

DETERMINANTS OF AUDIT REPORT LAG WITH AUDITOR SPECIALIZATION MODERATION

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ABSTRACT

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Audit report lag (ARL) poses a persistent problem within the property and real estate sector, as prolonged reporting timelines can compromise the relevance and reliability of financial disclosures for investors and other users. The purpose of this research is to analyze the impact of audit tenure, financial distress, audit fees, and company complexity on Audit Report Lag, with auditor specialization as a moderating variable. The study employs a quantitative research methodology using secondary data obtained from the annual financial statements of listed property and real estate companies in Indonesia for the period 2020-2024. The final sample comprises 32 firms, yielding 160 firm-year observations. Data analysis is conducted using multiple regression. Results show that audit tenure and company complexity have a significant negative effect on ARL, while financial distress and audit fees have no direct significant impact. Auditor specialization is found to moderate the effects of audit fees and company complexity on ARL, but not those of audit tenure or financial distress. These patterns are explained through Agency Theory and Signaling Theory, which respectively address supervisory alignment and informational signaling. The research concludes with recommendations for auditors, company executives, investors, and policymakers to foster timely and efficient financial reporting.

Keywords: Audit Report Lag, Audit Tenure, Financial Distress, Audit Fee, Company Complexity, Auditor Specialization.

INTRODUCTION

The evaluation of managerial effectiveness and the economic choices made by stakeholders rely on information conveyed through corporate financial statements. Therefore, such disclosures must be accurate and delivered in a timely and relevant manner (Balqis & NR, 2023). The independent audit function plays a pivotal role in certifying the fairness of these statements and thereby reinforcing their credibility. Organizational factors, such as the complexity of operational systems and corporate structure, can complicate the audit, leading to an audit report lag defined as the time between a company's fiscal year-end and the date of the auditor's opinion (Rahmah et al.,

2023). Since such delays can erode the decision-usefulness of financial information, an investigation into their determinants is crucial (Tanujaya & Reny, 2022).

The Indonesian regulatory framework places strong emphasis on the prompt disclosure of financial information. It is enshrined in a legal structure that includes Law No. 21 of 2011, which established the Financial Services Authority and granted it supervisory powers, and Law No. 8 of 1995 on the Capital Market, which mandates transparency for public issuers. These statutes are operationalized by Financial Services Authority Regulation No. 14/POJK.04/2022, which requires listed companies to submit their annual financial statements within 90 days after the fiscal year-end to maintain the information's relevance to users. Despite this regulatory mandate, a significant compliance gap persists, with many companies failing to meet this deadline.

This ongoing challenge is starkly illustrated within the property and real estate sector. An examination of audit report lag reveals substantial and fluctuating delays. For instance, PT Maha Properti Indonesia Tbk (MPRO) reported lags of 207, 150, 102, 92, and 98 days from 2020 to 2024. Similarly, PT Urban Jakarta Propertindo Tbk (URBN) experienced lags of 89, 112, 195, 164, and 150 days over the same period. PT Perintis Trinita Properti Tbk (TRIN) also demonstrated variability with lags of 130, 144, 80, 92, and 97 days (idx.co.id). The magnitude and inconsistency of these delays suggest that audit timeliness in this sector is far from standardized and is closely intertwined with the internal dynamics and operational complexity of individual firms.

The persistent failure of many Indonesian public companies to submit audited reports promptly constitutes a dual problem: it is both a breach of Financial Services Authority regulations and a degradation of the value for stakeholders. A prolonged Audit Report Lag (ARL) renders financial statements less timely and thus less useful for decision-making (Tanril & Trisnawati, 2025). Agency Theory illuminates the root of this issue, framing the lag as a manifestation of the information asymmetry that exists between management (agents) and investors (principals). In this context, the independent audit serves as a critical governance mechanism that bridges this informational gap by verifying disclosures, thereby enhancing their reliability. Consequently, an efficient audit process that reduces ARL can directly mitigate information asymmetry and strengthen corporate governance (Fossung et al., 2022; Gaol & Sitohang, 2020). Complementing this view, Signalling Theory posits that the timeliness of financial reporting acts as a signal to the market. Prompt reporting signals management's transparency, operational competence, and credible financial health, thereby bolstering investor confidence (Khamisah et al., 2023). Conversely, delayed audit reports can be a negative signal, potentially raising market speculation and adversely affecting investor perception of a company's performance and stability (Mubarok et al., 2022).

Various factors influence audit report lag (ARL). One key determinant is audit tenure, defined as the duration of the engagement between an audit firm and a client. From an Agency Theory perspective, a long-term relationship can enable auditors to develop a deeper understanding of the client's accounting systems and risk profile, potentially enhancing audit efficiency and shortening the completion period. However, a long tenure may also raise concerns about diminished auditor independence and professional skepticism, which could slow down the audit (Uly & Julianto, 2022). Empirical findings on this relationship remain inconsistent, with studies reporting no effect (Mubarok et al., 2022), negative effect (Nurfauziah, 2020), and positive effect (Priyani & Badjuri, 2022).

Another determinant is financial distress, which reflects a company's weakened capacity to meet its long-term obligations. From the perspective of Signalling Theory, financial distress sends an adverse signal about a firm's viability, prompting auditors to implement more rigorous audit procedures to assess the credibility of financial information and mitigate associated risks (Lestari et al., 2024). Nevertheless, prior empirical studies offer mixed conclusions: some find no significant effect (Khamisah et al., 2023), others a negative effect (Azmi & Abbas, 2024), and yet others a positive effect (Tantianty & Uzliawati, 2023) of financial distress on ARL.

Audit fees are a potential determinant of audit report lag, as they reflect the anticipated scope, resource allocation, and perceived audit quality. Through Agency Theory, appropriate audit fee structures align the auditor's incentives with the principal's need for reliable financial information. Adequate remuneration motivates more diligent and efficient audit work, potentially reducing audit report lag. Conversely, low fees may constrain the auditor's ability to deploy sufficient resources, thereby prolonging the audit completion process (Khamisah et al., 2023). Empirical evidence on this relationship is also contested, showing non-significant (Mubarok et al., 2022), negative (Khamisah et al., 2023), and positive effects (Ayudia, 2024).

Finally, corporate complexity, characterized by extensive organizational hierarchies, multiple subsidiaries, and diversified operations, is a critical factor. Such intricacy inherently expands the scale and depth of audit procedures, increasing audit workload and audit effort, which could directly extend the audit duration (Habib et al., 2019). From a signalling standpoint, complexity can also convey a positive message to the market, suggesting that the firm possesses the managerial sophistication and robust performance necessary to oversee a multifaceted enterprise (Astini & Wahyuni, 2024). However, firms with higher complexity may also have more established internal controls and greater incentives to signal transparency through timely financial reporting, potentially mitigating audit delays. This dual nature, posing an operational challenge for auditors while potentially signalling corporate strength, may help explain the inconsistent empirical findings, which show no effect (Balqis & NR, 2023), a negative effect (Mubarok et al., 2022), and a positive effect (Khamisah et al., 2023) of complexity on ARL.

Beyond these established determinants, auditor-specific characteristics, particularly specialization, may serve as a moderating influence. Specialist auditors develop audit quality through sustained investment in industry-specific technology, human capital, and refined methodologies. This expertise equips them to execute complex audit procedures more efficiently, potentially expediting report delivery. This efficiency rationale underpins selecting auditor specialization as a moderator, given its potential to reduce reporting delays and enhance the reliability of financial information for investors. Furthermore, the appointment of a specialist auditor transmits a positive signal to the market, indicating a professional, transparent, and credible audit process, thereby supporting the timeliness and trustworthiness of financial statements. The varied ARL observed in the property and real estate sector from 2020 to 2024 underscores the need to investigate this moderating role. Empirical evidence on the impact of auditor specialization on ARL remains mixed, reporting negative (Khairunnisa & Syafruddin, 2021), positive (Farumi et al., 2023), and null effects (Sariningsih et al., 2021).

Derived from this theoretical and contextual foundation, the research pursues two aims. First, it evaluates the effects of audit tenure, financial distress, audit fees, and company complexity on audit report lag within property and real estate firms during

2020–2024. Second, it examines the moderating function of auditor specialization in the relationship between these variables and audit report lag within the same sector.

Prior research on ARL shows significant divergence across sectoral focus, study period, and variable composition. For example, Azmi & Abbas (2024) investigated financial distress and audit tenure with auditor specialization as a moderator in the agricultural sector (2017-2021). Meanwhile, Priyani & Badjuri (2022) examined audit tenure and company complexity with a similar moderator in the trade, services, and investment sector (2018-2020). This study departs from earlier work by focusing on property and real estate companies, characterized by capital-intensive, long-term assets, elevated project risk, and complex financial reporting requirements. The 2020-2024 period is strategically relevant, as it encompasses the post-pandemic economic recovery phase and the implementation of Financial Services Authority Regulation No. 14/POJK.04/2022. The study's novel contribution is further cemented by its comprehensive empirical model, which integrates four predictor variables simultaneously and employs auditor specialization as a moderator, including a test of its interaction with audit fees, a relationship scarcely examined in prior literature. Through this approach, the study is positioned to yield theoretical contributions to Agency and Signalling Theory and to provide evidence-based guidance for corporate management, audit practitioners, investors, and regulators on improving financial reporting timeliness.

Based on theoretical foundations, empirical findings, and the novelty of auditor specialization as a moderator, the research hypothesis is formulated as follows:

- H₁ : Audit Tenure Negatively Influences Audit Report Lag
- H₂ : Financial Distress Positively Influences Audit Report Lag
- H₃ : Audit Fee Negatively Influences Audit Report Lag
- H₄ : Company Complexity Negatively Influences Audit Report Lag
- H₅ : Auditor Specialization Moderates The Influence of Audit Tenure on Audit Report Lag
- H₆ : Auditor Specialization Moderates The Influence of Financial Distress on Audit Report Lag
- H₇ : Auditor Specialization Moderates The Influence of Audit Fee on Audit Report Lag
- H₈ : Auditor Specialization Moderates The Influence of Company Complexity on Audit Report Lag

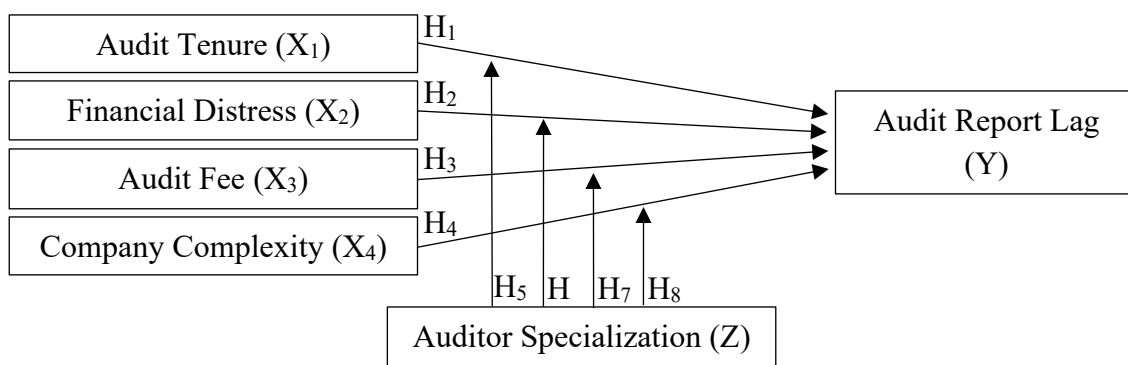


Figure 1. Research Framework

Source: Data Processed, 2025

RESEARCH METHODS

This investigation is grounded in a quantitative research design, with the sample determined through purposive sampling. As the analysis is based on secondary archival data, no specific physical location or experimental setting is required. The requisite data were gathered digitally by accessing and downloading the complete annual reports for the 2020-2024 fiscal years of all sampled property and real estate sector companies from the official online portal of the Indonesia Stock Exchange (www.idx.co.id).

The sample for this study comprises firms operating in the Property and Real Estate sector that were listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 observation period. Companies were included only if they consistently published complete annual reports and independent auditor reports throughout the observation period and disclosed audit fee information in their publicly available reports.

Applying the sampling parameters yielded a final sample of 32 companies. With data collected annually across five years (2020-2024), the study employs a pooled dataset comprising 160 observations. The analytical approach utilizes Multiple Regression Analysis (MRA) executed in EViews version 12. This technique is specifically designed for linear regression models with multiple predictors. It can incorporate interaction terms, thereby enabling the simultaneous examination of main effects and the moderating role of auditor specialization (Hakim, 2025).

Table 1.1. Variables and Measurement

Variable	Definition	Formula
Audit Tenure (X ₁)	The length of time an auditing firm has been consecutively engaged to provide audit services to a specific client company.	In the first year, a value of 1 will be given and will continue to increase each year. It will be recalculated from 1 if there is a change in the audit firm. (Nurjanah et al., 2022)
Financial Distress (X ₂)	A condition wherein an organization encounters fiscal pressures that could impede its capacity to meet both immediate and extended financial commitments.	$DAR = \frac{\text{Total Liabilities}}{\text{Total Asset}}$ (Rosharlianti & Hanifah, 2023)
Audit Fee (X ₃)	The remuneration provided by a company to external auditors for performing financial statement audits.	Audit Fee = Ln Audit Fee (Sijabat & Pangaribuan, 2023)
Company Complexity (X ₄)	A level of company complexity resulting from having several segments or subsidiaries.	Company Complexity = Ln Number of Subsidiaries (Nasution et al., 2024)
Audit Report Lag (Y)	The duration of an audit engagement, defined as the interval between the fiscal year-end and the date of the auditor's opinion, serves as a direct measure of audit timeliness.	Audit Report Lag = Audit Report Date – Fiscal Year End Date (Rahmah et al., 2023)

Table 1.2. Variables and Measurement (Continuation)

Variable	Definition	Formula
Auditor Specialization (Z)	An overview of the auditor's expertise and knowledge in auditing a specific industry.	Code 1 (Industry Specialization) → If the market share of the audit firm in a particular industry is $\geq 10\%$. Code 0 (Non-Specialization) → If the market share of the audit firm in a particular industry is $< 10\%$ (Aurely et al., 2021)

Source: Data Processed, 2025

RESULTS AND DISCUSSION

To characterize the research data, descriptive statistics were computed for all variables under examination. These include the main variables Audit Report Lag (ARL), Audit Tenure (AT), Financial Distress (FD), Audit Fee (AF), and Company Complexity (KP), as well as the interaction variables ATSA, FDSA, AFSA, and KPSA. The summary metrics presented mean, minimum, maximum, and standard deviation provide an initial overview of the distribution and variability within the sample of 160 observations.

Table 2. Descriptive Test Results

	Mean	Median	Maximum	Minimum	Std. Dev.	N
ARL	94.712	88.000	237.000	41.000	28.586	160
AT	2.437	2.000	5.000	1.000	1.413	160
FD	0.367	0.310	1.014	0.009	0.234	160
AF	20.115	20.041	22.751	18.198	1.026	160
KP	2.151	2.079	5.247	0.000	1.405	160
ATSA	0.769	0.000	5.000	0.000	1.480	160
FDSA	0.109	0.000	0.880	0.000	0.203	160
AFSA	5.478	0.000	21.537	0.000	9.072	160
KPSA	0.728	0.000	5.247	0.000	1.500	160

Source: Data Analysis with EViews 12, 2025

Output from the descriptive statistical analysis indicates generally stable data variation, as evidenced by standard deviations that are smaller than the corresponding means for most variables. Audit Report Lag (ARL) has a mean of 94.710 days and a standard deviation (SD) of 28.590, indicating moderate fluctuation in reporting timeliness. Among the explanatory variables, the average values are 2.44 years for Audit Tenure (AT, SD = 1.410), 0.366 for Financial Distress (FD, SD = 0.234), 20.110 for Audit Fee (AF, SD = 1.030), and 2.150 for Company Complexity (KP, SD = 1.410), all reflecting diversity within relatively contained bounds.

For the interaction variables (ATSA, FDSA, AFSA, KPSA), the low averages and zero medians suggest that a direct moderating influence is absent in most observations. However, the presence of high maximum values in some cases signals that auditor specialization can exert a pronounced effect under certain conditions. The substantial standard deviations for AFSA (9.070) and KPSA (1.490) denote meaningful variation in the interaction effects across different firms. In summary, the dataset displays good quality with appropriate variation, supporting its suitability for subsequent regression modeling.

Table 3. Panel Data Model Selection and Model Fit Test Result

Test	Statistic	P-Value
Chow Test	77.923	0.000
Hausman Test	11.712	0.164
Lagrange Multiplier Test (Breusch-Pagan)	8.500	0.004
Adjusted R-squared	0.224	
F-statistic	6.731	0.000

Source: Data Analysis with EViews 12, 2025

The Chow test indicates a cross-sectional Chi-square p-value of 0.000, which is below the significance level of $\alpha = 0.050$. Consequently, the null hypothesis for the Common Effect Model (CEM) is rejected, leading to the selection of the Fixed Effect Model (FEM) as the more appropriate analytical approach for this panel data.

The Hausman test yields a cross-section random-effects p-value of 0.164, which is greater than the significance threshold of $\alpha = 0.050$. Therefore, the null hypothesis cannot be rejected, indicating that the individual-specific effects are uncorrelated with the regressors. As a result, the Random Effect Model (REM) is statistically more appropriate and efficient than the Fixed Effect Model (FEM) for estimating the panel regression in this study.

Based on the Breusch-Pagan Lagrange Multiplier test, the obtained cross-sectional probability value is 0.004, which is lower than the $\alpha = 0.050$ threshold. It provides a sufficient statistical basis for rejecting the null hypothesis underlying the Common Effect Model (CEM). Accordingly, the Random Effect Model (REM) is selected as the more suitable approach for estimating the panel data in this investigation.

As reported in Table 3, the adjusted R² value is 0.224, equivalent to 22.40%. It indicates that the combined explanatory power of the independent variables, audit tenure, financial distress, audit fees, and company complexity, together with the moderating effect of auditor specialization, accounts for about 22.40% of the total variation in audit report lag. The majority of the variance, 77.62%, remains unexplained by the model and is likely influenced by other factors beyond the scope of this study.

As presented in Table 3, the Prob (F-statistic) is 0.000, which is far lower than the conventional significance threshold of 0.050. This result confirms the model's global significance, establishing that the integrated effects of audit tenure, financial distress, audit fees, company complexity, and auditor specialization as a moderator collectively have a significant impact on audit report lag.

Table 4. T-Test Results

Variable	Coefficient	Std. Error	t-Statistic	P-Value	Conclusion
C	47.157	64.029	0.736	0.463	
AT	-8.495	1.615	-5.260	0.000	Accepted
FD	15.097	12.056	1.252	0.212	Rejected
AF	4.183	3.401	1.230	0.221	Rejected
KP	-8.199	3.535	-2.319	0.022	Accepted
ATSA	5.338	2.805	1.903	0.059	Rejected
FDSA	3.111	27.427	0.113	0.910	Rejected
AFSA	-3.158	0.822	-3.841	0.000	Accepted
KPSA	12.457	4.414	2.822	0.005	Accepted

Source: Data Analysis with EViews 12, 2025

The Influence of Audit Tenure on Audit Report Lag

The initial hypothesis (H_1) of this study proposed that audit tenure negatively influences audit report lag (ARL). The empirical results provide robust confirmation for this proposition. Statistical analysis, as detailed in Table 4, yields a p-value of 0.000 for the audit tenure variable, which is well below the conventional significance threshold of 0.050. This statistically significant outcome is further reinforced by a substantial negative regression coefficient of -8.495 . Consequently, H_1 is accepted. This finding resonates with a substantial body of prior academic work, including studies by Arumningtyas & Ramadhan (2019), Nurfauziah (2020), Istighfarin & Raharja (2023), Fajriyah et al. (2024), and Priscilia & Putri (2025). A synthesis of these studies suggests a consistent pattern: a prolonged professional engagement between an auditor and a client fosters a deeper, more nuanced understanding of the client's specific operational systems, internal control environment, and inherent risk profile. It accumulated familiarity and client-specific knowledge, enhancing procedural efficiency, enabling auditors to navigate the audit process more quickly and precisely, thereby reducing the time required to issue the final audit report. However, it is crucial to note that this conclusion stands in contrast to the findings of Priyani & Badjuri (2022), who documented a positive relationship between audit tenure and ARL, highlighting the ongoing scholarly debate in this area.

The theoretical underpinning for the confirmed negative relationship is compellingly explained through Agency Theory. The theory posits a fundamental conflict arising from information asymmetry between management (agents) and shareholders (principals). A sustained audit tenure serves as a critical mechanism to mitigate this asymmetry. Over time, auditors develop an intimate and detailed understanding of the client's business model, accounting policies, and potential financial misstatements. This deep-seated knowledge base transforms the auditor's role from a purely procedural reviewer to a more insightful and efficient evaluator. The learning curve effect and reduced need for extensive initial familiarization in subsequent engagements streamline the audit workflow, enhance the effectiveness of substantive testing, and facilitate more focused risk assessment. Ultimately, this leads to more efficient audit execution and an accelerated audit reporting timeline. A novel contribution of this research is its provision of contemporary, context-specific empirical evidence. By focusing on the property and real estate sector during the 2020-2024 period, this study demonstrates that the efficiency gains associated with extended audit tenure remain potent and relevant even within an industry characterized by exceptionally high levels of asset complexity, project-based accounting, and stringent regulatory reporting requirements.

The Influence of Financial Distress on Audit Report Lag

The second hypothesis (H_2) posited that a company's financial distress would positively influence audit report lag. Contrary to this expectation, the data does not provide support. As indicated in Table 4, the probability value associated with the financial distress variable is 0.212, which exceeds the 0.050 significance level. Therefore, H_2 is rejected, leading to the conclusion that financial distress does not have a statistically significant direct impact on the timeliness of audit report issuance in the studied context. This outcome aligns with a series of earlier investigations, including those by (Parahyta H & Herawaty, 2020), Khamisah et al. (2023), Annisa (2024), Napisah & Soeparyono (2024), and Alamanda & Nugraha (2025), all of whom reported an insignificant statistical relationship. The present finding, however, diverges from the conclusions drawn by Tantianty & Uzliawati (2023), who identified a significant positive effect, underscoring the mixed nature of empirical evidence in this domain.

From the vantage point of Signalling Theory, this non-significant result offers an insightful interpretation. The theory suggests that corporate conditions, such as financial distress, send signals to external parties, including auditors. However, the findings imply that the signal emitted by financial distress may not be sufficiently strong or unambiguous to consistently and predictably alter the fundamental timeline of an audit engagement. Auditors, bound by stringent professional standards and ethical mandates, are likely to adhere to a comprehensive, risk-based audit methodology regardless of a client's financial health. While a distressed financial condition undoubtedly elevates audit risk and may trigger more rigorous substantive procedures, this increased scrutiny is systematically integrated into the standard audit plan without causing a statistically significant deviation from established completion schedules. The rigor of professional auditing standards may effectively standardize the response to such signals. A key contribution of this study is its provision of updated, sector-specific evidence. By examining property and real estate companies during the 2020-2024 timeframe, this research reinforces the perspective that financial distress, in isolation, is not a reliable or definitive predictor of variations in audit report lag, suggesting that other firm-specific or auditor-specific factors play a more dominant role.

The Influence of Audit Fees on Audit Report Lag

The third hypothesis (H_3) proposed a negative relationship between audit fees and the audit report lag. The statistical analysis fails to substantiate this hypothesized link. The data in Table 4 show a p-value of 0.221 for the audit fee variable, which is greater than the 0.050 alpha level. It leads to the formal rejection of H_3 , indicating that audit fees do not exert a statistically significant direct influence on the audit report lag duration within the parameters of this study. This empirical conclusion aligns with the findings of several prior studies, including Castio (2020), Sari (2021), Mubarok et al. (2022), Girsang & Damayanti (2024), and Malau et al. (2024). It is important to acknowledge, however, that this result contrasts with that of Khamisah et al. (2023), who reported a significant negative effect, underscoring the ongoing academic discourse on this variable's impact.

Interpreting this outcome through the theoretical framework of Agency Theory provides a plausible explanation. The theory posits that audit fees can serve as a contractual mechanism to align the auditor's (agent) incentives with the shareholders' (principals) informational needs. Higher fees compensate for greater auditor effort, diligence, and resource allocation, potentially leading to a more efficient, quicker audit process. In contrast, low fees may limit the auditor's ability to allocate sufficient resources, potentially prolonging the audit. However, the empirical results suggest that the relationship is not so direct. Auditors are governed by professional auditing standards, quality control policies, and reputational concerns, which mandate a baseline of thoroughness and procedural rigor. These obligations create a relatively inelastic audit process timeline that is not easily compressed or expanded in response to fee variations, explaining the absence of a significant relationship in this study. Therefore, while fees are a component of the audit engagement contract, they may not serve as a decisive, standalone lever to control the pace of audit completion. The novelty of this research lies in its delivery of current evidence from the property and real estate sector (2020-2024), affirming that, within this specific industrial and temporal context, audit fees are not a primary or significant determinant of the timeliness with which audit reports are issued.

The Influence of Company Complexity on Audit Report Lag

The fourth hypothesis (H_4) asserted that company complexity has a significant negative effect on audit report lag. The statistical analysis robustly supports this assertion.

As evidenced in Table 4, the probability value for the company complexity variable is 0.022, which is below the 0.050 significance threshold. This statistically significant result is coupled with a negative regression coefficient of -8.199 . Consequently, H_4 is accepted, indicating that higher organizational complexity is associated with shorter audit delays. This finding is consistent with earlier research conducted by Mubarok et al. (2022), (Widianti & Castellani, 2024), and Kurniawati (2025). It is noteworthy, however, that this conclusion contradicts the results of Khamisah et al. (2023), who found a positive association, highlighting empirical divergence in the literature.

This intriguing finding can be interpreted through the lens of Signalling Theory. The theory posits that observable corporate attributes, such as high complexity, convey information or "signals" to the external market. In this case, a complex organizational structure characterized by multiple subsidiaries, diverse business segments, and intricate operational layers may signal not just operational challenge, but more importantly, a high degree of organizational maturity, sophisticated managerial capability, and the presence of well-established internal governance frameworks. Firms that successfully manage such complexity often invest heavily in standardized enterprise resource planning (ERP) systems, robust internal control mechanisms, centralized accounting functions, and comprehensive documentation protocols. These established systems and mature internal processes inherently create a more "auditable" environment. For auditors, this translates into greater access to information, clearer audit trails, more reliable internal controls to test, and more efficient coordination with client personnel. Consequently, rather than acting as an impediment that prolongs the audit, complexity, when underpinned by strong internal infrastructure, can facilitate a more systematic, organized, and ultimately faster audit process. The audit efficiency gained from working within a well-controlled, complex system outweighs the incremental time required to understand the broader organizational structure. From an audit effort perspective, higher company complexity is generally expected to increase audit workload and potentially prolong audit report lag. However, the findings of this study suggest that in firms with mature internal controls and standardized reporting systems, the efficiency gains from organizational readiness outweigh the additional audit effort, resulting in shorter audit delays. A significant contribution of this study is the provision of recent empirical evidence from the property and real estate sector during the 2020-2024 period. This evidence substantiates the view that corporate complexity, far from being a universal source of delay, can, under the right conditions, catalyze audit timeliness when accompanied by structured and effective internal processes.

Auditor Specialization Moderates The Influence of Audit Tenure on Audit Report Lag

The fifth hypothesis (H_5) investigated whether auditor specialization moderates the relationship between audit tenure and audit report lag. The analysis does not provide statistical support for this moderating effect. The interaction term between audit tenure and auditor specialization, as reported in Table 4, yields a probability value of 0.059. As this value exceeds the 0.050 significance level, H_5 is rejected. It indicates that within the sampled context, the presence of an industry-specialist auditor does not significantly alter the strength or direction of the established negative relationship between audit tenure and ARL. This outcome aligns with previous studies by Priyani & Badjuri (2022), Tani et al. (2022), Kurniawati (2025), and Valentina & Abbas (2024), who similarly reported no significant moderating influence. It is important to contrast this with Nurfauziah's (2020) findings, which documented a significant moderating role, suggesting that contextual factors may influence this dynamic.

The absence of a moderating effect invites consideration of potential explanations, including methodological diversity in the literature. Different studies operationalize "auditor specialization" using varied metrics, such as industry market share based on client sales (Arumningtyas & Ramadhan, 2019) or the simple count of clients within an industry (Kusuma et al., 2020). Theoretically, specialist auditors, with their deep industry expertise and refined audit methodologies, can extract even greater efficiency benefits from a long-term client relationship than non-specialists. Their pre-existing industry knowledge could synergize with client-specific familiarity gained over tenure, potentially leading to super-efficient audits. However, the empirical results suggest this synergistic effect is not statistically discernible in this specific setting.

Furthermore, from a signalling perspective, while the appointment of a specialist auditor signals quality, this signal may not interact with the tenure signal in a way that further accelerates the timeline. The core efficiency driver is the tenure-based familiarity itself, which operates effectively regardless of the auditor's broader industry specialization status. The novelty of this study lies in its focused examination of the property and real estate sector during 2020-2024, providing an updated perspective that the moderating role of specialization in the audit tenure-ARL nexus is not universal and may be contingent on specific industry or regulatory environments.

Auditor Specialization Moderates The Influence of Financial Distress on Audit Report Lag

The sixth hypothesis (H₆) examined whether auditor specialization moderates the effect of financial distress on audit report lag. The statistical evidence strongly refutes the presence of such a moderating influence. The probability value for the corresponding interaction term is 0.910 (Table 4), which is substantially higher than the 0.050 significance threshold, leading to the rejection of H₆. This result indicates that the relationship between financial distress and ARL is not meaningfully different for audits conducted by specialist auditors compared to those conducted by non-specialists. This finding is consistent with the earlier conclusion of Rosharlianti & Hanifah (2023) but stands in contrast to the work of Azmi & Abbas (2024), who reported a significant moderating effect.

This lack of moderation can be interpreted through the principles of professional audit standardization and Signalling Theory. When a company is in financial distress, it represents a high-risk audit engagement regardless of the auditor's type. Professional auditing standards mandate a heightened degree of professional skepticism, more rigorous risk assessment, and expanded substantive procedures in such scenarios. These same standards bind both specialist and non-specialist audit firms and expose them to similar reputational and litigation risks. Therefore, their procedural response to the "signal" of financial distress is likely to be homogenized by professional mandate, leading to a standardized extension of effort and care that does not vary systematically with specialization. The imperative to conduct a thorough, defensible audit in a high-risk situation overrides any potential efficiency advantages a specialist might otherwise have in a normal engagement.

Furthermore, audit firms, irrespective of their specialization, have a strong incentive to complete audits within reasonable timelines to maintain client relationships and their own reputations for reliability, even when dealing with distressed entities. Thus, the signal of distress triggers a standardized, cautious audit approach that nullifies any differential moderating impact of auditor specialization on the reporting timeline. This study contributes contemporary evidence from the property and real estate sector (2020-

2024), clarifying that auditor specialization does not act as a conditional variable that changes how financial distress influences audit report lag.

Auditor Specialization Moderates The Influence of Audit Fees on Audit Report Lag

The seventh hypothesis (H₇) posited that auditor specialization moderates the influence of audit fees on audit report lag. The empirical analysis confirms this hypothesis. The interaction term in Table 4 yields a p-value of 0.000 (below $\alpha=0.050$) and a negative regression coefficient of -3.158 . Therefore, H₇ is accepted. However, the direction of the coefficient reveals a nuanced dynamic: auditor specialization does not amplify or reinforce the relationship; instead, it weakens it. It indicates that, while audit fees are generally associated with expectations regarding effort and timeline, specialist auditors respond differently to fee signals. Specifically, the presence of a specialist auditor attenuates the potential effect of fee levels on audit completion speed (Yeboah et al., 2023).

This finding is powerfully elucidated through Signalling Theory. Audit fees serve as a multifaceted signal, conveying information about the audit's scope, perceived risk, and the resources the client is willing to commit. Specialist auditors, by virtue of their established reputation, deep expertise, and often premium market positioning, are likely to interpret and respond to these fee signals with greater independence and professional judgment. They may not perceive higher fees as a direct imperative or incentive to artificially compress the audit timeline. Instead, their primary commitment is to audit quality, thorough risk mitigation, and adherence to their specialized methodologies, which are hallmarks of their brand value. Consequently, they may be more resistant to fee-driven pressures to accelerate the process, ensuring that a comprehensive audit is performed regardless of the fee level. In essence, their specialization acts as a buffer or a quality-assurance mechanism that tempers the conventional economic link between audit fees, audit effort, and time. It introduces a novel and important dimension to the literature on audit fees and timeliness. The study provides fresh empirical evidence from Indonesia's property and real estate sector (2020-2024), demonstrating that specialized auditors adopt a more measured, quality-centric approach to audit engagements, which effectively reduces the sensitivity of audit report lag to variations in audit fees.

Auditor Specialization Moderates The Influence of Company Complexity on Audit Report Lag

The eighth and final hypothesis (H₈) proposed that auditor specialization moderates the influence of company complexity on audit report lag. The statistical results provide strong support for this hypothesis. As shown in Table 4, the interaction term between company complexity and auditor specialization has a probability value of 0.005, which is significant at the 0.050 level, and a positive coefficient of 12.457. The acceptance of H₈, coupled with the positive coefficient, indicates a specific form of moderation: auditor specialization strengthens the effect of company complexity on ARL. In practical terms, this means that when a specialist audits a high-complexity company, the audit report lag is longer than when a non-specialist audits the same company. This finding aligns with the research of Rengganis & Mirayani (2021) but diverges from the conclusions of Kurniawati (2025) and Priyani & Badjuri (2022), who found no significant moderating effect.

This result is profoundly explicable through Signalling Theory. Company complexity signals heightened audit risk, intricate transactions, and a demanding audit scope. Specialist auditors, with their superior industry knowledge and expertise, are uniquely equipped to decode and fully appreciate the implications of this complexity

signal. Their deep understanding does not lead them to simplify or shortcut the process; on the contrary, it enables them to identify more granular risks, design more extensive and tailored audit procedures, and apply a higher level of professional skepticism precisely because they know what to look for. Where a non-specialist might perform standard procedures, a specialist recognizes the need for deeper dives into specific areas like intercompany transactions, segment reporting, asset valuation for unique properties, or complex revenue recognition methods prevalent in real estate. This results in a more rigorous, exhaustive, and consequently time-consuming audit engagement. The specialist's expertise leads to an expansion of audit scope and depth in response to complexity, prioritizing audit quality and risk mitigation over pure speed. Therefore, their specialization amplifies the time impact of complexity rather than mitigating it. The novelty of this research lies in its detailed exploration of this dynamic within the property and real estate sector (2020-2024). It offers critical new insight into how specialized auditors calibrate their work: they respond to operational complexity not by streamlining, but by engaging in more deliberate, thorough, and time-intensive audit procedures, ultimately demonstrating that their value lies in enhanced assurance quality, which can come at the cost of extended timelines in complex environments.

CONCLUSION

This study concludes with the following insights derived from examining audit report lag (ARL) in Indonesian property and real estate companies during the 2020-2024 period. First, the direct determinants of ARL are partially confirmed: audit tenure and company complexity exhibit significant effects, while financial distress and audit fees do not. Second, the moderating role of auditor specialization is selective. It significantly moderates the influence of audit fees (weakening the relationship) and company complexity (strengthening the relationship) on ARL. Conversely, specialization does not moderate the effects of audit tenure or financial distress.

The theoretical contributions are framed within Agency Theory and Signalling Theory. Agency Theory supports the role of extended audit tenure in mitigating information asymmetry and improving audit efficiency. Signalling Theory helps decode how auditors perceive and respond to signals: specialist auditors critically evaluate audit fee incentives, reducing their accelerative effect, and address risk signals stemming from company complexity, leading to longer audit durations. Thus, specialization acts as a critical filter, shaping how underlying signals translate into audit timeliness.

In practice, the findings are relevant to auditors, clients, and regulators. Audit firms can leverage these insights to plan engagements, recognizing that specialist auditors may extend timelines for complex clients but may not expedite work solely based on fees. Company management and investors gain a clearer picture of the drivers of reporting delays, aiding governance and investment decisions. Regulators might consider these outcomes when evaluating reporting compliance and auditor suitability, potentially encouraging nuanced policies that account for industry-specific complexity and auditor expertise.

By providing recent empirical evidence from a focused sector, this research addresses a literature gap. It contributes to the field by delineating the specific, non-uniform moderating impact of auditor specialization. Its limitations, including a single-sector focus and reliance on secondary data from a specific timeframe, suggest caution in generalizing the results. Future research should include diverse industries, explore

additional moderating or mediating variables, and employ updated datasets to build a more comprehensive model of ARL and refine the theoretical understanding of auditor specialization's role in audit timeliness.

While company complexity is measured using a common proxy, this study notes a sector-specific limitation in fully capturing operational nuances. In the property and real estate sector, audit complexity may also stem from the application of PSAK 72/IFRS 15, particularly differences between over-time and point-in-time revenue recognition, as well as from increasing environmental, social, and governance (ESG) disclosure requirements. These factors may affect audit report lag but are not fully reflected in the complexity measure used, suggesting avenues for future research.

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