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 Firm Size, Audit Tenure, And Operational Complexity On Audit Report Lag

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Abstract

This study examines the effects of firm size, audit tenure, and operational complexity on audit report lag among Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during 2023–2025. A quantitative approach was applied using secondary data from audited financial statements and independent auditor's reports. Purposive sampling produced 35 companies and 105 firm-year observations forming a balanced panel. The data were analyzed using panel data regression with the Random Effects Model (REM) in EViews 12. The results show that firm size (coefficient −1.4810; p = 0.0817) and operational complexity (coefficient 0.1841; p = 0.2588) have no significant effect on audit report lag, whereas audit tenure has a significant negative effect (coefficient −3.4311; p = 0.0010). Each additional year of engagement with the same public accounting firm is associated with an audit report lag that is about 3.4 days shorter. The model is jointly significant (p = 0.0008) with an adjusted R^2 of 12.65%. These findings indicate that the continuity of the audit engagement is more relevant in explaining audit completion time than asset scale or the number of direct subsidiaries.

Keywords: audit report lag; firm size; audit tenure; operational complexity; Consumer Non-Cyclicals

INTRODUCTION

Financial statements are the primary source of information for investors, creditors, and other stakeholders in assessing a company's condition and performance. The usefulness of this information depends heavily on its timely availability, as delayed information can lose relevance for decision-making. For public companies, the availability of audited financial statements is directly related to the time required for independent auditors to complete their audits.

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The time span between the fiscal year-end date and the date of the independent auditor's report is known as the audit report lag. Mubarok et al. (2022) measured audit report lag based on the difference in days between the two dates; the longer the span, the longer the audit process takes. Timeliness of reporting is also a regulatory concern through Financial Services Authority Regulation Number 14/POJK.04/2022 concerning the submission of periodic financial reports of issuers or public companies (Otoritas Jasa Keuangan, 2022). However, audit report lag needs to be distinguished from late submission of financial reports. Audit report lag refers to the time it takes for the independent auditor's report to be issued, while late reporting relates to the submission of reports after the specified deadline.

Variations in audit report lag are evident even among companies within the same sector. In this study's sample, audit report lag ranged from 57 to 89 days, with an average of 71.54 days. In fiscal year 2025, for example, PT Cisarua Mountain Dairy Tbk (CMRY) had an audit report lag of 57 days, while PT Dharma Satya Nusantara Tbk (DSNG) had an audit report lag of 89 days (research data, processed by the author). These differences indicate that companies in the same sector and regulatory environment do not always require the same audit completion time.

This research focuses on the Consumer Non-Cyclicals sector on the Indonesia Stock Exchange because companies in this sector have diverse characteristics in terms of firm size, engagement relationships with public accounting firms (KAP), and operational activity structures, despite being within relatively similar industry groups. Using a single sector helps maintain a comparable industry context, allowing for more focused observation of relationships between variables. This sector has also been the object of research by Mubarok et al. (2022) and Handa and Andreas (2026), making it relevant to re-examine it with a more recent observation period.

Firm size is thought to be related to audit report lag through two opposing mechanisms. Larger companies generally have better resources, information systems, and internal controls, but they also have a broader transaction volume and scope of activities, resulting in increased audit procedures. Previous research findings are also inconsistent: Agustina and Jaeni (2022) found no significant effect, Rachman and Astri (2024) found a negative effect, and Handa and Andreas (2026) found a positive effect in the Consumer Non-Cyclicals sector.

Audit tenure, namely the length of the engagement relationship between the KAP and the client, allows the auditor to understand the client's characteristics, accounting system, control environment, and business risks, thus enabling more efficient audit planning. However, the length of the engagement does not automatically expedite the audit because the auditor must still adjust procedures to the risks in each period. Mubarok et al. (2022) and Rachman and Astri (2024) found no effect of audit tenure, while

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Sihombing and Florencia (2024) found a negative effect in real estate companies in the ASEAN region.

The complexity of a company's operations, represented in this study by the number of direct subsidiaries, can expand audit procedures because auditors need to examine intercompany transactions, eliminations, and consolidations. Handa and Andreas (2026) found a positive effect, Mubarok et al. (2022) found a significant negative effect based on the reported regression results, while Nurjanah et al. (2022) found no significant effect in manufacturing companies.

The inconsistency of these findings creates a research gap: the three variables show varying results, with positive, negative, or no effect. This difference does not necessarily mean one result is more accurate than the other, as the objects, periods, and measurements across studies can differ. However, it does open up the possibility of testing all three variables in a single model across the same sector and period. The 2023–2025 period was chosen to broaden the observations compared to Mubarok et al. (2022), who used the 2018–2021 period, and Handa and Andreas (2026), who used the 2021–2023 period, and to place the observations in the years after POJK Number 14/POJK.04/2022 was issued. The selection of this period provides temporal context and is not intended to examine the impact of regulatory changes.

Based on the above description, this study aims to empirically examine the influence of firm size, audit tenure, and operational complexity on audit report lag in Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange for the 2023–2025 period. The results are expected to enrich the auditing literature on the determinants of audit report lag, provide input for companies in preparing financial reports, auditors in planning audits, and investors in understanding the timeliness of audited financial reports.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

1. Agency Theory

The agency theory developed by Jensen and Meckling (1976) explains the relationship between principals, namely shareholders, and agents, namely management authorized to manage the company. The differences in interests and imbalanced access to information (information asymmetry) between the two create the need for oversight mechanisms. One such mechanism is the audit of financial statements by an independent auditor, namely the collection and evaluation of audit evidence to obtain a sufficient basis for issuing an opinion on the financial statements (Arens et al., 2024). In carrying out this function, auditors need to understand the company's characteristics, assess the risk of material misstatement, and determine appropriate procedures, so that company characteristics are related to the extent of the audit and the time required. Agency theory

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serves as the primary foundation of this study to explain the relationship between firm size, audit tenure, and operational complexity with audit report lag.

2. Signaling Theory

The signaling theory proposed by Spence (1973) explains how parties with more complete information convey information to those with limited information to reduce uncertainty. In financial reporting, the usefulness of information is determined not only by its content and reliability, but also by the timeliness of its availability. Rahaman and Bhuiyan (2025) emphasize the importance of audit information transparency and the timeliness of audit completion for the quality of financial information communication. Audit report lag should be understood as an indicator of audit completion time; its length does not necessarily reflect poor company condition because auditors may require additional time for more extensive procedures or more complex transactions. Signaling theory is used as a supporting theory to explain the relevance of the timeliness of the availability of audited financial reports.

3. Firm Size and Audit Report Lag

Firm size describes the scale of the company, which in this study is measured by the natural logarithm of total assets. Based on agency theory, larger companies have more extensive operational activities, transaction volumes, and monitoring requirements, which can increase audit procedures and require more time for auditors (Handa & Andreas, 2026). On the other hand, larger companies potentially have more adequate human resources, accounting information systems, and internal controls, resulting in a more efficient audit process (Rachman & Astri, 2024). From a signaling theory perspective, readiness to provide information can expedite the auditor's report, making financial information available to users earlier.

Empirical evidence shows mixed results. A negative effect was found by Rachman et al. (2024), Rachman and Astri (2024), Ananda et al. (2025), Sudjono and Setiawan (2022), and Aquila and Januarti (2026). A positive effect was found by Handa and Andreas (2026) and Sari et al. (2025), while Agustina and Jaeni (2022), Febriyanti (2022), and Setiyowati and Januarti (2022) found no significant effect. Because firm size is related to audit report lag through two mechanisms, namely audit needs and information provision efficiency, the first hypothesis is formulated as follows.

H1: Firm size has a significant positive effect on audit report lag.

4. Audit Tenure and Audit Report Lag

Audit tenure is the length of the audit firm's engagement relationship with the client company over consecutive years (Sihombing & Florencia, 2024). Based on agency

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theory, auditors play a role in reducing information asymmetry, and this function requires an understanding of the client's operational activities, reporting systems, and business risks. At the beginning of the engagement, the auditor requires additional time to learn about the client, while a continuing engagement allows the audit firm to utilize previous audit experience and documentation to better direct audit planning and implementation. Nevertheless, the audit firm must maintain independence, objectivity, and professional skepticism and obtain sufficient and appropriate audit evidence at each period.

A negative effect of audit tenure was found by Sihombing and Florencia (2024), Misnawati et al. (2024), Aurumita and Laksito (2025), Sari et al. (2025), Aquila and Januarti (2026), and Nurjanah et al. (2022). Conversely, Mubarok et al. (2022), Rachman and Astri (2024), Febriyanti (2022), and Faiz and Karmudiandri (2024) found no significant effect. Utilizing previous audit experience is thought to accelerate audit completion, so the second hypothesis is formulated as follows.

H2: Audit tenure has a significant negative effect on audit report lag.

5. Company Operational Complexity and Audit Report Lag

Operational complexity describes the diversity and breadth of a company's activities, reflected in the number of subsidiaries, business segments, and geographic distribution (Handa & Andreas, 2026). In this study, complexity is measured by the number of direct subsidiaries. Based on agency theory, a broader business group structure increases the need for oversight and increases information asymmetry, requiring auditors to examine inter-entity transactions, evaluate the consolidation process, and gather more audit evidence. However, companies with integrated information systems and strong internal controls can still support smooth audits despite having many subsidiaries.

Handa and Andreas (2026), Amonio and Novianti (2025), Ananta et al. (2024), Khamisah et al. (2023), and Safitri and Fadli (2026) found a positive effect. Mubarok et al. (2022) found a significant negative effect, while Nurjanah et al. (2022), Amartavia and Effendi (2022), and Balqis and NR (2023) found no significant effect. Expanding audit procedures to a broader business group structure is thought to prolong audit completion, so the third hypothesis is formulated as follows.

H3: The complexity of a company's operations has a significant positive effect on audit report lag.

RESEARCH METHODS

Design, Population, and Sample

This study employs a quantitative approach with an associative research design using secondary data, namely audited annual financial statements, independent auditors' reports, and annual reports published on the official Indonesia Stock Exchange (IDX) website

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(www.idx.co.id) and the respective companies' official websites. The data are structured as panel data, combining company cross-sectional data and time-series data for the 2023–2025 period.

The population consists of 133 Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during the 2023–2025 period. This population figure is based on the identification of companies classified under the Consumer Non-Cyclicals sector in the IDX listed-company directory (Indonesia Stock Exchange, 2025). According to Sugiyono (2022), a population refers to a generalization area comprising objects or subjects with specific characteristics determined by the researcher for further study and conclusion. The research sample was selected using purposive sampling, which involves selecting samples based on predetermined criteria relevant to the research objectives (Sugiyono, 2022). The sampling criteria were as follows: (1) companies listed on the Indonesia Stock Exchange during the 2023–2025 period; (2) companies that published complete audited annual financial statements and independent auditors' reports throughout the research period; (3) companies that provided information on total assets, audit firm (KAP) identity, the number of directly owned subsidiaries, and independent auditor report dates; and (4) companies with consistently identifiable independent auditor report dates and no history of re-audits.

Operationalization of Variables

The dependent variable is audit report lag, while the independent variables are firm size, audit tenure, and operational complexity. The operationalization of the variables is presented in Table 1.

Table 1. Operationalization of Variables

Variables	Symbol	Measurement	Unit	Reference
Audit report lag	ARL	Independent auditor's report date − fiscal year end date	Days	Mubarok et al. (2022)
Firm size	SIZE	Ln (total assets)	Natural logarithm	Rachman and Astri (2024)
Audit tenure	TENURE	The number of consecutive years of using the same KAP; has a value of 1 in the initial year of observation or when a change of KAP occurs, then increases by 1 each year if the KAP remains the same.	Years	Mubarok et al. (2022); Sihombing and Florencia (2024)
Operational complexity	COMPLEX	The number of subsidiaries owned directly by the parent company	Number of direct subsidiaries	Mubarok et al. (2022); Amonio and Novianti (2025)

Source: processed by the author (2026).

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The audit tenure calculation begins in 2023, so the length of engagement prior to the observation period is excluded from the measurement. The calculation of operational complexity excludes subsidiaries owned only through indirect ownership.

Data Analysis Techniques

The analysis was conducted using panel data regression using EViews 12 (Mavruk, 2025). Descriptive statistics were used to describe the data characteristics (Kivedal, 2024). The estimated regression equation is:

$ARL_{it} = \alpha + \beta_1 SIZE_{it} + \beta_2 TENURE_{it} + \beta_3 COMPLEX_{it} + \mu_i + \varepsilon_{it}$

with i indicating the company, t indicating the year (2023, 2024, 2025), α constant, β_1–β_3 regression coefficient, μ_i individual company effects, and ε_{it} residual.

Models were selected using the Chow test (Common Effects Model versus Fixed Effects Model), the Hausman test (Fixed Effects Model versus Random Effects Model (REM)), and the Lagrange Multiplier Breusch-Pagan test (Common Effects Model versus Random Effects Model (REM)), as used by Salsabila et al. (2026). All decisions were made at a 5% significance level (α = 0.05). Assumption tests included residual normality with Jarque-Bera, multicollinearity with the correlation matrix (limit $|r| < 0.80$), heteroscedasticity with the Glejser test (Riyandini et al., 2024), and autocorrelation testing with the Durbin-Watson statistic (Pambuko & Masrini, 2023; Wibowo, 2025). Hypothesis testing used the F test for simultaneous effects, the t test for partial effects, and the coefficient of determination (R^2) for the model's explanatory power (Stock & Watson, 2025).

RESULTS AND DISCUSSION

Sample Description

The initial study population consisted of 133 companies in the Consumer Non-Cyclicals sector. The sample selection process is presented in Table 2.

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Table 2. Research Sample Selection Process

No.	Criteria	Number
1	Consumer Non-Cyclicals sector companies identified as the initial population	133
2	Companies that were newly listed in 2023 and do not have complete audited annual financial statements during 2023–2025	(15)
3	Companies that undergo re-audits so that the audit report lag deviates extremely	(17)
	Companies that meet the sample criteria	101
	Number of observations (101 companies × 3 years)	303
4	Outlier data based on examination of data distribution and skewness values (66 companies)	(198)
	Total final sample analyzed (35 companies × 3 years)	**105**

Source: secondary data processed by the author (2026).

Fifteen companies were excluded because they were only listed in 2023, resulting in incomplete audited financial reports during the study period. Seventeen companies were excluded because they underwent re-audits, resulting in an extreme audit report lag. Of the 101 companies (303 observations), an examination of the data distribution and skewness values identified 66 companies (198 observations) as outliers that were excluded from the analysis. The final sample consisted of 35 companies observed over three consecutive years, forming a balanced panel data set with 105 company-year observations. The sample issuer codes are HMSP, ANDI, BISI, BOBA, BUAH, CBUT, CEKA, CMRY, CPIN, DAYA, DSNG, GOOD, GRPM, HERO, HOKI, ITIC, JARR, JPFA, KEJU, KMDS, LSIP, MLBI, MLPL, MYOR, PGUN, ROTI, SGRO, SIMP, SKLT, SMAR, STAA, TAPG, TCID, TLDN, and ULTJ.

Descriptive Statistics

The descriptive statistical results are presented in Table 3.

Table 3. Descriptive Statistics Results

Variables	N	Minimum	Maximum	Mean	Median	Standard deviation
ARL (days)	105	57	89	71.543	73.000	9.925
SIZE (Ln total assets)	105	25.020	31.644	29.035	29.066	1.635
TENURE (years)	105	1	3	1.790	2.000	0.817
COMPLEX (number of direct subsidiaries)	105	0	34	5.581	3.000	8.311

Source: results of data processing with EViews 12 (2026).

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Audit report lag ranged from 57 to 89 days with a mean of 71.54 days and a median of 73 days; the closeness of the mean and median indicates that the central values are relatively close to each other. Firm size ranged from 25.020 to 31.644 with a mean of 29.035, indicating differences in asset scale across firms. Audit tenure ranged from 1 to 3 years with a mean of 1.79 years; this narrow range occurs because the calculation began in 2023. Operational complexity ranged from 0 to 34 direct subsidiaries with a mean of 5.58 and a median of 3; the mean being greater than the median, together with a standard deviation of 8.31, indicates that some firms have a very large number of subsidiaries compared with the other firms.

Panel Data Regression Model Selection

The results of the model selection are presented in Table 4.

Table 4. Results of Panel Data Regression Model Selection

Test	Statistics	Probability	Decision
Chow (cross-section F / Chi-square)	–	0.0014 / 0.0000	The Fixed Effects Model is more appropriate than the Common Effects Model.
Hausman (Chi-square)	3.1965	0.3623	The Random Effects Model (REM) is more appropriate than the Fixed Effects Model.
Lagrange Multiplier Breusch-Pagan (cross-section)	–	0.0035	The Random Effects Model (REM) is more appropriate than the Common Effects Model.

Source: results of data processing with EViews 12 (2026).

The Chow test rejects the Common Effects Model (probability < 0.05), while the Hausman test does not reject the null hypothesis (0.3623 > 0.05), indicating that the Random Effects Model (REM) is more appropriate than the Fixed Effects Model. The Lagrange Multiplier test also rejects the Common Effects Model (0.0035 < 0.05), which supports the Random Effects Model (REM). Thus, the selected model is the Random Effects Model (REM) estimated by the Panel Estimated Generalized Least Squares (EGLS) using the Swamy-Arora variance component estimator.

Assumption Test Results

A summary of the assumption tests is presented in Table 5.

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Table 5. Summary of Assumption Test Results

Test	Results	Criteria	Conclusion
Normality (Jarque-Bera)	JB = 5.0470; p = 0.0802	p > 0.05	There is no evidence that the residuals deviate from normality.
Multicollinearity (correlation between independent variables)	SIZE–TENURE 0.3258; SIZE–COMPLEX 0.4911; TENURE–COMPLEX 0.1739	|r| < 0.80	There is no indication of high multicollinearity.
Heteroscedasticity (Glejser)	SIZE p = 0.3323; TENURE p = 0.0977; COMPLEX p = 0.7097	p > 0.05	There is no indication of heteroscedasticity.
Autocorrelation (Durbin-Watson)	Weighted 1.7964; unweighted 1.2367	Close to 2	The weighted statistic is close to 2, but the result should be interpreted with caution because the unweighted statistic is lower.

Source: results of data processing with EViews 12 (2026).

The residuals do not deviate significantly from a normal distribution, the highest correlation between independent variables (0.4911) is below the 0.80 threshold, and all Glejser test probabilities are greater than 0.05. The weighted Durbin-Watson statistic of 1.7964 is relatively close to 2, but the unweighted statistic of 1.2367 indicates that the possibility of serial correlation still needs to be considered. Therefore, the Durbin-Watson value is treated as an initial indication and not as sole evidence that the model is free from autocorrelation. The correlation matrix examines only pairwise relationships and therefore cannot completely rule out multicollinearity involving multiple variables.

Panel Data Regression Analysis Results

The results of the Random Effects Model (REM) estimation are presented in Table 6.

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Table 6. Panel Data Regression Estimation Results (Random Effects Model (REM))

Variables	Coefficient	Std. error	t-statistic	Prob.
Constant (C)	119.6598	23.7335	5.0418	0.0000
SIZE	−1.4810	0.8423	−1.7582	0.0817
TENURE	−3.4311	1.0103	−3.3962	0.0010
COMPLEX	0.1841	0.1621	1.1355	0.2588

Note: N = 105; R^2 (weighted) = 0.1517; adjusted R^2 = 0.1265; F-statistic = 6.0194 (p = 0.0008). Source: results of data processing with EViews 12 (2026).

The regression equation obtained is:

$$ARL_{it} = 119.6598 - 1.4810\ SIZE_{it} - 3.4311\ TENURE_{it} + 0.1841\ COMPLEX_{it} + \mu_i + \varepsilon_{it}$$

The SIZE coefficient of −1.4810 indicates that each one-unit increase in the natural logarithm of total assets is associated with a decrease in audit report lag of approximately 1.48 days, holding the other variables constant; however, this coefficient is not significant at α = 5% (p = 0.0817). The TENURE coefficient of −3.4311 indicates that each additional year of audit engagement is associated with a decrease in audit report lag of approximately 3.43 days, holding the other variables constant, and this coefficient is significant (p = 0.0010). The COMPLEX coefficient of 0.1841 indicates that each additional direct subsidiary is associated with an increase in audit report lag of approximately 0.18 days, holding the other variables constant; however, this coefficient is not significant (p = 0.2588).

The F-test yields an F-statistic of 6.0194 with a probability of 0.0008 (< 0.05), indicating that the three independent variables are jointly significantly associated with audit report lag at the 5% level; this does not mean that each variable is individually significant. The weighted coefficient of determination (R^2) is 0.1517, indicating that the three independent variables jointly explain 15.17% of the variation in audit report lag, while the remaining 84.83% is attributable to other factors not included in the research model and the error term. Meanwhile, the adjusted coefficient of determination (Adjusted R^2) is 0.1265, indicating that after adjusting for the number of independent variables and the sample size, the model explains 12.65% of the variation in audit report lag. The difference between these two values arises because Adjusted R^2 accounts for the number of predictors in the model and adjusts the explanatory power accordingly, whereas R^2 measures the proportion of explained variation without such an adjustment. Therefore, Adjusted R^2 provides a more conservative estimate of the model's explanatory power. Overall, although the F-test indicates that the model is statistically significant, its explanatory power remains relatively limited, suggesting that other factors outside the model may also contribute to variations in audit report lag.

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Hypothesis Testing

A summary of the hypothesis testing at the 5% significance level is presented in Table 7.

Table 7. Summary of Hypothesis Testing

Hypothesis	Expected direction	Coefficient	Prob.	Conclusion
H1: Firm size on audit report lag	Positive	−1.4810	0.0817	Not Supported
H2: Audit tenure on audit report lag	Negative	−3.4311	0.0010	Supported
H3: Operational complexity on audit report lag	Positive	0.1841	0.2588	Not Supported

Source: results of data processing with EViews 12 (2026).

DISCUSSION

The Effect of Firm Size on Audit Report Lag

The test results show a firm size coefficient of −1.4810 with a probability of 0.0817 (> 0.05). Firm size therefore has no significant effect on audit report lag at the 5% significance level, and H1 is not supported.

The coefficient is negative, which is opposite to the positive direction hypothesized in H1, but it is not significant at α = 5%. This result may be explained by the two mechanisms proposed in the hypothesis development offsetting each other. Large companies have resources, structured accounting systems, and internal controls that help auditors obtain information, but they also have broader activities and transactions that require more audit procedures. Based on agency theory, the effectiveness of auditor oversight is determined not only by asset size, but also by the quality of information and the internal controls that support the audit process.

This finding is consistent with Agustina and Jaeni (2022), Febriyanti (2022), and Setiyowati and Januarti (2022), who found no significant effect of firm size, and with Rimba et al. (2026), who found a negative but insignificant coefficient. It differs from Rachman and Astri (2024), Rachman et al. (2024), Ananda et al. (2025), and Aquila and Januarti (2026), who found a significant negative effect, and from Handa and Andreas (2026) and Sari et al. (2025), who found a positive effect. Handa and Andreas (2026) studied the same sector for the period 2021–2023, so the difference in results may be related to the observation period, sample composition, and internal control conditions across companies. Total assets alone cannot adequately explain variations in audit report lag.

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The Effect of Audit Tenure on Audit Report Lag

The audit tenure coefficient of −3.4311 with a probability of 0.0010 (< 0.05) indicates a significant negative effect; therefore, H2 is supported. Each additional year of audit engagement with the same KAP is associated with an audit report lag that is approximately 3.4 days shorter. Auditors who audit the same client over several periods understand the client's operational activities, accounting systems, internal controls, and business risks better, which allows them to prepare audit plans, determine procedures, and identify accounts requiring special attention more efficiently. Within the agency theory framework, this experience supports the effectiveness of the auditor's oversight function without compromising independence and professional standards, while within the signaling theory framework, faster audit completion makes the audited financial statements available to users earlier.

This finding is consistent with Nurjanah et al. (2022), Sihombing and Florencia (2024), Misnawati et al. (2024), Aurumita and Laksito (2025), Sari et al. (2025), Aquila and Januarti (2026), Rimba et al. (2026), and Rafid and Purwanto (2026), who found a significant effect of audit tenure. Conversely, Mubarok et al. (2022) in the same sector for the 2018–2021 period, Rachman and Astri (2024), Febriyanti (2022), Faiz and Karmudiandri (2024), and Al Ambia et al. (2022) in the building construction subsector did not find a significant effect. These differences may be related to industry characteristics, the observation period, and the auditor's ability to utilize knowledge from previous engagements. These results should be interpreted in light of the fact that audit tenure in this study was calculated from 2023 (range 1–3 years), thus reflecting the continuity of the engagement during the observation period and not the entire engagement history. This finding also relates only to audit time efficiency and does not replace consideration of KAP independence.

The Effect of Company Operational Complexity on Audit Report Lag

The operational complexity coefficient is 0.1841 with a probability of 0.2588 (> 0.05). Operational complexity has no significant effect on audit report lag at the 5% significance level. Therefore, H3 is not supported.

The coefficient is positive, as expected, but the statistical evidence is insufficient to support H3. A large number of subsidiaries does not necessarily indicate the same level of audit difficulty in each company. Companies with many subsidiaries can be supported by an integrated reporting system, adequate internal controls, and good coordination with auditors so that audits can still be completed efficiently. In addition, the distribution of this variable is highly skewed to the right (skewness 2.15; median 3 and maximum 34 subsidiaries), and the indicator for the number of direct subsidiaries does

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not capture indirect subsidiaries, the variety of business segments, or the extent of operations.

These results are consistent with Nurjanah et al. (2022), Amartavia and Effendi (2022), and Balqis and NR (2023), who found no significant effect. However, they differ from Handa and Andreas (2026), Amonio and Novianti (2025), Ananta et al. (2024), Khamisah et al. (2023), and Safitri and Fadli (2026), who found a positive effect. They also differ from Mubarok et al. (2022), who reported a significant negative effect based on the regression coefficient and t-test results, as well as Al Ambia et al. (2022) and Kirana and Suhendra (2026), who found a significant effect. These differences may be related to differences in the complexity indicators used, the characteristics of subsidiary activities, the effectiveness of internal control, and the observation period.

CONCLUSIONS AND SUGGESTIONS

CONCLUSION

This study examined the effect of firm size, audit tenure, and operational complexity on audit report lag in 35 Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange for the 2023–2025 period (105 observations) using a Random Effects Model (REM). First, firm size does not have a significant effect on audit report lag; therefore, H1 is not supported. Second, audit tenure has a significant negative effect on audit report lag; therefore, H2 is supported. A longer KAP engagement period is associated with a shorter audit completion time. Third, operational complexity does not have a significant effect on audit report lag; therefore, H3 is not supported. Simultaneously, the model is statistically significant, but its explanatory power is limited (adjusted R^2 = 12.65%).

IMPLICATIONS

For companies, these results indicate that audit speed is not solely determined by asset size or the number of subsidiaries. Therefore, document readiness, book-closing schedules, account reconciliations, and report compilation for each business unit need to be planned before the audit begins. For auditors and public accounting firms, knowledge and documentation from previous assignments can be utilized in audit planning and updated appropriately, while maintaining independence, professional skepticism, and adherence to auditing standards. For investors, audit tenure can serve as one supplementary piece of information in understanding differences in the timeliness of audited financial statements.

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Limitations and Suggestions

This study has several limitations. First, the sample is limited to 35 of 133 Consumer Non-Cyclicals sector companies and a three-year period. The exclusion of companies identified as outliers (198 of 303 observations) may also narrow the variation in audit report lag (57–89 days), so the results should be generalized with caution. Second, audit tenure is calculated from 2023, so prior engagement history is not covered. Third, operational complexity is only measured by the number of direct subsidiaries, while indirect subsidiaries, business segments, and location distribution are not covered; the use of secondary data also limits information about constraints and coordination during the audit. Fourth, the adjusted R^2 of 12.65% indicates that many other factors have not been included in the model, and the unweighted Durbin-Watson statistic (1.2367) suggests that the possibility of serial correlation needs to be considered.

Future researchers are advised to extend the observation period and expand the sector coverage, trace the history of KAP engagements before the initial year of observation, develop complexity measurements with indirect subsidiaries, business segments, and operational location coverage, and consider other variables such as profitability, audit opinion, KAP reputation, or audit fees based on theoretical basis and data availability. Companies are advised to prepare financial documents and information in a planned manner, and auditors are advised to update documentation of business processes, risks, and client accounting systems so that they can be utilized by all members of the audit team.

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