market have shown significant changes that have also affected the corporate financial reporting process. Based on news released by Detik.com (2024), the Financial Services Authority (OJK) stated that the number of issuers has reached 983 companies, the highest number in the history of the IDX. This increase in the number of issuers has prompted the OJK to tighten its supervision of audit implementation and the timeliness of financial report submission. With more companies to be audited each year, the overall complexity and workload of auditors has increased, making the potential for audit delays greater. On the other hand, companies are required to maintain the credibility of their financial reports through timely submission. This phenomenon shows that studies on audit delays, particularly those influenced by internal characteristics such as profitability and company size, are becoming increasingly important in the context of regulations and current developments in the Indonesian capital market.

Previous studies have shown inconsistent results regarding the effect of profitability and company size on audit delays. Research conducted by Sulistiawati and Amyar (2022) and Masyta Triana Putri et al. (2021) shows that profitability has a negative effect on audit delays, meaning that the higher a company's profits, the faster its financial statements are audited because the company wants to immediately convey positive information to the public. However, different results were found by Gustiana and Rini (2022) and Meidina Tartilla (2022), who stated that profitability does not have a significant effect on audit delay because auditors still carry out examination procedures according to standards without considering the company's profitability level.

Inconsistency also occurs in the company size variable. Research by Putri et al. (2021) and Christiane et al. (2022) states that company size has a negative effect on audit delay, indicating that large companies tend to complete audits faster because they have resources. Inconsistency also occurs in the company size variable. Research by Putri et al. (2021) and (Christiane et al. (2022) states that company size has a negative effect on audit delay, indicating that large companies tend to complete audits faster because they have better resources

and internal control systems. Conversely, research by Gustiana and Rini (2022) and Meidina and Tartilla (2022) shows that company size does not have a significant effect on audit delay, because the complexity of operations in large companies can prolong the audit time. These differing results show that the influence of the two variables does not yet show a consistent pattern, so it needs to be re-examined by taking into account the current conditions of the Indonesian capital market, which is characterized by an increase in the number of issuers and strict supervision by the OJK regarding the timeliness of financial reporting.

Although numerous studies have examined the relationship between profitability, firm size, and audit delay, prior findings show substantial inconsistency. Most previous studies relied on empirical testing using limited samples, while systematic synthesis of recent Indonesian literature remains limited. This study fills this research gap by conducting a structured literature review of SINTA-indexed journals from 2020–2025. The novelty of this study lies in its thematic classification of findings and its focus on journal quality stratification.

Based on this, the purpose of this study is to analyze the effect of profitability and company size on audit delay in companies listed on the Indonesia Stock Exchange. This study is expected to provide theoretical contributions by enriching the literature on the determinants of audit delays through the latest empirical evidence, as well as practical contributions to regulators, auditors, and companies in understanding the internal factors that influence the timeliness of financial reporting, especially in the context of an increasing number of issuers and increasingly strict audit supervision.

## **LITERATURE REVIEW**

### **1. Agency Theory**

Agency theory explains conflicts between principals and agents due to information asymmetry Jensen & Meckling, (1976) .In this theory, managers are given the authority to manage the company, but often have different interests from the owners. These differences in interests give rise to asymmetric information, which can lead to agency conflicts.

Independent auditors help reduce these conflicts, independent parties such as auditors are needed to ensure that financial reports are reliable. The length of time it takes for auditors to complete their audits, or audit delay, reflects the effectiveness of agency relationships in financial reporting. Large companies usually have good internal control systems and high pressure from external parties to immediately submit financial reports, thereby reducing audit delay Sari and Nisa (2022) Lutfiani and Nugroho (2023).

### **2. Signaling Theory**

Signaling theory was first introduced by Market et al. (1973), stating that companies send signals to external parties through the information they

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disclose, one of which is financial reports. Signaling theory suggests that firms use timely reporting to convey positive signals to investors. Conversely, companies with poor performance may delay the publication of their financial reports for fear that negative information will affect market perception Sari and Nisa (2022).

Thus, signal theory explains the negative relationship between profitability and audit delay the higher the profitability, the faster the company submits its financial statements Al-azhary et al. (2024) and Tumanggor and Lubis (2022).

### 3. Audit Delay

According to Sari & Nisa (2022), audit delay is the time interval for completing an annual audit, measured based on the time between the closing date of December 31 and the date of the independent auditor's report recorded in the financial statements presented by the auditor. The length of the audit delay indicates how quickly the auditor completes the financial statement audit. The longer the audit delay, the greater the possibility of a delay in submitting financial statements to the public.

Audit delay represents the timeliness of audit completion and may be influenced by profitability and firm size. Erita (2020), Al-azhary et al. (2024)

### 4. Profitability

According to Lutfiani and Nugroho (2023), profitability is a company's ability to generate profits or gains in a certain period. High profitability indicates that the company has used its assets efficiently to earn profits. Profitability is generally measured by Return on Assets (ROA), which is the ratio of net profit after tax to total assets Sari and Nisa (2022).

According to signal theory, companies with high profitability want to send a positive signal to the market by publishing their financial reports earlier, so that audit delays tend to be shorter Tumanggor and Lubis (2022).

Conversely, companies with low profitability will delay the submission of financial reports because they contain bad news that can reduce investor confidence Erita (2020).

The results of research by Al-azhary et al. (2024) show that profitability has a negative effect on audit delay, meaning that the higher the company's profit, the faster the audit process is completed.

### 5. Firm Size

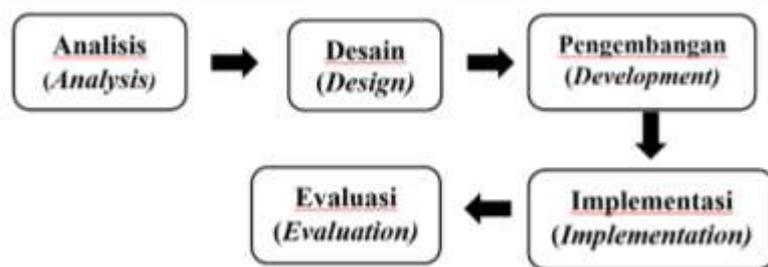
Firm size is the scale of a company, which is generally measured by its total assets Brigham and Houston (2018). Large companies have more complex organizational structures, more transactions, and better internal controls than small companies Lutfiani and Nugroho (2023).

According to agency theory, large companies are under greater pressure to submit financial reports quickly due to high public and investor scrutiny. Therefore, the larger the company size, the shorter the audit delay tends to be Tumanggor and Lubis (2022), Al-azhary et al. (2024)

However, the complexity of large companies' activities can also prolong the audit process because auditors must examine more transactions Sari and Nisa (2022). Therefore, the effect of company size on audit delay can be positive or negative depending on the efficiency of the reporting system and the complexity of the company's operations.

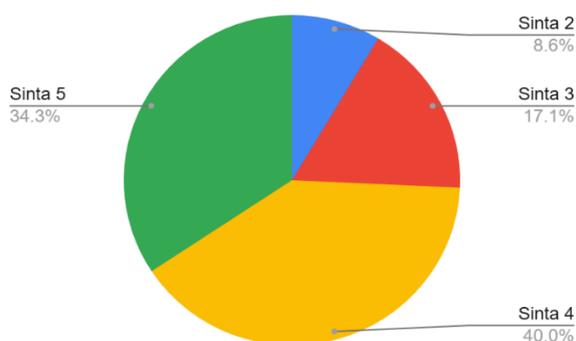
## RESEARCH METHODS

The review process consisted of four stages



This study employs a literature review method, which is the process of searching for and reading various library sources such as documents and books, then studying and evaluating the procedures and results of similar studies conducted by others. This can also be done by studying and understanding observation and survey reports on issues, problems, or topics related to the research material that is the object of the study Sanjaya (2013). This research was conducted by collecting previous results relevant to the research topic. The articles were obtained from databases on publishing platforms such as Google Scholar and several electronic journal portals at Indonesian universities, as well as books relevant to the topic discussed, namely various literature discussing the Influence of Profitability and Company Size on Audit Delay. Articles were collected from Google Scholar and Indonesian journal portals using predefined criteria: SINTA-indexed journals (SINTA 2–5), publication years 2020–2025, and relevance to audit delay, profitability, and firm size.

**Figure 1**  
**Percentage of Articles Indexed by SINTA**



The percentage of SINTA-indexed articles used in this literature review-based study was 8.6% for SINTA 2-indexed articles (3 articles), 17.1% for SINTA 3-indexed

articles (6 articles), 40% for SINTA 4-indexed articles (14 articles), and 34.3% for SINTA 5-indexed articles (12 articles).

## RESEARCH RESULTS AND DISCUSSION

### The Effect of Profitability on Audit Delay

Profitability is one of the characteristics of companies that has been widely studied in audit delay research because it is considered to reflect a company's ability to generate profits and send positive signals to the market. Theoretically, companies with high profitability tend to want to accelerate the publication of financial reports to show good performance, so audit delays are expected to be shorter.

Based on the results of a literature review of various studies, findings regarding the effect of profitability on audit delay show diverse patterns. A number of studies, such as those conducted by, Sulistiawati and Amyar (2022) ; Meidina and Tartilla (2022) and Yovita Verlinda Sari and Rita Andini (2025), found that profitability has a negative and significant effect on audit delay. These findings indicate that companies with high profitability tend to complete the audit process more quickly because they want to immediately send positive signals to shareholders and potential investors. This is in line with signaling theory, which states that good profit information tends to be published more quickly.

However, different results were shown by the studies of Niditia and Pertiwi (2021) and Difa Firnanda et al. (2025), which found that profitability does not have a significant effect on audit delay. These studies explain that even though companies have high profitability, the audit process is not always faster because auditors still need to follow the same examination procedures in accordance with audit standards. In other words, profitability is not the main determining factor in the length of time it takes to complete an audit.

Of the total 35 articles reviewed, approximately 13 articles stated that profitability has a negative and significant effect on audit delay, while 18 articles stated that there is no significant effect. The rest showed varying results depending on the context, method, and industry sector studied.

<b>Effect of Profitability on Audit Delay</b>	<b>Number of Studies</b>	<b>Key References</b>
Negative and Significant	13	Sulistiawati & Amyar (2022); Sari & Andini (2025)
Not Significant	18	Niditia & Pertiwi (2021); Difa Firnanda et al. (2025)
Mixed / Contextual	4	Various sectors

Overall, these results indicate that profitability cannot be confirmed as the main determinant of audit delay, and the variation in findings indicates the need to consider other factors such as audit complexity, internal control quality, and regulatory pressure in explaining audit delays.

### The Effect of Firm Size on Audit Delay

Firm size is another variable that is consistently included in audit delay research models. Larger companies generally have more resources, better internal control systems, and more mature organizational structures, so the audit process is expected to be more efficient.

However, the results of the literature review show that the effect of firm size on audit delay is also inconsistent. Several studies, such as Sulistiawati and Amyar (2022) and Aprilly and Nursasi, (2021), found that company size has a negative and significant effect on audit delay, meaning that the larger the company size, the faster the audit process can be completed. This is in line with the theory that large companies have higher public pressure and transparency requirements, so they tend to minimize audit delays.

On the other hand, there are studies such as Niditia and Pertiwi (2021) and Meidina and Tartilla (2022) which show that company size does not have a significant effect on audit delay. These findings indicate that even though large companies have adequate resources, this does not always guarantee faster audit completion, especially when companies conduct many complex transactions.

Of the 35 articles reviewed, approximately 12 articles found a significant negative effect, while 12 articles found no significant effect. Thus, the majority of studies (20 of 35 articles) indicate that company size does not play a dominant role in explaining audit delays.

Effect of Firm Size on Audit Delay	Number of Studies	Key References
Negative and Significant	12	Aprilly & Nursasi (2021)
Not Significant	20	Meidina & Tartilla (2022)
Context-dependent	3	Various

These results illustrate that company size is not a consistent factor influencing audit delays, and that audit delays are more influenced by factors such as operational complexity, internal control effectiveness, auditor quality, and auditor workload.

### CONCLUSION

Finding the influence of financial stability on financial statement fraud, the first hypothesis was accepted. Furthermore, the variables of Financial target, ineffective monitoring, change in auditor, and change in director through partial testing show that the results do not influence financial statement fraud, and it is concluded that hypotheses 2, 3, 4, and 5 are rejected. Meanwhile, all variables simultaneously affect the fraud of financial statements, so the sixth hypothesis is accepted. The next researcher is expected to be able to measure the capability

factor by using other proxies, considering that there are still few and difficult to measure the ability factor in fraud diamonds.

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