

Audit Delay in the Islamic Capital Market: The Moderating Power of Auditor Reputation on Risk and Complexity (ISSI 2021–2024)

Dewi Astuti¹, Nur Kabib^{2*}

^{1,2}, Universitas Islam Negeri Salatiga

ABSTRACT:

Research Objective - This study examines the effects of leverage, firm size, and business diversification on audit delay, with the Public Accounting Firm's reputation as a moderator, among consumer goods companies listed on the Indonesian Sharia Stock Index (ISSI) during the 2021–2024 period.

Method - This study employs a quantitative, panel-data approach. Data analysis was conducted using panel regression data assistance in EViews.

Findings - The results indicate that leverage has a positive and significant effect on audit delay. Firm size has a negative and significant effect on audit delay. Business diversification does not have a significant effect on audit delay. Furthermore, the reputation of the Public Accounting Firm does not moderate the relationship between leverage and audit delay; however, it moderates the relationships between firm size and audit delay and between business diversification and audit delay.

Theoretical and Policy Implications - The findings reinforce agency theory by showing that firm characteristics and auditor quality play an important role in audit delay. Therefore, management should enhance transparency and strengthen internal controls to minimize audit delays. In addition, regulators and capital market authorities are encouraged to strengthen supervision and promote higher audit quality to ensure the timeliness of financial reporting among Sharia-listed companies.

Research Novelty - This study offers novelty by examining audit delay from an agency theory perspective among consumer goods companies listed on the ISSI during the 2021–2024 period. In addition, this study incorporates business diversification as an explanatory variable and measures the reputation of Public Accounting Firms using a three-level ordinal scale, providing a more comprehensive measure than the dummy variable approach commonly used in prior studies.

Keywords: audit delay; leverage; firm size; business diversification; public accounting firm reputation.

ABSTRAK:

Tujuan Penelitian - Menguji pengaruh *leverage*, ukuran perusahaan, dan diversifikasi bisnis terhadap *audit delay* dengan reputasi kantor akuntan publik sebagai variabel moderasi pada perusahaan sektor barang konsumsi terdaftar di ISSI 2021-2024.

Metode Penelitian - Penelitian ini menggunakan metode kuantitatif dengan pendekatan data panel. Analisis data dilakukan menggunakan regresi data panel dengan bantuan *software* Eviews.

Temuan Penelitian – *Leverage* berpengaruh positif dan signifikan terhadap *audit delay*. Ukuran perusahaan berpengaruh negatif dan signifikan terhadap keterlambatan *audit*. Diversifikasi bisnis tidak berpengaruh terhadap keterlambatan *audit*. Reputasi kantor akuntan publik tidak mampu memoderasi pengaruh *leverage* terhadap *audit delay*, namun mampu memoderasi pengaruh ukuran perusahaan dan diversifikasi bisnis terhadap *audit delay*.

Implikasi Teori dan Kebijakan - Hasil penelitian ini memperkuat perspektif teori agensi bahwa karakteristik perusahaan dan kualitas auditor berperan dalam memengaruhi *audit delay*, sehingga penting bagi manajemen untuk meningkatkan transparansi dan efektivitas pengendalian internal guna meminimalkan keterlambatan audit. Selain itu, regulator dan otoritas pasar modal perlu memperkuat pengawasan serta mendorong peningkatan kualitas audit agar ketepatan waktu pelaporan keuangan perusahaan syariah tetap terjaga.

Kebaruan Penelitian - Penelitian ini memiliki kebaruan dengan menguji *audit delay* berdasarkan perspektif teori agensi pada perusahaan sektor barang konsumsi yang terdaftar di ISSI pada periode 2021–2024. Selain itu, penelitian ini menambahkan variabel diversifikasi bisnis sebagai variabel independen dalam model penelitian serta menggunakan pengukuran reputasi Kantor Akuntan Publik dengan skala ordinal tiga tingkat, sehingga memberikan pengukuran yang lebih komprehensif dibandingkan dengan pendekatan variabel dummy yang umum digunakan dalam penelitian sebelumnya.

Kata kunci: *audit delay*; *leverage*; ukuran perusahaan; diversifikasi bisnis; reputasi kantor akuntan publik

^{*)} Corresponding Author: deviastuti0921@gmail.com

A. INTRODUCTION

Audited financial statements are a key instrument of corporate accountability to stakeholders, especially investors in the capital market (Tanujaya & Elliany, 2022). The timeliness of financial statement reporting is an indicator of reporting quality because delays can reduce the relevance of information for decision-making (Meiryani & Hendriana, 2024). In recent literature, audit delay remains an important issue across various industrial sectors, including companies listed on the Indonesia Stock Exchange. This persistence suggests that, despite tightened reporting regulations, audit delays persist and may affect market efficiency and investor confidence (Utami, 2019). Previous studies have identified factors that influence audit delays, such as leverage, company size, and operational complexity. Leverage is associated with increased financial risk, which can prolong audit procedures (Trisanti, 2025). Company size can slow audits (Diana et al., 2024). Business diversification, as a proxy for company complexity, is also considered to increase the auditor's examination burden (Fadhila et al., 2023). However, previous research has yielded inconsistent findings, so the influence of these variables on audit delay remains contextual and warrants further testing.

The research gap in this study lies in the limited number of studies that simultaneously examine leverage, company size, and business diversification in the context of Islamic companies, particularly those listed on the Indonesian Sharia Stock Index (ISSI). ISSI companies have governance characteristics and Sharia compliance principles that demand a higher level of transparency and accountability. In addition, the role of Public Accounting Firms' reputation as a moderating variable has shown mixed results in previous studies.

The novelty of this study lies in testing audit delay in consumer goods companies listed on the ISSI from 2021 to 2024, using an agency theory perspective, with PCA reputation as a moderating variable measured on a three-level ordinal scale. This approach provides a more comprehensive measure of reputation than the dummy method commonly used in previous studies.

Building on this background, this study aims to analyze the effects of leverage, company size, and business diversification on audit delay and to examine the role of public accounting firms' reputation in strengthening or weakening these relationships among consumer goods companies listed on the ISSI during 2021–2024. Thus, this study is expected to contribute empirically to the development of audit literature in the context of the Indonesian Islamic capital market.

B. LITERATURE REVIEW

Agency Theory

The agency theory proposed by Jensen and Meckling (1976) explains the relationship between principals (owners) and agents (management) that can create conflicts of interest due to differing objectives and information asymmetry. In the context of audit delays, management, as agents, may have incentives to delay the submission of financial reports to conceal unfavorable information, thereby increasing the risk of further delays. Leverage, company size, and business diversification increase complexity and the need for supervision, which, from an agency theory perspective, in turn increases the need for quality audits to reduce information asymmetry. The reputations of Public Accounting Firms serve as external oversight mechanisms that can suppress agency conflicts by improving the quality, independence, and efficiency of the audit process (Utomo & Sawitri, 2021).

Audit Delay

Audit delay is the time between the end of a company's fiscal year and the date the independent audit report is published, reflecting the length of the audit process. This delay can reduce the relevance of financial information and affect the decision-making of investors and other stakeholders. Therefore, the timeliness of audit reports is an important indicator of the quality of financial reporting and corporate transparency (Yanthi et al., 2020).

Leverage

Leverage is a ratio that indicates the extent to which a company uses debt to finance its assets or operations and reflects the level of financial risk it faces. A commonly used ratio is the Debt to Equity Ratio (DER), which measures the proportion of debt-based financing (Astuti, L, et al., 2021). A high level of leverage increases risk and scrutiny from creditors, prompting auditors to conduct more in-depth examinations that can prolong audit delays (Apriwandi et al., 2023).

Company Size

Company size refers to the scale of a business entity, typically measured by total assets, total sales, or the natural logarithm of total assets. Large companies usually have more robust control systems and resources that can speed up reporting, but their operational complexity can also prolong the audit process. Therefore, company size can affect the length of audit delay, depending on the level of complexity and the effectiveness of its internal systems (Idris & Afiah, 2023).

Business Diversification

Business diversification is a corporate strategy that expands business lines or operational segments to reduce risk and increase growth opportunities. Although diversification can broaden revenue sources, more business segments will increase the complexity of transactions and financial

reporting. This complexity requires more extensive audit procedures, which can prolong the audit completion time and increase audit delay (Suripto & Aini, 2024).

Reputation of Public Accounting Firms

Public Accounting Firms are institutions that provide audit services and hold official licenses from the relevant authorities; their reputation reflects the quality, independence, and competence of their auditors. Highly reputable Public Accounting Firms generally have stronger professional resources and quality control systems, enabling them to complete audits more efficiently and credibly. Therefore, the reputation of a Public Accounting Firm can increase the reliability of financial statements, reduce information asymmetry, and potentially affect the level of audit delay (Diana et al., 2024).

Hypothesis Development

A hypothesis is a tentative assumption about a research problem, grounded in theory and prior research (Abdullah et al., 2022). Based on the conceptual framework, the study's hypotheses are as follows:

1. The Effect of Leverage on Audit Delay

Leverage indicates the proportion of debt in a company's funding structure. The higher the leverage, the greater the financial risk, so auditors require more in-depth audit procedures, which can prolong audit delay (Trisanti, 2025). Jensen and Meckling's (1976) agency theory explains that debt increases supervision but also increases risk and the need for more extensive audits. Lubis's (2022) research proves that leverage has a positive effect on audit delay.

H1: Leverage has a significant positive effect on audit delay.

2. The Effect of Company Size on Audit Delay

Company size reflects the resources and reporting systems a company has. Large companies tend to have better systems and face greater external pressure, which encourages them to complete audits more quickly (Videsia et al., 2022). In agency theory, large companies seek to reduce information asymmetry through timely reporting. Research by Diana et al. (2024) shows that company size is positively associated with audit delay.

H2: Company size affects audit delay.

3. The Effect of Business Diversification on Audit Delay

Business diversification increases operational and financial reporting complexity, requiring auditors to spend more time gathering sufficient audit evidence (Muna & Lisiantara, 2021). According to agency theory, complexity widens the information asymmetry between management and owners.

H3: Business diversification has a positive effect on audit delay.

4. Public Accounting Firms' reputation moderates the relationship between leverage and audit delay.

High leverage increases audit risk, requiring qualified auditors to minimize delays. The reputation of public accounting firms contributes to the quality and efficiency of the audit process (Ayudia, 2024). Research by Astuti and Supitriyani et al. (2021) indicates that the reputation of public accounting firms moderates the effect of leverage on audit delay. H4: Public accounting firms' reputation moderates the effect of leverage on audit delay.

5. Public accounting firms' reputation moderates the relationship between company size and audit delay.

Large companies are complex but also have adequate resources (Gaol & Duha, 2021). Public accounting firms with good reputations have more effective experience and audit systems for handling large companies. Research by Saputra et al. (2024) shows that public accounting firms' reputation moderates the effect of company size on audit delay.

H5: The reputation of public accounting firms moderates the effect of company size on audit delay.

6. Public accounting firms' reputation moderates the relationship between business diversification and audit delay

Diversification increases audit complexity, but reputable public accounting firms have the resources and experience to handle complex business structures efficiently (Widiastuti & Rofiqoh, 2024).

H6: The reputation of public accounting firms moderates the effect of business diversification on audit delay.

C. RESEARCH METHOD

Population, Sample, and Sampling Technique

The population in this study comprises all consumer goods companies listed on the Indonesian Sharia Stock Index (ISSI) from 2021 to 2024. Companies on the ISSI were selected because they meet Sharia criteria and are required to maintain transparency and accountability in their financial reporting.

The research sample consists of consumer goods companies that were consistently listed on the ISSI from 2021 to 2024, published fully audited annual financial reports, and had the data required for the research variables.

The sampling technique used was purposive sampling, which involves selecting samples based on specific criteria so that the data obtained is relevant and suitable for panel data regression analysis

Data and Data Collection Methods

The data used in this study are secondary data. The data were obtained from audited annual financial reports published on the official website of the Indonesia Stock Exchange (www.idx.co.id) and on the official websites of each company.

The data collection method used documentation techniques, namely collecting, recording, and processing financial report data, independent auditor reports, and other supporting information related to the research variables.

Research Variables

This study uses one dependent variable, three independent variables, and one moderating variable. The dependent variable is audit delay (Y). The independent variables are Leverage (X1), Company Size (X2), and Business Diversification (X3). The moderating variable is Public Accounting Firm Reputation (Z).

Operational Definition of Variables

1. Audit Delay (Y)

Audit delay is used as the dependent variable in this study. It is measured as the time required for the audit process, from the closing date to the issuance of the audited financial statements (Yanthi et al., 2020).

2. Leverage (X1)

In this study, leverage is measured using the following formula:

$$\text{Debt to Equity Ratio (DER)} = \text{total debt} / \text{total equity}$$

This ratio compares a company's total debt to its total equity. It is used to determine how much of a company is financed by debt relative to its own capital (Siahaan, 2021).

3. Company Size (X2)

Company size is measured using the natural logarithm of total assets. The formula used is as follows:

$$\text{Company Size} = \text{Ln (total assets)}$$

The use of the natural logarithm (Ln) aims to simplify the total asset figure, which is usually very large, and to reduce the potential for data skewness in statistical analysis (Kusumowati & Tere, 2025)

4. Business Diversification (X3)

In this study, business diversification is measured by the number of business segments reported in the company's annual report. The more segments a company has, the higher its level of diversification (Farzamfar et al., 2024). The measurement formula is as follows: Business Diversification = Number of Business Segments

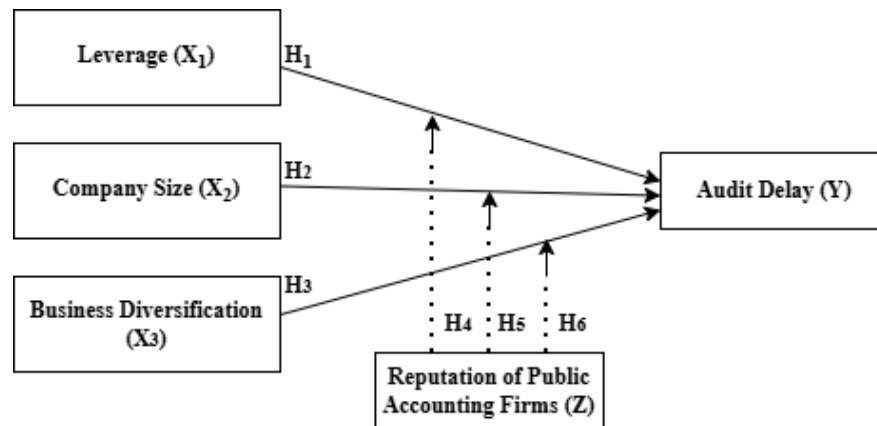
5. Reputation of Public Accounting Firms (Z)

Each public accounting firm has its own reputation. This reputation can be based on auditors' capabilities or on the amount of revenue generated, either monthly or annually (Alfrida et al., 2025). This variable is measured using a categorical scoring method. If a company is audited by a Big Four CPA firm, it is given a score of 3. If a company is audited by a CPA firm in the Big 10, it is given a score of 2. If a company is audited by a CPA firm that is not included in either category, it is given a score of 1. A higher score indicates a better reputation for the CPA firm.

Framework

To provide an overview of the entire research content, the researcher created a simple framework in the form of a diagram. The framework is shown in the following figure:

Figure 1 Framework



D. ANALYSIS

This section presents an empirical analysis to test the relationship between the independent and dependent variables using the selected panel data regression model. Before testing the hypothesis, a series of analytical steps were carried out, namely selecting the best panel data regression model through the Chow test, Hausman test, and Lagrange Multiplier test, and selecting the random effect model. In addition, the data was tested for stationarity to ensure that it did not contain unit roots, so that the estimation results were not spurious. Furthermore, the research model passed the classical assumption tests, which included tests for normality, multicollinearity, heteroscedasticity, and autocorrelation.

After all these stages were completed, regression analysis was performed to provide statistical evidence of the influence of each variable, both simultaneously and partially, and to evaluate the model's ability to explain variation in audit delay. In addition, a moderation effect test was conducted to examine the role of auditor reputation in strengthening or weakening the relationship between the independent variables and audit delay.

T-test (Partial)

The t-test is used to assess the effect of each independent variable on the dependent variable, considered individually. If the probability value (p-value) is less than 0.05, the variable has a significant effect on the dependent variable.

Table 1 T-test Results (Partial)

Variable	Coefficient	Std. Error	t-Statistic	Prob
C	146.1800	26.56326	5.503089	0.0000
LEVERAGE	4.846357	1.624558	2.983186	0.0031
COMPANY SIZE	-1.985462	1.003189	-1.979150	0.0489
BUSINESS DIVERSIFICATION	0.524959	0.998541	0.525726	0.5995
REPUTATION_OF_ PUBLIC ACCOUNTING FIRMS	-4.398049	1.912463	-2.299679	0.0223

Based on the partial test results table (t-test), the following can be observed:

1. Leverage on Audit Delay

Leverage has a coefficient value of 4.846357 and a t-statistic probability value of 0.0031, indicating that leverage is partially proven to have a significant positive effect on audit delay.

2. Company Size on Audit Delay

Company size has a coefficient value of -1.985462 and a t-statistic probability value of $0.0489 < \alpha 0.05$, which means that company size is partially proven to have a significant negative effect on audit delay.

3. Business diversification on audit delay

Business diversification has a coefficient value of 0.524959 and a t-statistic probability value of $0.5995 > \alpha 0.05$, indicating that business diversification has no partial effect on audit delay.

F Test (Simultaneous)

The F test is used to determine whether all independent variables together have an effect on the dependent variable. If the F probability value is less than 0.05, the regression model is declared to be simultaneously significant.

Table 2 F Test Result (Simultaneous)

Weighted Statistics			
R-squared	0.084271	Mean dependent var	41.25235
Adjusted R-squared	0.070018	S.D. dependent var	10.87552
S.E. of regression	10.00977	Sum squared resid	25750.23
F-statistic	5.912644	Durbin-Watson stat	1.650495
Prob(F-statistic)	0.000145		

Based on the simultaneous test results table (F test), it can be seen that the F-statistic probability value of $0.000145 < \alpha 0.05$, which means that

all independent variables, namely leverage, company size, and business diversification, simultaneously have a significant effect on the dependent variable, namely audit delay.

Determination Coefficient Test (R^2)

The R^2 test aims to measure the extent to which independent variables can explain the variation in the dependent variable. The higher the R^2 value, the greater the model's ability to explain the dependent variable.

Table 3 R^2 Test Result

Weighted Statistics			
R-squared	0.084271	Mean dependent var	41.25235
Adjusted R-squared	0.070018	S.D. dependent var	10.87552
S.E. of regression	10.00977	Sum squared resid	25750.23
F-statistic	5.912644	Durbin-Watson stat	1.650495
Prob(F-statistic)	0.000145		

Based on the table of the coefficient of determination test results (R^2 test), it can be seen that the R-squared value is 0.070018 or 7%. From the results of the coefficient of determination test (R^2 test), it can be interpreted that the independent variables, namely leverage, company size, and business diversification, are able to explain or describe the dependent variable, namely audit delay, by 7%, while 93% is explained or described by other variables not included in this study.

Moderated Regression Analysis (MRA) Test

The Moderated Regression Analysis (MRA) test is used to determine whether the moderating variable can strengthen or weaken the relationship between the independent variable and the dependent variable. If the interaction variable coefficient has a probability value of less than 0.05, then the moderating variable is declared capable of mo

Table 4 MRA Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-17.03419	71.03877	-0.239787	0.8107
LEVERAGE	3.798406	7.105718	0.534556	0.5934
COMPANY_SIZE	4.480237	2.636954	1.699020	0.0905
BUSINESS_DIVERSIFICATION	-5.851424	3.100175	-1.887450	0.0602
REPUTATION_OF_PUBLIC				
ACCOUNTING FIRMS	71.61280	31.24215	2.292186	0.0227
LEVXRPAF	0.341595	2.560012	0.133435	0.8940
CSXRPAF	-2.966826	1.136959	-2.609439	0.0096
BDXRPAF	2.761783	1.257454	2.196330	0.0290
Effects Specification				
			S.D.	Rho
Cross-section random			8.435468	0.4222
Idiosyncratic random			9.868564	0.5778

Weighted Statistics			
R-squared	0.113063	Mean dependent var	43.81193
Adjusted R-squared	0.088523	S.D. dependent var	11.09218
S.E. of regression	10.04588	Sum squared resid	25532.70
F-statistic	4.607317	Durbin-Watson stat	1.628262
Prob(F-statistic)	0.000072		
Unweighted Statistics			
R-squared	0.219198	Mean dependent var	84.90421
Sum squared resid	41807.75	Durbin-Watson stat	0.994407

Based on the Moderated Regression Analysis (MRA) results table, the following can be observed:

1. The interaction between public accounting firms reputation and leverage has a coefficient value of 0.341595 and a probability of $0.8940 > \alpha 0.05$, which means that public accounting firms reputation is unable to moderate the effect of leverage on audit delay.
2. The interaction between public accounting firms reputation and company size has a coefficient value of -2.966826 with a probability value of $0.0096 < \alpha 0.05$. Thus, it can be interpreted that public accounting firms reputation is able to moderate the effect of company size on audit delay.
3. The interaction between public accounting firms reputation and X3 has a coefficient value of 2.761783 with a probability value of $0.0290 > \alpha 0.05$. This shows that public accounting firms reputation is able to moderate the effect of X3 on audit delay.

E. DISCUSSION AND CONCLUSION

Discussion

1. The Effect of Leverage on Audit Delay

The results of the partial test (t-test) in this study show that leverage has a positive and significant effect on audit delay, with a coefficient of 4.846357 and a t-statistic probability value less than the significance level ($0.0031 < 0.05$). This indicates that the higher the company's leverage, the longer it takes for auditors to complete the audit process.

According to Agency Theory, high leverage reflects increased conflicts of interest between management (agents) and creditors (principals). Management faces pressure to perform well financially to maintain creditors' trust. This condition increases the risk of misstatement in financial reports, requiring auditors to perform more in-depth and careful audit procedures. As a result, audit completion time increases, leading to audit delays.

Leverage in Islamic companies needs to be carefully considered because it relates to the principle of avoiding usury (prohibition of gharar and usury). High debt, especially interest-based debt, can conflict with sharia principles. Therefore, companies with high leverage require closer

supervision to ensure that their financing activities remain in accordance with sharia principles. This also increases the complexity of the audit and affects the length of audit delays.

2. The Effect of Company Size on Audit Delays

The results of partial testing (t-test) in this study show that leverage has a positive and significant effect on audit delay, with a coefficient value of -1.985462 and a t-statistic probability value of 0.0489 $< \alpha$ 0.05. This indicates that company size has a negative and significant effect on audit delay. This means that the larger the company size, the shorter the audit delay tends to be.

According to Agency Theory, large companies face a higher level of scrutiny from investors, regulators, and the public. This pressure encourages management to present financial reports in a timely manner in order to reduce asymmetric information between management and owners. With a more structured system and strict supervision, the audit process becomes more effective, thereby shortening audit delay.

Basically, company size is a variable that does not conflict with sharia principles. Large companies that operate based on sharia principles actually have a greater responsibility to maintain trust, transparency, and accountability. The principles of shiddiq and amanah encourage the timely submission of financial reports, so that the audit process is carried out professionally and efficiently without neglecting compliance with sharia principles.

3. The Effect of Business Diversification on Audit Delays

The results of partial testing (t-test) in this study show that business diversification has a positive and significant effect on audit delays, with a coefficient value of 0.524959 and a t-statistic probability value of $0.5995 > \alpha 0.05$. The results of the study indicate that business diversification does not affect audit delays.

Theoretically, business diversification is often assumed to increase the complexity of company operations. Companies that have many business segments, product lines, or operational areas tend to have more complex transactions, so auditors need more time to conduct their examinations. In this context, diversification should prolong audit delay because auditors must perform additional audit procedures on each segment.

However, based on the results of this study, business diversification was not proven to affect the length of audit delay. This can be explained through the perspective of agency theory, whereby companies that diversify generally have better internal control systems and more standardized organizational structures. With these established systems, the complexity resulting from diversification is mitigated.

4. The Effect of CPA Firm Reputation in Moderating the Relationship between Leverage and Audit Delay

The results of the Moderated Regression Analysis (MRA) in this study indicate that CPA firm reputation is unable to moderate (weaken) the effect of leverage on audit delay, where the probability value is greater than the significance level of $0.8940 > \alpha 0.05$. The test results show that public accounting firms reputation cannot moderate the effect of leverage on audit delay. This means that whether a company is audited by a public accounting firms with high or low reputation, the effect of leverage on audit delay remains significant.

In agency theory, high leverage inherently increases audit risk. This risk cannot be fully mitigated by auditor reputation alone, as auditors must still comply with professional standards and exercise due care. Thus, even though high-reputation public accounting firms have better resources and experience, the complexity resulting from leverage still causes audit delay. This reflects the principle of prudence (ihtiyath) in the sharia perspective. Auditors, including reputable Public Accounting Firms, should not compromise audit quality for the sake of time efficiency, especially when companies have high-risk financing structures.

5. The Influence of Public Accounting Firm Reputation in Moderating the Moderating Effect of Company Size on Audit Delays

The results of the Moderated Regression Analysis (MRA) in this study show that public accounting firms reputation can moderate (weaken) the influence of company size on audit delays, where the probability value is smaller than the significance level of $0.0096 < 0.05$.

The results of the study show that public accounting firms reputation can moderate (weaken) the influence of company size on audit delays.

According to Agency Theory, large companies need highly capable auditors to reduce agency conflicts. Public accounting firms with high reputations have stricter audit systems and higher quality standards, so audits of large companies take longer to maintain audit quality.

Public accounting firms' reputation can be linked to the principles of trustworthiness and professionalism (itqan) in the context of sharia. Auditors with good reputations will be more careful and responsible in ensuring that the financial statements of large companies comply with the principles of honesty and fairness, even if this results in longer audit delays.

6. The influence of public accounting firms' reputation in moderating the relationship between business diversification and audit delays

The results of the Moderated Regression Analysis (MRA) in this study show that public accounting firms' reputation can moderate (strengthen) the influence of business diversification on audit delays, with a probability value of 0.0290, which is below the significance level.

< 0.05 . The test results show that public accounting firms' reputation can moderate (strengthen) the influence of business diversification on audit delays.

According to Agency Theory, business diversification reduces risk, but when a diversified business is audited by a reputable CPA firm, auditors still apply more comprehensive audit procedures to ensure there is no misstatement across business segments. This shows that a CPA firm's reputation improves audit quality, even though it requires additional time. From a sharia perspective, a public accounting firm's reputation aligns with the principle of hisbah (supervision). Auditors act as supervisors who ensure that all diversified business activities remain within the halal corridor and comply with sharia principles. Therefore, a more thorough audit process is reasonable, even if it results in audit delay.

Conclusion

This study aims to analyze the effects of leverage, company size, and business diversification on audit delay and to examine the role of public accounting firms' reputation as a moderating variable. The results show that company risk characteristics and complexity are the main determinants of audit delay. Leverage and business diversification are shown to increase audit duration because they raise risk and the scope of the examination, while the effect of company size depends on the balance between administrative capacity and operational complexity. In addition, the reputation of public accounting firms is shown to act as a monitoring mechanism that moderates this relationship, thereby strengthening the supervisory function in reducing information asymmetry.

Compared with previous studies that typically treat auditor reputation as a direct independent variable, this study offers novelty by testing the reputation of public accounting firms as a moderating variable in a panel data regression model for sharia-based consumer goods companies. These findings expand the literature by showing that auditor quality not only directly affects audit delay but also alters the strength of the relationship between company risk and reporting timeliness. Thus, this study makes a theoretical contribution by strengthening perspectives from agency theory and organizational complexity theory in the context of the Islamic capital market.

The strength of this article lies in its integration of theoretical and empirical approaches, its use of panel data analysis that captures specific company characteristics, and its relevance to financial reporting practices in Indonesia. Practically, the research results provide implications for management, auditors, and regulators to improve governance quality and reporting timeliness. Thus, this study not only answers the research questions but also makes a meaningful contribution to the development of audit science and practice.

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