



The Influence of Public Accounting Firm Reputation on Audit Report Lag

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ABSTRACT

This research aims to examine and analyze the influence of the reputation of a public accounting firm on audit report lag in companies listed on the Indonesia Stock Exchange in 2022. This research is unique because it uses all sectors of companies listed on the Indonesia Stock Exchange in 2022. The research uses quantitative methods with the sample selection method used is non-probability sampling with purposive sampling technique. This research uses secondary data via the BEI website. The number of samples studied was 504 companies. The results of this research indicate that the reputation of the public accounting firm does not affect audit report lag. The implication of this research is as a means to enrich knowledge and complement literature regarding research on similar topics, then it can be a consideration for companies, auditors and investors in knowing what factors might influence the occurrence of audit report lag

INTRODUCTION

An annual financial report is a detailed document that outlines the economic status of an entity during a specific period. If yearly financial reports are submitted late, the information they contain may become less timely. These reports typically follow the completion of an audit by an independent auditor. The time taken to audit a financial report spans from the closure of the company's books to the issuance of the audit report, known as the audit report lag (Awaloedin et al., 2022).

The audit report lag refers to the duration measured in days that it takes to receive an independent auditor's report concerning the audit of a company's annual financial statements, starting from the closing date of the company's books, which is typically December 31, and ending on the date specified in the independent auditor's report (Anton & Christy, 2022). When audits of company financial statements last longer, the risk of delays in the publication of public company financial reports increases. This can influence the decisions of investors and other users of financial reports because delays in publishing audited financial reports can reduce the level of relevance of the financial information that has been reported (Febrianti & Sudarno., 2020).

To provide relevant information to users of financial reports, publicly traded companies must submit financial reports promptly (Wirayudha & Budiarta, 2022). Timely submission of financial reports plays a crucial role in effectively disclosing information that is valuable to users of financial reports. This is because information delivered after the deadline may have minimal influence on the process of making investment decisions and is less pertinent in guiding future actions (Ayuningtyas & Riduwan, 2020). Delays in submitting financial reports will certainly give rise to negative responses from capital market players. This happens because investors use audited financial reports as a consideration to determine whether to invest in the company (Yusuf & Putra, 2022).

On March 30, 2023, the Indonesia Stock Exchange issued Directors' Decree Number Kep-00057/BEI/03-2023 to revoke the policy of relaxing the deadline for submitting financial reports and annual reports for listed companies and issuers. With this, the change in the deadline for submitting financial reports and annual reports ends on March 31, 2023, or the end of the third month after the financial year ends. Even though there are regulations governing timeliness in submitting financial reports, in reality, there are still many companies that submit financial reports not on time. One of the delays in submitting financial reports can be caused by the audit process carried out by the auditor, where each company requires the number of days needed by the auditor to complete audit procedures which is known as audit report lag (Sunarsih et al., 2021).

A longer audit report lag can prevent financial reports from being issued by their designated deadline. Consequently, decision-making processes such as extending credit to creditors and making investment decisions become more challenging. Therefore, auditors need to accurately estimate the time required to complete the audit process to ensure timely publication of the company's audited financial reports (Adrea, 2022). Not only that, the existence of audit

report lag will cause delays in submitting financial reports which can reflect problems in the company's financial condition. The longer the audit report lags will have a bad or detrimental impact on the company. This is because over time increasing doubts about the importance of financial reports can influence the level of uncertainty in decision-making based on published information (Yusuf & Putra, 2022).

One theory that explains the audit report lag phenomenon is agency theory. According to (Jensen & Meckling, 1976) agency theory elucidates the dynamic between agents (management) and principals (shareholders). In this theory, the principal entrusts the agent with the task or duty to act on their behalf, while the agent is the party authorized to carry out this mandate. Regarding the relationship between agency theory and audit report lag, managers function as agents responsible for overseeing shareholder (principal) assets and preparing financial reports. This responsibility forms part of the agent's obligation to the principal (Niamianti et al., 2021).

The occurrence of audit report lag in numerous companies is not solely attributable to current regulations. Despite clear governmental mandates regarding the submission deadlines for financial reports and the accompanying penalties, certain companies continue to face delays in their audit reporting. Thus, it becomes imperative to investigate additional factors that could potentially contribute to audit report lag. Previous research has explored this issue extensively; however, findings have been inconsistent due to the intricate and diverse nature of problems associated with audit report lag, compounded by a multitude of influencing factors. This study specifically examines factors such as the reputation of public accounting firms.

The reputation of a public accounting firm is an assessment from the public that reflects the level of competence and credibility of a public accounting firms (Dewanto & Darsono., 2023). Highly reputable public accounting firms, including the Big Four, are perceived to accelerate the audit process, facilitating prompt submission of financial reports by companies. These firms boast substantial teams capable of efficiently completing audits within designated timelines, driven by their commitment to upholding their esteemed reputations. Moreover, companies often opt for large public accounting firms like the Big Four to conduct audits as a strategic move to enhance public confidence in their financial reports. (Lala et al., 2022). The research results of (Ayuningtyas & Riduwan, 2020) and (Simangunsong & Handayani, 2023) show that the reputation of public accountants has a positive effect on audit report lag. Meanwhile, the research results of (Wirayudha & Budiarta, 2022) show that the reputation of a public accounting firm has a negative effect on audit report lag. However, contradictory results were stated by research by (Dewanto & Darsono., 2023; Gunawan et al., 2022; Lala et al., 2022) show that public accounting firms reputation does not affect audit report lag.

The research objects used in this research are companies listed on the Indonesian Stock Exchange. Based on data obtained from the IDX, it shows that there are still many companies experiencing audit report lag which tend to have

a long period in submitting audited financial reports as of 31 December 2022, namely 87 companies. Then this research uses the 2022 period, which is the latest data available on the Indonesia Stock Exchange (BEI) with the hope of providing the latest and more accurate picture of delays in submitting financial reports, as well as making the results of this research relevant for understanding current conditions in the field.

This research aims to enrich the existing body of knowledge and advance accounting understanding within the realms of auditing and capital markets, specifically regarding the phenomenon of audit report lag among public companies. It is anticipated that this study will serve as a valuable contribution, offering insights that can aid in the prevention of audit report delays. The findings are expected to provide informative resources for companies, enhancing their oversight processes and informing policy updates related to the timely submission of financial reports to stakeholders.

LITERATURE REVIEW

Agency Theory

According to (Jensen & Meckling, 1976) agency theory elucidates the dynamics between principals and agents within an organizational framework. The principal is the entity that engages the agent to perform specific services and delegates authority to act on their behalf as a decision-maker. In the context of business, principals typically represent shareholders, whereas agents represent management responsible for operational oversight. This theory outlines the allocation of rights and authority between principals and agents in their partnership, encompassing arrangements for profit-sharing and risk management agreements (Rachmawati & Adi, 2022). The essence of agency theory is the study of how to design appropriate contracts to encourage agents to continue to act according to the wishes of the principal, even when the agent's interests may conflict with the interests of the principal (Anton & Christy, 2022).

In practice, the incompatibility of interests often causes conflict between principals and agents, which is known as conflict due to information asymmetry (Lala et al., 2022). Conflicts of interest between agents and principals can lead to information asymmetry, where the agent possesses more information about the company than the principal. This imbalance arises because management, acting as agents, typically has extensive access to internal company information. Consequently, they may choose to withhold or selectively disclose information to shareholders in ways that benefit management. To address information asymmetry, it is crucial to implement monitoring and control mechanisms over management actions, ensuring adherence to relevant rules and regulations. Management is thus obligated to provide transparent and comprehensive insights into the company's internal affairs through financial reporting. This transparency enables shareholders to effectively oversee and evaluate management performance based on the information provided (Anton & Christy, 2022).

The relationship between agency theory and audit report lag is that managers act as agents who have the responsibility to manage shareholder (principal) assets and produce financial reports as a form of agent accountability to the principal (Niamianti et al., 2021). In the context of financial reporting, audit report lag can result in a reduction in the level of relevance of the information presented in the financial report. This information is an important basis for principals in the decision-making process (Lala et al., 2022). Therefore, management strives to publish the company's audited financial reports promptly (Simangunsong & Handayani, 2023). Timely submission of financial reports is a necessary step to reduce information asymmetry and reduce conflict between shareholders and management, as well as to maximize supervision carried out by shareholders over management (Anton & Christy, 2022).

According to agency theory, principals place greater trust in public accounting firms with established reputations for effectively examining financial reports prepared by management. This trust is based on the expectation that reputable firms will expedite the audit process and deliver more reliable audit outcomes compared to less reputable counterparts. Additionally, advancements in technology and the substantial availability of skilled resources further bolster the capabilities of reputable public accounting firms. Consequently, engaging such firms can mitigate information asymmetry and address agency problems effectively (Prasetyo & Rohman, 2022).

Audit Report Lag

According to (Ashton et al., 1987) "audit delay is the length of time from a company's fiscal year-end to the date of the auditors report". It can be interpreted that audit delay or audit report lag is the period for audit completion from the end of the company's fiscal year until the audit report is issued. Meanwhile, according to (Niamianti et al., 2021), audit report lag refers to the timeframe needed to finalize the audit of an annual financial report, measured by the duration required to receive the independent auditor's report on the company's annual financial statements. This period spans from the closing date of the company's books, typically December 31st, to the date specified in the independent auditor's report (Awaloedin et al., 2022).

Timeliness in submitting financial reports depends on the timeliness of the auditor in completing his audit work (Laely, 2022). The duration an auditor requires to complete the audit of financial reports can lead to delays in publishing audited financial reports on the IDX (Indonesia Stock Exchange). Companies experiencing prolonged audit report lag that surpasses the maximum time limit stipulated by the Financial Services Authority risk compromising the reliability and accuracy of information in their financial reports. This uncertainty undermines the confidence of financial report users, potentially impacting their decision-making processes (Alverina & Hadiprajitno, 2022).

According to Financial Services Authority Regulation Number 14/POJK.04/2022, companies must submit their audited financial reports no later than the conclusion of the third month following the closing date of their books. Furthermore, the Indonesian Stock Exchange has issued Directors' Decree Number Kep-00057/BEI/03-2023, which relaxes the deadline for financial report submissions for listed companies and issuers, mandating that reports be submitted by March 31, 2023, or within 90 days after the book closing date concludes. Audit report lag is quantified using a nominal scale through a dummy variable: companies without audit report lag are denoted by 0, while those experiencing audit report lag are denoted by 1.

Public Accounting Firm Reputation

Under Minister of Finance Regulation Number 17/PMK.01/2008 on Public Accounting Services, a Public Accounting Firm is defined as an entity authorized by the Minister to serve as a platform for Public Accountants to offer their services. It is crucial that financial reports are presented with precision and reliability, prompting companies to engage public accounting services for auditing their financial reports. The appointed Public Accountant tasked with reviewing the company's financial reports must demonstrate independence, ensuring there is no special relationship with the company's management. This independence is essential for fostering trust among users in the opinions rendered during the examination process. (Ayuningtyas & Riduwan, 2020).

Public accounting firm's reputation is an assessment by the public that shows the competence and credibility of a public accounting firms (Dewanto & Darsono., 2023). Public accounting firm's reputation is described as a public accounting firm that has a good reputation and can demonstrate achievements and public trust (Wirayudha & Budiarta, 2022). Public accounting firm's reputation is classified into Big Four and Non-Big Four. It is believed that reputable public accounting firms, such as the Big Four, can shorten audit processing time so that financial reports can be released to the public more quickly (Lala et al., 2022). Big Four public accounting firms auditors are considered to have competent capability, skills, professionalism, and quality of resources and are expected to be able to carry out the audit process effectively and present annual audit financial reports on time compared to non-Big Four public accounting firms (Alverina & Hadiprajitno, 2022).

Companies whose audits are carried out by auditors at Big Four public accounting firms tend to carry out audit processes more quickly than those carried out by non-Big Four companies, resulting in low audit report lag (Alverina & Hadiprajitno, 2022). Companies often choose to engage Big Four public accounting firms to conduct their audits due to the firms' substantial resources, including advanced information technology capabilities and a skilled workforce. The reputation of these firms for delivering high-quality audit services further reinforces their attractiveness as audit partners (Gunawan et al., 2022). According to (Anton & Christy, 2022), there are four largest public accounting firms which are referred to as international public accounting firms as The Big Four. Each of them has offices in every major city in the United States and many major cities throughout the world, including Indonesia.

The relationship between agency theory and audit report lag is that managers act as agents who have the responsibility to manage shareholder (principal) assets and produce financial reports as a form of agent accountability to the principal (Niamianti et al., 2021). A financial report must be presented on time to maintain the relevance of the information contained in it, which is related to one of the qualitative characteristics of financial reports, namely relevance. In the context of financial reporting, audit report lag can result in a reduction in the level of relevance of the information presented in the financial report (Lala et al., 2022). The value of information in a financial report will decrease if the information is not conveyed on time to the principal and this will give rise to asymmetric information. Therefore, to reduce the existence of asymmetric information between the agent and the principal, there is a need for timely reporting of financial reports so that the financial reports can be transparently submitted to the principal (Febrianti & Sudarno., 2020).

Agency theory posits that principals (such as shareholders) place greater trust in public accounting firms with established reputations for auditing financial reports prepared by management. This trust stems from the expectation that reputable firms will conduct audits more efficiently and produce more reliable results compared to less reputable firms. Additionally, the robust technological infrastructure and the substantial quantity and quality of competent resources available to reputable public accounting firms further support their ability to minimize audit report lag. In essence, the relationship between public accounting firms' reputation and audit report lag aligns with agency theory by highlighting how trust and expectations influence the choice of audit partners. Firms with strong reputations are perceived to possess the necessary capabilities and resources to expedite audits and deliver accurate financial assessments, thereby mitigating delays in the audit process (Prasetyo & Rohman, 2022). Large public accounting firms are usually faster in completing audit tasks to maintain their reputation. If a public accounting firm has a good reputation, it is likely to reduce the occurrence of audit report lag (Simangunsong & Handayani, 2023).

A public accounting firm reputation is an assessment by the public that shows the competence and credibility of a public accounting firm (Dewanto & Darsono., 2023). Public accounting firms reputation is classified into Big Four and Non-Big Four. It is believed that reputable public accounting firms, such as the Big Four, can shorten audit processing time so that financial reports can be released more quickly (Lala et al., 2022). If the public accounting firm has a good reputation, it is likely to reduce the occurrence of audit report lag (Simangunsong & Handayani, 2023). Companies whose audits are carried out by auditors at Big Four public accounting firms tend to carry out the audit process more quickly than those carried out by non-Big Four public accounting firms, resulting in low audit report lag (Alverina & Hadiprajitno, 2022). This is because the Big Four public accounting firms have adequate resources, such as advances in information technology, and are supported by qualified staff (Gunawan et al., 2022).

The research results of (Ayuningtyas & Riduwan, 2020; Simangunsong & Handayani, 2023) show that the reputation of public accountants has a positive effect on audit report lag. Meanwhile, the research results of (Wirayudha & Budiarta, 2022) show that public accounting firms's reputation has a negative effect on the audit report lag. The better the public accounting firms's reputation, it shows that the higher the public accounting firms's reputation, the lower the audit report lag. From the explanation above, the hypothesis that can be proposed is as follows.

H1: Public accounting firm reputation influences audit report lag.

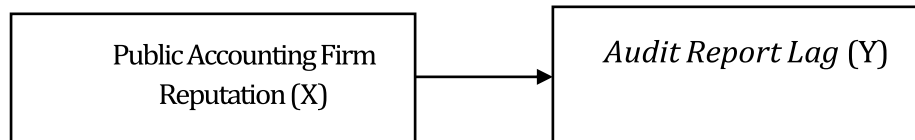


Figure 1. Conceptual Framework

METHODOLOGY

This research adopts a quantitative approach by analyzing the financial reports of companies listed on the Indonesia Stock Exchange in 2022. Quantitative research methods are grounded in the positivist philosophy, focusing on studying specific populations or samples. These methods involve collecting data through structured research instruments and employing quantitative/statistical analyses. The primary objective is to empirically test predetermined hypotheses derived from theoretical frameworks or prior research (Sugiyono, 2016). This research focused on companies listed on the Indonesia Stock Exchange in 2022, accessed through the official website www.idx.co.id. The study employed organizations as the unit of analysis, specifically companies listed on the Indonesia Stock Exchange represented by their financial data, including both financial reports and annual reports from 2022. The population refers to the entirety of elements selected for generalization, comprising objects or subjects characterized by specific quantities and attributes predetermined by researchers for study, ultimately leading to drawn conclusions (Sugiyono, 2016). The population used in this research is all companies listed on the Indonesia Stock Exchange in 2022, totaling 822 samples. The sample is part of the number and characteristics of the population (Sugiyono, 2016). The sample was selected using a non-probability sample selection method with a purposive sampling technique with a total of 504 samples.

RESEARCH RESULT

Descriptive Statistical Analysis

Table 1. Frequency of Public Accounting Firm Reputation

Public Accounting Firm Reputation				
	<i>Frequency</i>	<i>Perce</i>	<i>Valid</i>	<i>Cumulative</i>
		<i>nt</i>	<i>Percent</i>	<i>Percent</i>
Valid Public Accounting Firm that is not affiliated with the Big Four public accounting firms.	365	72,4	72,4	72,4
Public Accounting Firm affiliated with the Big Four public accounting firms.	139	27,6	27,6	100,0
	504	100,0	100,0	

Source: SPSS 26 Output Data (Processed data, 2024)

Based on the table above, it shows that the companies used in the research sample that use public accounting firms affiliated with the Big Four public accounting firms are 139 out of 504 or 27.6%. Meanwhile, the remaining 365 out of 504 or 72.4% used public accounting firms that were not affiliated with the Big Four public accounting firms.

Table 2. Frequency of Audit Report Lag

Audit Report Lag					
		<i>Frequency</i>	<i>Percent</i>	<i>Valid</i>	<i>Cumulative</i>
				<i>Percent</i>	<i>Percent</i>
Valid Companies that do not experience audit report lag.		472	93,7	93,7	93,7
Companies experiencing audit report lag.		32	6,3	6,3	100,0
		504	100,0	100,0	

Source: SPSS 26 Output Data (Processed data, 2024)

Based on the table above, it shows that the companies used in the research sample experienced an audit report lag of 32 out of 504 or 6.3%. Meanwhile, the remaining 472 out of 504 or 93.7% did not experience audit report lag.

Logistic Regression Analysis

Goodness of Fit Test

Table 3. Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	5,901	5	0,484

Source: SPSS 26 Output Data (Processed data, 2024)

The SPSS Hosmer and Lemeshow Test output table above shows that the sig value. of 0.484, this value is greater than the research alpha (0.484 > 0.05). So

H0 is accepted, meaning that the model is able to predict the observation value or it can be said that the model is acceptable because it matches the observation data.

Overall Model Fit

Table 4. Overall Model Fit

Iteration History^{a,b,c}			
Iteration		-2 Log <i>likelihood</i>	<i>Coefficients</i> <i>Constant</i>
Step 0	1	147,387	-1,665
	2	144,641	-1,804
	3	142,892	-1,918
	4	142,697	-1,943
	5	142,697	-1,943

Source: SPSS 26 Output Data (Processed data, 2024)

Based on the table above, it can be seen that the initial number -2 log Likelihood (block number = 0) is 142,697 and in the table -2 log Likelihood (block number = 1) the final number is 122,501. The difference between -2 log Likelihood (block number = 0) and -2 log Likelihood (block number = 1) is 20.196 . This decrease indicates that the regression model is good or it can be concluded that the hypothesized model fits the data.

Coefficient of Determination (Nagelkerke R Square)

Table 5. Model Summary

Step	-2 log <i>likelihood</i>	<i>Cox & Snell R</i> <i>Square</i>	<i>Nagelkerke R</i> <i>Square</i>
1	122,501 ^a	0,052	0,118

Source: SPSS 26 Output Data (Processed data, 2024)

The table above shows the Nagelkerke R Square value of 0.118, which means that the dependent variable (audit report lag) explained by the independent variable is 11.8%. Meanwhile, the remaining 88.2% is influenced by other independent variables outside the research model.

Hypothesis test

Table 6. Variables in the Equation

		B	S.E.	WalddfSig.	Exp(B)Explanation
Public Reputation	Accounting	Firm- 1,993	0,5075,4971	0,0670,245	Rejected
Constant		2,749	0,6290,3141	0,0885,321	

Source: SPSS 26 Output Data (Processed data, 2024)

Based on the table above, the logistic regression equation model in this study is described as follows:

$$Y = 2,749 + (-1,993) + e$$

From the table it can also be seen that the significant value for the public accounting firms reputation variable (X) is 0.075. This figure is greater than the research alpha ($0.067 > 0.05$). This means that partially the public accounting firms reputation variable does not significantly influence the audit report lag.

DISCUSSION

The results of this research are in line with research conducted by (Dewanto & Darsono., 2023; Gunawan et al., 2022; Lala et al., 2022) who prove empirically that public accounting firms reputation has no effect on audit report lag. However, the results of this research contradict research conducted by (Wirayudha & Budiarta, 2022) which empirically proves that public accounting firms reputation has an effect on audit report lag.

Financial reports must be presented accurately and reliably, so companies need public accounting services to carry out audits of the company's financial reports. Companies that have been audited by public accountants who have a good reputation are considered capable of providing trustworthy audit results. public accounting firms with good reputations, such as the Big Four, are believed to be able to shorten audit processing times so that financial reports can be released to the public more quickly. Large public accounting firms have a large number of staff which allows their audits to be completed on time, and they also have strong motivation to maintain their reputation. In addition, in order to increase the credibility of financial reports, companies will choose large public accounting firms such as the Big Four to conduct audits (Lala et al., 2022).

According to agency theory, principals place greater trust in reputable public accounting firms when it comes to examining financial reports prepared by management. This trust is based on the expectation that firms with strong reputations will conduct audits swiftly and produce more reliable results compared to less reputable firms. Furthermore, this trust is bolstered by the advanced technological capabilities and the substantial quantity and quality of competent resources available to reputable public accounting firms. Engaging reputable public accounting firms is seen as a means to mitigate information asymmetry and address agency problems effectively. These firms are perceived to have the necessary expertise and resources to ensure thorough and accurate audits, thereby enhancing transparency and trustworthiness in financial reporting processes (Prasetyo & Rohman, 2022).

Big Four public accounting firms auditors are considered to have competent capability, skills, professionalism and quality of resources and are expected to be able to carry out the audit process effectively and present annual audit financial reports on time compared to non-Big Four public accounting firms. Big Four public accounting firms tend to have a strong incentive to complete the audit process, to maintain a good reputation in the community. From these several things, companies whose audits are carried out by auditors at Big Four public accounting firms tend to have faster audit processes compared to non-Big Four public accounting firms, resulting in low audit report lag (Alverina & Hadiprajitno, 2022).

However, this is contrary to the research results obtained, where the public accounting firm's reputation has no effect on audit report lag, meaning that Big Four public accounting firms and non-Big Four public accounting firms do not necessarily influence the speed or duration of a company's audit report lag. This is because Big Four or Non-Big Four public accounting firms still have the desire to maintain their reputation so that they carry out audits professionally as well as the companies being audited. Both Big Four and Non-Big Four public accounting firms are capable of providing high-quality services. Therefore, even if a company is audited by a Big Four public accounting firm, delays in the manager's submission of financial reports to the auditor do not guarantee a shorter audit report lag.

This viewpoint is supported by research findings indicating that a significant portion of companies without audit report lag are audited by non-Big Four public accounting firms. Additionally, there are instances within the research sample where companies, such as Tira Austenite Tbk, are audited by a public accounting firm associated with the Big Four but still experience delays in submitting their financial reports (Tanudiredja, Wibisana, Rintis & Rekan which is affiliated with Price Waterhouse Cooper), however, based on the independent auditor's report provided by the company, the audit was finalized on May 29, 2023, despite the deadline for submitting financial reports being March 31, 2023. This delay suggests that the company's management may have been tardy in submitting the financial report to the public accounting firm. An example of this situation can be observed with Bank Negara Indonesia (Persero) Tbk, where the financial report was audited by a public accounting firm associated with the Big Four (Tanudiredja, Wibisana, Rintis & Rekan which is affiliated with Price Waterhouse Cooper), but the company's financial report was completed on January 20, 2023.

CONCLUSIONS AND RECOMMENDATIONS

The reputation of a Public Accounting Firm does not influence the audit report lag for companies listed on the Indonesia Stock Exchange in 2022. This indicates that whether a company is audited by a Big Four or non-Big Four public accounting firm, it does not necessarily impact the speed or duration of the audit report lag. Both types of firms are equally committed to upholding their professional standards and the reputation of the companies they audit. They are known for providing high-quality services, which means that even if a company engages a Big Four public accounting firm for auditing, delays in the manager's submission of financial reports to the auditor do not guarantee a shorter or longer audit report lag.

FURTHER STUDY

Based on the findings and constraints identified in this study, several recommendations can be proposed. Firstly, future researchers are encouraged to carefully select theoretical frameworks when defining and measuring variables related to audit report lag. This approach is crucial for enhancing the quality and depth of research outcomes. Secondly, it is suggested that future studies explore additional and broader variables that could influence audit report lag. Examples include factors such as auditor changes, corporate governance practices, audit tenure, and audit fees. Incorporating these variables can provide a more comprehensive understanding of the dynamics affecting audit timeliness. Lastly, researchers are advised to extend the research period to capture long-term trends in audit report lag. This longitudinal approach would enable scholars to analyze how audit delays evolve over time and identify patterns or changes in auditing practices and regulatory environments. These recommendations aim to enrich future research efforts in the field of audit report lag, contributing to a more robust and nuanced understanding of this critical aspect of financial reporting and corporate governance.

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