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AUDIT PARTNER GENDER, GENDER DIVERSITY IN THE BOARD AND AUDIT REPORT LAG

DEVI SULISTYO KALANJATI (devi.kalanjati@feb.unair.ac.id)
RAMADHAN GHEA ANANDA PUTRA
MOHAMAD KHOIRUL ANAM

Accountancy, Faculty of Economics and Business, Universitas Airlangga, Indonesia

A B S T R A C T

This research investigates the impact of audit partner gender on audit report lag and explores whether the gender diversity of the board of directors can moderate this relationship. The study was motivated by the low representation of female audit partners in Indonesia and the need for a more efficient audit process. The research used a quantitative approach and focused on non-financial companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021. The sample size was 2,430 observations (company-years) and was determined using the purposive sampling. The results indicated a positive association between female audit partners and audit report lag, suggesting that female audit partners may conduct more detailed audit work, leading to longer processing times than male audit partners. Additionally, the gender diversity of the board of directors was found to weaken the influence of the gender of audit partners on audit report lag. Collaboration between female audit partners and a board of directors comprising females may promote a more efficient audit process. The study suggests that regulators and professional organisations could consider implementing quotas to encourage greater female participation in the audit process.

Keywords: *Female audit partners, Gender Diversity, Audit Report Lag*

Penelitian ini menguji apakah gender partner audit berpengaruh terhadap *audit report lag* dan apakah keberagaman gender dewan direksi dapat memoderasi hubungan kedua variabel tersebut. Rendahnya jumlah auditor wanita di Indonesia dan tuntutan proses audit yang lebih efisien memotivasi penelitian ini. Pendekatan yang digunakan adalah kuantitatif dengan populasi perusahaan non keuangan yang terdaftar di Bursa Efek Indonesia (BEI) pada tahun 2017-2021. Sampel pada penelitian ini ditentukan berdasarkan metode purposive sampling yang menghasilkan 2.430 observasi (tahun-perusahaan). Hasil penelitian menunjukkan bahwa auditor wanita berhubungan positif dengan *audit report lag*. Hasil tersebut mengkonfirmasi penelitian sebelumnya yang menyebutkan auditor wanita melakukan pekerjaan audit lebih detail sehingga membutuhkan waktu lebih lama dibandingkan dengan auditor pria. Sedangkan keberagaman gender dewan direksi memperlemah pengaruh gender partner audit terhadap *audit report lag*. Kerjasama auditor wanita dengan dewan direksi yang beranggotakan wanita didalamnya dapat mendorong proses audit yang lebih efisien. Regulator dan organisasi profesi dapat mempertimbangkan kuota wanita untuk lebih mendorong keterlibatannya dalam proses audit.

Kata kunci: Auditor Wanita, Keberagaman Gender, *Audit Report Lag*

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INTRODUCTION

The goal of an audit is not only to find violations of Generally Accepted Accounting Principles (GAAP) but also to ensure the overall quality and timeliness of financial reporting (DeFond & Zhang, 2014). This means that auditors in the field are not only focused on uncovering and disclosing material misstatements, reducing information asymmetry, and striving for high-quality financial statements with fewer instances of earnings management practices and material misstatements (Alkebsee, Habib, Huang, & Tian, 2022; Blankley Hurtt & MacGregor, 2012; Dang, Brown & McCullough, 2011), but they also need to do all of this more efficiently and on time without compromising audit quality. Timeliness is crucial as investors rely on these financial statements. Delays can have a negative impact on public perception and

investor decisions. Audit Report Lag (ARL) is one factor that determines the timeliness of financial reports.

In Indonesia, public entities must submit audited financial statements to the Financial Services Authority (OJK) within 90 days after the end of the financial year under normal conditions. The IMF ranks Indonesia as the 7th largest economy in the world based on Gross Domestic Product (GDP). Indonesia is also among the top 10 countries in capital market capitalisation, with a market cap of US$ 634 billion or IDR 9.392 trillion as of March 2023. There are 853 companies listed on the Indonesia Stock Exchange, making Indonesia one of the countries with the most issuers, according to the Federation of Exchange (WFE). However, data from The Institute of Chartered Accountants in England and Wales (ICAEW) and the Center for Financial Professional Development (PPPK) from the Indonesia Ministry of Finance, as of February 2023, show that the number of registered public accountants or auditors in Indonesia is still around 1,450 people, with 470 public accounting firms. With a country population of 281 million, this results in a ratio of only 1 public accountant per 121,792 people. This ratio is meagre when compared to the demands of the financial statement audit process, with a maximum submission period of three months, making the workload of auditors in Indonesia very heavy. In addition, the composition of auditors in Indonesia is predominantly male, with female audit partners comprising only about 15% of the total number of auditors. This is due to the assumption that this type of work is more suitable for men, and the long and inflexible working hours make it difficult for many female audit partners to progress to the partner level. These situations, combined with the lack of a minimum quota for women in corporate governance in Indonesia and the fact the country has an increasing population of women, suggest that the presence of women in the world of accounting, particularly auditing, is still below expectations.

The audit team is composed of auditors who are supervised by partners authorized to sign audit reports. The partners are responsible for planning and directing the audits and supervising their teams. According to gender socialization theory, societal expectations for men and women vary. Family, education, peer groups, and mass media play decisive roles in shaping gender-specific behaviours and ethical values, including in the audit profession. Male and female audit partners, influenced by their backgrounds and social interactions, may exhibit different characteristics and attributes that shape their performance and outcomes in the workplace. According to research by Gul, Wu & Yang (2013), the attributes of partners in the audit team can influence the quality of audits, with gender being one factor that may impact the timeliness of audit reporting. Research focusing on women, especially female auditors, has highlighted many advantages of female audit partners compared to males. Women tend to avoid risks more than men and have proven can lower earnings management (Hao, Pham & Guo, 2022; Garcia-Blandon, Argilés-Bosch & Ravenda, 2019; Nekhili, Chakroun & Chtioui, 2018; Hardies, Bressch & Branson, 2016; Ittonen, Vahamaa & Vahamaa, 2013). From the risk-averse perspective, female audit partners will likely need more time in audit work to minimise the possibility of fraudulent acts, errors, and irregularities in financial statements (Ocak & Özden, 2018). Similar to Ocak & Özden (2018), Hao et al. (2022) conducted research in the United States (US) by testing the influence of female audit partners on improving audit quality as proxied by ARL and stated that audit quality is more striking for companies audited by female auditors compared to male auditors. Other studies have indicated that female auditors excel at detecting possible wrongdoing, presenting materials, and providing opinions on going concern (Hardies et al., 2016). Female auditors are also effective in reducing the risk of stock price crashes (Wang, Dai, Zhang & Ding, 2020) and are more effective in monitoring the quality of financial information for the need of the users (Owusu, Zalata, Omoteso

& Elamer (2022). A meta-analysis by You, Maeda & Bebeau (2011) shows that women tend to show higher moral awareness than men. From the findings described From the information above, it can be concluded that women have a significant impact on the audit profession, which in turn influences the quality of audits.

However, the quality of audit services is not solely dependent on auditors; it is also influenced by client management and institutional governance structure (Hao et al., 2022). Hao et al. (2022) introduced the concept of a women's team, which involves collaboration between female audit partners and female executive teams during the auditing process. They found that when working with a female Chief Financial Officer (CFO), female audit partners tend to assess less risk, which reduces the need for carrying out additional audit procedures without compromising audit quality. Additionally, Khan and Vieito (2013) found that organisations with female Chief Executive Officers (CEOs) were associated with lower levels of risk. This suggests that having a female CFO may decrease extreme risk, and working in conjunction with a female CEO can enhance the value of organisations (Wang & Fung, 2022). Increasing the representation of female in key roles can lead to a direct improvement in financial reporting quality (Hardies et al., 2016; Ho, Tam & Zhang, 2015; Ittonen et al., 2013) and earnings quality (Ye, Zhang & Rezaee, 2010). Moreover, gender diversity in executive teams can bring different perspectives and enrich decision-making (Hao et al., 2022). A board with more females also provide more transparent disclosure related to company strategy and actions (Moussa, Allam & Elmarzouky, 2023). Lee, Nagy & Zimmerman (2019) also stated that teams and gender-diverse top management boards are more likely to have a female primary partner. According to Chalu (2021), board membership becomes more effective by including female members in handling audit issues, reducing the time lag to release audited reports. Moreover, Mathuva, Tauringana & Owino (2019) also state that gender-diverse boards help in encouraging auditors to release audited results reports in a timely manner. This has an impact on shorter ARL.

In recent decades, there has been a significant increase in the number of women holding executive positions, acting as entrepreneurs, and occupying senior positions in government (Yang, Liu & Mai, 2018). However, according to the census data published by the Indonesia Business Coalition for Women Empowerment (IBCWE) in 2022, only about eight out of 200 companies in Indonesia have women serving as CEOs. The gender gap index for Indonesia, as reported in the 2023 Global Gender Gap Report (GGGR), is 0.697, ranking 87th out of 146 nations. It is challenging for women to attain top positions in their careers. Women are often judged on their proven performance, while men are assessed based on their potential (Owusu et al., 2022), leading to the phenomenon known as the glass ceiling (Cohen, Dalton, Holder-Webb & McMillan, 2020). This can result in women needing to demonstrate higher skills and work harder than men to obtain leadership positions within a company (Nasution & Jonnergård, 2017).

The field of accounting and auditing has historically been male-dominated (Haynes, 2017), so it's important to encourage more women to join this profession and to consider gender differences in accounting (Garcia-Blandon et al., 2019). Several previous studies indicate that female audit partners offer various advantages, such as a risk-averse perspective (Hao et al., 2022; Hardies, Bressch & Branson, 2016; Ittonen, Vahamaa & Vahamaa, 2013; Nekhili, Chakroun & Chtioui, 2018), which helps minimize the likelihood of fraudulent acts and errors in financial statements (Ocak & Özden, 2018), excel in audit quality (Hao et al., 2022), and are adept at detecting potential wrongdoing (Hardies et al., 2016). A study conducted by Hao et al. (2022) in the US was driven by Rule 3211, which mandated the disclosure of the audit engagement partner's name and introduced the concept of a women's team involving collaboration

between female audit partners and executive teams. This collaboration can streamline audit procedures without compromising quality. This study differs from Hao et al. (2022). It uses data from Indonesia, where the practice of disclosing audit partners' names has been long-standing. Therefore, unlike the previous study, where the disclosure of the audit partner's name has just been mandated and thus might affect the results, this study alleviates potential conflicting reasons for the ARL and focuses on the impact of gender. Furthermore, the study seeks to respond to the limited representation of female audit partners and women in management roles in Indonesia. Its goal is to contribute to the gender literature and audit market by examining the impact of auditor gender on ARL and the potential moderating effect of board diversity on this relationship. It emphasises the importance of conducting efficient audits while maintaining quality and suggests that female audit partners can significantly influence the profession. The presence of female audit partners has the potential to improve efficiency and elevate audit quality. Additionally, combining female audit partners and women on the board may decrease the assessed audit risk, reducing audit efforts without compromising quality. The study hypothesises a positive relationship between female audit partners and ARL, and it suggests that the presence of women on the board can expedite the audit process by female audit partners.

The subsequent sections of this paper are organized as follows: Section 2 provides a literature review and hypothesis development regarding the correlation between gender and Audit Report Lag. Section 3 elaborates on the research methods employed for this study, including the data collection and analysis techniques. Section 4 provides an analysis and discussion of the empirical results obtained from the study. Finally, Section 5 draws conclusions from the study and also addresses potential limitations of the paper, offering suggestions for future research in this domain.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Female audit partners and ARL

Women are thought to be more sensitive to risk, sensing more risk, participating in less risky behaviour, and making less risky choices (Francis, Hasan, Park & Wu, 2015; Ho et al., 2015). Gender socialization theory states that men and women carry typical gender characteristics and traits into the work culture. Men tend to focus on careers and are bolder in taking risks, while women focus more on interpersonal relationships, avoid unnecessary risks, and are closely related to ethical reputation (Baselga-Pascual, Trujillo-Ponce, Vähämaa & Vähämaa, 2018). Men use analytical thinking and strive to be fair in moral dilemmas (Owusu et al., 2022).

Research indicates that female audit partners exhibit more risk aversion (Hardies, Breesch & Branson, 2013; Ittonen et al., 2013; Nekhili et al., 2018), tend to be more conservative when it comes to audit evidence (Carrera & Mareque, 2023), and are more likely to issue going concern opinions (Hardies et al., 2016). Female audit partners are also more effective in reducing the risk of stock price crashes (Wang et al., 2020). Lee et al. (2019) also discovered that audit fees are positively associated with experienced female audit partners. This suggests that the experience of female audit partners adds value to audit processes, leading to higher audit fees. Additionally, female audit partners have been found to have a positive impact on ARL, as shown by studies conducted by Hao et al. (2022) and Ocak & Özden (2018). ARL, defined as a period measured in quantities of days between the closing date of a company's financial year and the audit report date (Boshoff & Wesson, 2019), will be one of the responsibilities of an auditor. ARL is interpreted from the perspective of risk aversion, where female audit partners tend to spend much time in audit work to minimise the possibility of the occurrence of fraudulent acts, errors and irregularities in reports' finances so that the audit process time is longer (Ocak & Özden, 2018). The audit procedure consists of four main phases: planning, risk assessment,

collection of evidence and evaluation results, and report writing (Ittonen et al., 2013). Women and men behave differently regarding planning, tolerance, risk, and overconfidence. Gender can affect auditor planning, investigator avoidance, risk aversion, and overconfidence, resulting in greater scepticism among female audit partners when carrying out their goals. Because it is a function of audit risk, it can directly impact audit costs, delays in audit reports, and audit opinions (Hardies et al., 2016). This finding suggests that female audit partners' longer audit process can indicate better audit quality (Hao et al., 2022; Ocak & Özden, 2018). Several studies also reported direct benefits in the form of improved financial reporting quality related to women's roles (Hardies et al., 2016; Ittonen et al., 2013). Based on previous research findings, conclusions can be drawn that female audit partners tend to conduct audits carefully and spend more time in the audit process compared to male auditors.

H1: Female audit partners have a positive effect on ARL

Diversity in BoD and ARL

Ensuring timely financial reporting involves an efficient audit process (Blankley et al., 2012; Dang et al., 2011). A quality audit relies not only on the ability to detect material misstatements in financial statements and report them but also on an efficient audit process. Efforts are made to identify the best methods to make the audit process more efficient, including studies related to gender in audit and company management. This study aims to understand the potential impact of gender similarity within both audit teams and company management. More specifically, whether gender similarity in these roles influences the quality of work and the overall effectiveness of the audit process.

The impact of gender on audit practice can be considered from the auditor's side (supply side) or management perspective (demand side) (Khlif & Achek, 2017). The quality of audit services is a complex aspect influenced not only by the auditor alone but also by client management and institutional governance structures (Hao et al., 2022). The client team plays an important role in the selection of auditors, negotiations of audit fees, and audit processes (DeFond & Zhang, 2014). Gender diversity in the context of the board of directors refers to the range of attitudes and behaviours brought by both male and female members. Including female members can enhance the board's effectiveness in addressing audit issues, which can accelerate the publication of audit reports (Chalu, 2021; Mathuva et al., 2019). Female corporate executives tend to be more conservative in assessing company risks and identifying potential internal control issues, which can influence auditors' assessment of the quality of financial reporting (Huang, Huang & Lee, 2014). This implies that women in top management, boards of directors, and audit committees will require higher audit assurance to maintain a reputation.

Research by Hao et al. (2022) introduced the concept of a women's team, which focuses on collaboration between female audit partners and female executive teams during the auditing process. Using the similarity theory, they reemphasize that people tend to trust and work well with others who share similar attributes. Lee et al. (2019) mentioned that top management boards that are gender-diverse with women are more likely to have a female primary partner. Another perspective suggests that having gender diversity in executive teams can bring different perspectives and enrich decision-making (Hao et al., 2022). Research shows that female audit partners tend to perceive lower risk when working with a female CFO, which leads them to conduct fewer additional audit procedures while maintaining audit quality (Hao et al., 2022). Collaboration within a women's team encourages meticulousness and attention to important details during the auditing process. Female audit partners and executive teams can work together to thoroughly analyze and evaluate audit information. Furthermore, a diverse board helps prompt auditors to release audit reports in a timely manner (Mathuva et al.,

2019). Therefore, the second hypothesis of this study is:

H2: Diversity in BoD leads to shorter ARL when female audit partners are involved

RESEARCH METHODS

This study uses quantitative research based on financial statements and annual reports from non-financial companies listed on the Indonesia Stock Exchange (IDX) website from 2017 to 2021. The data was analysed using regression moderated analysis to test the hypothesis. The main independent variable of the study is the gender of the audit partner, which is determined following Hao et al. (2022). Based on the audit report, 1 is assigned to a female audit partner and 0 to a male audit partner. In Indonesia, it is notable that gender can be discerned quite easily from individuals' names. Given that the names of audit partners have historically been disclosed in audit reports over a considerable period of time, we have been able to ascertain the gender of the audit partner based on their name. Moreover, to ensure accuracy, we conducted additional verification by cross-referencing the information with the Indonesia Institute of Public Accountants (IAPI) website and utilizing the public accountant directory to verify the gender of the audit partner. Similarly, the gender diversity of the board of directors was observed from the annual reports available on the IDX website or the company's official website, following the approach outlined by Chalu (2021). Gender diversity of the board is represented by a value of 1 if the board includes both women and men and 0 if it does not. According to Alkebsee et al. (2022), ARL is the period between the end of the company's financial year closing and the audit report date. To measure it, this study follows Ocak & Özden (2018) by calculating the number of days after the end date of the fiscal year (December 31) to the date of the audit report.

This study also includes several control variables, including audit and firm characteristics, consistent with previous studies (Ocak & Özden, 2018). Auditor affiliation (BIG4) is 1 if the auditor is from BIG4 (KPMG, Ernst & Young, PricewaterhouseCoopers, or Deloitte) and 0 if not, audit tenure (TEN) is the number of years of the audit firm's engagement with the client, and opinion (OPN) is 1 if the opinion is unqualified and 0 for the other.

Table 1.
Operational Definition of Variables

Variable	Abbreviation	Predicted sign	Measurement
Audit Report Lag	ARL		The period between the audit report date and the companies' Fiscal year-end date
Gender of Audit Partner	GEN_AP	+	1 if the audit partner is female and 0 for male
Gender diversity of BoD	DIV_BoD	-	1 if the board membership is combined for female and male and 0 for the other
Auditor Affiliation	BIG4	-	1 if the auditor is from BIG4 (KPMG, Ernst & Young, PricewaterhouseCoopers, or Deloitte) and 0 if not
Audit Tenure	TEN	-	The number of years of the audit firm's engagement with the client
Opinion	OPN	-	1 if the opinion is unqualified and 0 for the other
Leverage	LEV	+	Total Liabilities/Total Assets
Return on Asset	ROA	-	Net Profit/Total Assets
Loss	LOSS	+	1 if the company reported losses during the current year and 0 for the opposite
Firm Size	SIZE	-	Natural logarithms of total assets

To control firm characteristics, leverage (LEV), Return On Assets (ROA), Loss (LOSS), and firm size (SIZE) are also included in the model. Table 1 contains the variable definitions used in this study.

There are two models in this study. Model 1 is used to test hypothesis 1, which investigates whether having a female audit partner is linked to longer ARL. The primary variable in Model 1 is the gender of the audit partner (GEN), identified from the names of the audit partners disclosed in the audit report - 1 represents female and 0 represents male. To test hypothesis 2, which is related to the moderating model, we employ Model 2. Model 2 includes the interaction between audit partner gender (GEN_AP) and gender diversity in the board of directors (DIV_BoD) to test the potential impact of the similarity of gender in both roles. In both Model 1 and Model 2, we have incorporated year and industry-fixed effects. This allows us to account for any potential year-to-year variations and industry-specific influences on the outcomes. The statistical models for testing hypotheses 1 (Model 1) and 2 (Model 2) are outlined below:

$$ARLit = \alpha 0 + \beta 1GEN_Apit + \beta 4BIG4it + \beta 5TENit + \beta 6OPNit + \beta 7LEVit + \beta 8BROAit + \beta 9LOSSit + B10SIZEit + e \quad \text{.....(1)}$$

$$ARLit = \alpha 0 + \beta 1GEN_Apit + B2div_bOdIT + B3GEN_AP*DIV_BOdIT + \beta 4BIG4it + \beta 5TENit + \beta 6OPNit + \beta 7LEVit + \beta 8BROAit + \beta 9LOSSit + B10SIZEit+e \quad (2)$$

Note: ARL: Audit Report Lag; GEN_AP Gender of audit partner; DIV_BoD: Gender diversity of BoD; BIG4 : Dummy variable that is 1 for BIG4 and 0 otherwise; TEN: Audit tenure; OPN: Audit opinion; LEV: Leverage; ROA: Return On Assets; LOSS: Dummy variable that is 1 for loss and 0 otherwise; SIZE: Firm size.

This study focuses on non-financial company sectors, such as healthcare, basic materials, transportation and logistics, technology, consumer non-cyclical, industrials, energy, consumer cyclical, infrastructures, properties and real estate while excluding financial sectors. Financial sectors are subject to various regulations that require a balance between adequate liquidity, profitability, and meeting capital requirements. Including financial industries in the model may lead to inappropriate interpretations. Therefore, in accordance with Ocak and Özden's (2018) study, this research also excludes financial sectors. The total population of this study is 2,682 firm-years, covering the years 2017 to 2021. The year 2017 was chosen as the starting point for sample selection to mitigate any influence from changes in audit rotation regulations in 2015-2016, which eliminated mandatory audit firm rotation, leaving only audit partner rotation. By focusing on the period after the mandatory audit firm rotation, this study alleviates potential mixed motives when companies change their audit firm. After excluding financial sectors, the final sample used to test the hypothesis consists of 2,430 firm-years. Details about the sample used in this study are provided in Table 2.

ANALYSIS AND DISCUSSION

Based on descriptive statistics provided in Table 3, the audit process took, on average, 94-95 days. Compared with ARL in Turkey, it is longer by almost a month (73.33 days for public companies in Turkey, as reported by Ocak & Özden in 2018). From those results, the audit process in Indonesia was completed just before the deadline for submitting financial statements to the regulator (end of March), indicating a need for increased efficiency. On the other side, out of 2430 audit

Table 2.
Sample description

Criteria	2017	2018	2019	2020	2021	Total
A company listed on Indonesia Stock Exchange from 2017-2021	442	490	536	583	631	2,682
Financial sectors	(34)	(37)	(39)	(68)	(74)	(252)
Total	**408**	**453**	**497**	**515**	**557**	**2,430**

partners, only 297 are female, making up 12.2%. These statistics reveal that the representation of female audit partners in Indonesia is still low. The prevailing belief that the profession is male-dominated often causes many female auditors to leave before reaching partner positions, hindering their career advancement.

On a positive note, the percentage of female board members is relatively good at 41%. Previous studies have shown that the presence of women on the board leads to a higher likelihood of choosing female audit partners. Collaboration between female team members from the company and the audit team has been indicated to bring about positive outcomes for the audit process.

Regarding control variables, the majority of companies in this study were audited by non-BIG4 firms, with only about 29.7% of companies being audited by BIG4 firms. This dominance of non-BIG4 over BIG4 might contribute to the average Audit Report Lag (ARL) of 94-95 days. The average audit firm tenure is only 2.4 years, indicating that most audit assignments in this study are in their early years. Taken together, the considerably long average ARL could be due to the increased time auditors need during the beginning years of their audit assignments. It's worth noting that Indonesia stopped the regulation related to mandatory audit firm rotation in 2015 and now only maintains audit partner rotation every 5 years. Therefore, the audit firm rotation detected in this study is all voluntary. The leverage ratio (LEV), which compares liabilities to total assets, stands at 43.7%, indicating that companies in Indonesia have a relatively well-balanced source of funding. They rely on a mix of resources from creditors and internal sources as well as shareholders. However, their Return on Assets (ROA) is relatively low, averaging at 0.027, suggesting that they are generating less profit in comparison to the total assets they own. The descriptive statistics further indicated that fewer companies were experiencing losses (LOSS) and that the average firm size (SIZE) was in line with previous studies that concentrated on ARL (Ocak & Özden, 2018).

The Pearson correlation indicates the strength of the correlation between variables in the model. The results in Table 4 show that Audit Report Lag (ARL) is positively correlated with the gender of audit partners (GEN_AP). Additionally, ARL shows a negative correlation with the gender diversity of the board of directors (DIV_BoD). When there are female audit partners, ARL tends to be longer than when there are male audit partners. Similarly, when there are women on the board of directors, the ARL is shorter. These findings offer initial evidence supporting the hypothesis that female audit partners have a positive impact on ARL and that the presence of women on the board of directors may contribute to a more efficient audit process.

The main finding of this study is that

Table 3.
Descriptive Statistics

Variable	N	Min	Max	Mean	SD
ARL	2430	17.000	330	94.291	32.789
GEN_AP	2430	0.000	1.000	0.122	0.328
DIV_BoD	2430	0.000	1.000	0.417	0.493
BIG4	2430	0.000	1.000	0.297	0.457
TEN	2430	1.000	5.000	2.451	1.356
OPN	2430	0.000	1.000	0.982	0.133
LEV	2430	0.002	0.999	0.437	0.222
ROA	2430	-0.596	0.625	0.027	0.097
LOSS	2430	0.000	1.000	0.263	0.440
SIZE	2430	21.389	34.766	28.428	1.789

having female audit partners increases audit report lag (ARL). The regression results for models 1 and 2 in Table 5 consistently show that the gender of the audit partner (GEN_AP) has a positive influence on audit report lag (ARL), thus supporting the first hypothesis (H1). These results are consistent with the findings of Hao et al. (2022), which suggest that female audit partners are linked to longer reporting delays compared to their male counterparts. The increased reputational risk for female audit partners may drive them to put in more effort to ensure the quality of audit results, leading to longer report lag. This is also supported by Ocak & Özden (2018), who found that female audit partners tend to work more slowly and spend more time on audit work than male auditors, aiming to minimise the risk of fraud in the company's financial statements.

Furthermore, the results align with the argument by Gul et al. (2013), stating that women are typically more risk-averse, hold higher ethical standards, and are more conservative in financial matters than men. These findings are further supported by the gender socialisation theory proposed by Dawson (1997), suggesting that men and women bring different ethical values to the workplace, leading to variations in their ethical decision-making processes. Srinidhi, Gul & Tsui (2011) also noted that women dislike opportunistic behaviour, have higher expectations for their responsibilities, lower risk tolerance, and are more diligent and ethical than men. In the Indonesian context, it's important to note that only about 15% of audit partners are female. However, this study highlights the importance of recognizing the value of their performance in relation to Audit Report Lag (ARL), which is a measure of audit quality. According to gender socialization theory, the differences in

Table 4.
Pearson Correlations

	ARL	GEN_AP	DIV_BoD	BIG4	TEN	OPN	LEV	ROA	LOSS	SIZE
ARL	1									
GEN_AP	0.024	1								
DIV_BoD	-0.044**	0.051**	1							
BIG4	-0.148***	0.112***	0.007	1						
TEN	0.110***	0.019	0.034	0.113***	1					
OPN	-0.140***	0.004	0.015	0.048**	0.041**	1				
LEV	0.030	0.064***	-0.061***	0.042**	0.042**	-0.072***	1			
ROA	-0.233***	0.020	0.028	0.196***	0.014	0.119***	-0.229***	1		
LOSS	0.264***	0.003	-0.030	-0.106***	0.030	-0.129***	0.155***	-0.610***	1	
SIZE	-0.136***	0.075***	0.022	0.358***	0.169***	0.042**	0.214***	0.174***	-0.165***	1

** sig at 5%; *** sig at 1%

Table 5.
Regression Results (Dependent Variable ARL)

Model	1	2
Const	151.329***	151.495***
GEN_AP	4.106**	9.581***
DIV_BoD	-	-1.297
GEN_AP*DIV_BoD	-	-11.077**
BIG4	-7.128***	-7.029***
TEN	3.256***	3.266***
OPN	-25.950***	-25.612***
LEV	-1.779	-2.202
ROA	-29.871***	-30.685***
LOSS	12.765***	12.549***
SIZE	-1.396***	-1.388***
Adj R^2	0.118	0.122
F	41.683***	34.787***
N	2430	

** sig at 5%; *** sig at 1%

characteristics between males and females play a significant role. When applied in the audit profession, these characteristics can have a positive impact on Audit Report Lag (ARL) and, consequently, enhance audit quality.

Interestingly, the study found that having a more diverse gender representation on the board of directors weakens the influence of gender audit partners on audit report lag (ARL), supporting hypothesis 2. This means that when there is greater gender diversity on the board of directors, female audit partners are more encouraged to complete their audit work efficiently, resulting in shorter audit report lag. This finding is consistent with Chalu (2021), which suggests that including women on the board makes board members more effective in handling audit issues, ultimately reducing the time it takes to release audited reports. It also aligns with Mathuva et al. (2019), which indicates that gender diversity within the board is associated with better timeliness in annual reports due to its encouragement of auditors to release audited results in a timely manner. The study's results align with Dawson's (1997) theory of gender socialization, which suggests that men and women are influenced by different societal expectations and ethical values in the workplace, resulting in variations in their work performance and ethical decision-making. This is corroborated by the findings of Hao et al. (2022), who observed that women are more likely to trust each other when they share similar work ethics, personalities, principles, behaviours, and psychological traits, which in turn motivates them to work well together. Additionally, Hao et al. (2022) found that female audit partners tend to perceive lower risk when working with a female CFO, leading to conducting fewer additional audit procedures while maintaining audit quality. Collaboration within a women's team encourages thoroughness and attention to important details during the auditing process. Female audit partners and executive teams can work together to meticulously analyze and evaluate audit information. These findings support the notion of having a minimum quota for female representation in both audit assignments and executive positions. A balanced gender representation in these roles can lead to a positive synergy and foster a more inclusive and diverse working environment.

CONCLUSION

This study has found that companies with female audit partners have longer Audit Report Lags (ARLs), which is the time between the end of a company's financial year and the signing of the audit report. This longer ARL associated with female audit partners is seen as an indication of higher audit quality. Evidence from the past shows that female audit partners exhibit different behaviours compared to male auditors. They are more risk-averse, more likely to detect material misstatements, and more inclined to issue going concern opinions. Additionally, they have been found to be more effective in processing information and conducting audit assessments. Previous studies have also indicated that audit fees are positively associated with experienced female audit partners, suggesting that their experience adds value to the audit process. Overall, the findings suggest that female audit partners tend to conduct more thorough audits and spend more time in the audit process compared to male auditors, ultimately leading to improved audit quality.

The aim of audits has been changing, leading to a growing need for more efficient audit processes. This study shows that having female members on the Board of Directors can have a positive impact on audit efficiency by reducing audit report delays. Previous studies suggest that having women on the board also correlates with higher financial accounting quality and reduced risk. When working with female executives, female audit partners tend to assess less risk, which reduces the need for additional audit procedures without compromising quality. Collaboration within a diverse team encourages more thorough analysis and

attention to detail in the audit process. Female audit partners and executive teams can complement each other in analyzing and evaluating audit information. Board diversity also helps motivate auditors to release audit reports promptly.

Regulators can use these findings to develop policies regarding the representation of women in the workplace. Indonesia has not yet established a minimum number of women on boards, leading to a wide gender gap. With a high ratio of women in the population, there is potential to close this gap. Additionally, practitioners may want to consider the importance of gender diversity in the workplace to improve audit quality.

LIMITATIONS AND SUGGESTIONS.

This study examined gender diversity on the board of directors by using a dummy variable of 1 to indicate the presence of women and 0 to indicate their absence. This method is consistent with approaches used in previous studies but may not fully capture how female leadership in top management could affect audit outcomes. To improve on this, future research could consider the actual number of women on the board of directors to better understand the optimal gender balance in the workplace. Additionally, using secondary data to identify the role of female auditors might not fully reflect their contributions. Therefore, future research could explore using experimental designs in this area.

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