Research Article

Board of Commissioners, Chairman of Board of Directors, and Performance Audit Reports on Indonesian Banking Sector: The GMM System Approach

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Abstract.
In addition to increasing the banking industry's relevance, timely audit reporting builds the industry's credibility, dependability, and confidence. Still, bank delays in audit reporting are a constant in practically every nation, including Indonesia. The chairman of the board of directors and the board of commissioners' roles in audit reporting performance are investigated in this study. This study examines three significant variables that have not been examined by prior researchers, namely the number of female commissioners, the chairman of the Board of Directors' term of office, and the independence and size of the Board of Commissioners, in relation to the performance of audit reporting in the banking sector. The study samples were 43 commercial banks in the Indonesian capital market during the 2014-2021 period. Data is estimated using the generalized method of moments (GMM). The results show that the reporting performance of the banking sector audit in the current year is positively influenced by the performance in the previous year. The size and independence of the board of commissioners increase the banking sector audit reporting performance, conversely. The term of office of the chairman of the board decreases audit reporting performance. This study did not find the significant role of the board of commissioners and the age of the chairman of the board of directors on the reporting performance of the banking sector in Indonesia.

Keywords: board of commissioners, chairman of board of directors, audit report lag, GMM system approach

1. Introduction

The existing literature has documented a significant linkage between banking sector performance and economic growth [1,2]. This demonstrates that the banking sector is critical to the country's economy. As a result, authorities and concerned practitioners have paid close attention to the bank's performance in all areas. The accuracy with which this sector publishes audit reports is one measure of bank performance that has been highlighted by various stakeholders. Because timely audit reporting not only increases the banking sector's relevance, but it also fosters trust, credibility, dependability, and awareness of the sector's importance to the country's economy [3]. However, delays in the banking sector publishing audit reports always occur in almost all countries, including in Indonesia.

The importance of corporate entity correctness in producing audit reports motivates many studies to investigate the primary elements that influence audit report lag [4–16]. However, a considerable number of studies on Audit Report Lag (ARL) have been undertaken using a sample of non-bank corporations. There are just three research on ARL in the extant literature. The researches are [17] in the Indonesian banking sector, [18] in Malaysia, and [19] in African banks.

ARL research in the banking sector, in addition to being limited, produces conflicting results. Handoyo and Kaaroud [17] and [19], for instance, found that the audit committee's size positively impacted the bank's ARL, whereas [18] found no correlation between the audit committee's size and the bank's ARL. While there was no discernible association discovered by [19], audit committee meetings were found to have a negative relationship with ARL banks by [18]. Additionally, [19] found that, when mediated by the audit committee's characteristics, the size of the board and the percentage of women on the board had a negative effect on the African Central Bank's ARL. The connection between ARL in the banking industry and board features has not been investigated in other research.The diversity of ARL study results in the banking sector may be due to differences in periods, samples, and specifications of the models developed. Therefore, ARL studies in the banking sector still need to be developed.

BOC has a strong strategic perspective, has successfully implemented robust monitoring, and has the potential to improve audit planning, efficiency, and the level of self-esteem felt by businesses [20]. Previous studies, such as Afify and Nahar [5,21], demonstrated that BOCs with a bigger extent of free individuals have preferable administrative capabilities over BOCs with a more modest extent of autonomous individuals. Kaaroud [18], prove that independent BOC has uncorrelation with the audit report lag rate of Islamic banks in Malaysia. However, [7] demonstrated that audit reports from Tunisian-listed businesses can be expedited by an independent BOC. According to social identity theory, gender diversity in BOC and organizational performance are negatively correlated [22,23]. Studies based on resource dependency theory, on the other hand, discovered a positive relationship between gender diversity in BOC and organizational performance [24–26]. However, [27] observed that there is a positive and huge connection between the age of the President director and company execution. Whereas, [28] stated that the age of the CEO chairman has no bearing on the performance of the Indian banking sector.

This study is different from previous studies on factors affecting ARL in the banking sector. This study examines the influence of the characteristics of the board of commissioners (BOC) and chairman of the board of directors (BOD). This study considers four important variables that have never been examined by previous researchers in the banking sector, namely: independent BOC, female BOC, age of BOD chairman, and tenure of BOD chairman, its influence on ARL banking sector in Indonesia. Thus, this research is expected to contribute to filling the gap in the existing literature on the relationship between corporate governance and ARL in the banking sector, specifically for the Indonesian context. In addition, this research is expected to provide additional understanding and insight for practitioners, such as bank management and investors in Indonesia.

1.1. Literature review

The theories of agency and resource reliance, which are deemed most pertinent to studies examining the connection between organizational performance and board features, are the sources of inspiration for this work [29–31]. Because it facilitates the expression of articulation with multiple options and helps create a deeper knowledge and possibly a better explaining model.

The foundation of agency theory is the idea that information asymmetry arises from the division of a company's ownership and management, leading to conflicts of interest between principals and agents [32–34]. The interests of owners and managers are not aligned, according to agency theory [30]. Owners must therefore oversee and manage the business, and it is this component that gives the owners a significant, even vital role for the board. In the context of board size, agency theory considers boards with small sizes to be more effective than boards with large sizes.

In governance studies, resource dependency theory is a well accepted theory [30,35]. According to this notion, organizations are open systems that rely on their surroundings [30]. Because they have interests, knowledge, and a dedication to the organization's objectives, board members are viewed as resources by resource dependency theory [36]. Moreover, this idea contends that every member of the board team is connected to the others and offers advantages to the business, such as strategic knowledge that shields the enterprise from unfavorable outside developments [29].

1.2. Hypothesis development

1.2.1. BOC size and audit report lag

Experts in corporate governance have disagreed over the relationship between the BOC's size and the accuracy of accounting data. They overwhelmingly backing the large size of the BOC based on resource dependency theory arguments. This theory views that large BOCs generate more expertise and intensify organizational responses to quality requirements [30]. In contrast, agency theorists argue that the large size of the BOC reduces the effectiveness and independence of the BOC, because it is difficult for all large numbers of members to give an opinion in the time available, thus constructing conflict, mistrust and hostility and decreasing motivation [37]. Several earlier research have examined the effect of BOC measures on ARL , [13,15,32,38]. Some of these studies report mixed findings, namely some that support resource dependency theory and agency theory. For example Alfraih and Ezat [32] and [39], found a negative relationship between BOC and ARL measures, supporting resource dependency theory. Meanwhile, [38] and [15] found a positive relationship, which supports agency theory. Chalu [19], revealed a negative correlation between African Central Banks' ARL and BOC size, when mediated by audit committee characteristics. Therefore, the hypothesis developed is that:

H1. BOC size negatively affects the audit report lag (ARL) of the banking sector in Indonesia.

1.2.2. BOC Independent and audit report lag

Agency theorists Fama [34], consider BOC as the most important mechanism for minimizing agency problems between management and sharholders. This agency theory's primary focus is on how BOC can operate independently as an effective monitoring tool. The term independent BOC members here refers to those who are not affiliated with management and do not have any business or relationships that could impede their ability to act independently or in the best interests of shareholders. Therefore, the BOC has a great chance of reducing the degree of self-esteem that businesses suffer, as well as increasing the efficiency of audit work and audit planning, if they have successfully adopted rigorous monitoring and have a strong strategic perspective [20]. Previous studies, such as Afify and Nahar [5] and [21], proved that BOCs with a larger proportion of independent members have better supervisory functions than BOCs with a smaller proportion of independent members. [18] prove that independent BOC has no relationship with the audit report lag rate of Islamic banks in Malaysia. However, [7] proved that an independent BOC is able to accelerate audit reports from companies listed on the Tunisian market. Therefore, the hypothesis developed is that:

H2. BOC independent negatively affects the audit report lag (ARL) of the banking sector in Indonesia.

1.2.3. BOC women and audit report lag

The two theories that are seen to be most pertinent for researching gender diversity in the board of commissioners (BOC) are social identity theory and resource dependency theory. Gender diversity in BOC and organizational performance were revealed to be negatively correlated by research using social identity theory [22, 23]. On the other hand, research grounded in the resource dependency theory discovered a favorable correlation between organizational performance and gender diversity in BOC [24–26]. In the meantime, gender diversity in BOC and organizational performance were not shown to be significantly correlated by [40]. Both audit committees and corporate governance studies have not sufficiently examined the connection between gender diversity in BOC and ARL. Mathuva [38] discovered that gender diversity on boards has a negative relationship with ARL. This finding is consistent with resource dependency theory, which holds that as gender diversity in BOC increases, boards become more effective in dealing with audit issues, reducing the time lag for issuing audited reports. Recently, [19] revealed that there is a negative association between women's boards and audit report latency when presenting medical characteristics characteristic of audit committees. Thus, the hypothesis developed is that:

H3. Women's BOC negatively affects the audit report lag (ARL) of the banking sector in Indonesia.

1.2.4. Age of BOD chairman and audit report lag

The empirical research in economics, psychology, and sociology has found a negative association between a person's age and job performance [41]. Waelchli [41], discovered a negative correlation between the age of the CEO chairman and firm performance. Researchers argue that the chief CEO's cognitive abilities deteriorate, and his experiences are associated with low motivation. Furthermore, [41] demonstrate that senior CEO chairmen are less likely to focus on increasing shareholder value and are more bureaucratic than strategic in company activities. However, [27] discovered a favorable and significant link between the age of the CEO chairman and firm performance. Whereas [28] claimed that the age of the CEO chairman has no bearing on the performance of the Indian banking sector. Several research have looked into the relationship between CEO age and earnings management. For instance, [42] discovered that CEO chairman age is negatively correlated with management earnings, implying that older CEO chairmen may have lower management earnings. Al-Absy [43], indicated that the age of the audit committee chairman is unrelated to the profits management of Malaysian corporations. The CEO chairman's (BOD) link with ARL, notably in the banking industry, appears to have never been investigated, despite the fact that the extant literature has a wide range of empirical books. Therefore, the hypothesis developed is that:

H4. The age of the BOD chairman has a significant effect on the audit report lag (ARL) of the banking sector in the banking sector.

1.2.5. Term of office of BOD and audit report lag

Previous management literature motivated organizations to have a lasting CEO because it was related to team cohesion [44] and familiarity with the company's internal business. So it can be understood that a long span of time in occupying a position will increase personal knowledge and experience. Accounting literature has documented the importance of CEO tenure duration . According to Francis [45], there is a positive correlation between the CEO chairman's duration and the caliber of financial reporting. This is because the CEO's reputation grows with time, which motivates them to continue providing high-caliber financial reports. Baatwah [46], shown that the length of the CEO chairman's term matched the timely submission of audit reports utilizing a sample of businesses listed on the Muscat Security Market. Nevertheless, [47] notes that lengthy CEO tenures may be linked to protracted audit testing periods since they may indicate a cautious CEO role in examining the accuracy of financial statements, which raises the likelihood of an audit. As a result, auditors have to exert more effort and time to mitigate these risks which can eventually lead to delays in the company's audit reporting. The existing literature provides differing and even conflicting explanations regarding the relationship between the tenure of the chairman, CEO, and ARL. Therefore, the hypothesis developed is that:

H5. The tenure of the BOD chairman has a significant effect on the audit report lag (ARL) of the banking sector in Indonesia.

2. Methods

2.1. Samples

This study's sample comprises of 43 banks listed on the Indonesia Stock Exchange (IDX) between 2014 and 2021, with a total of 335 bank-years observed. Data is derived from annual and financial reports obtained from the IDX as well as the individual bank's website.

2.2. Variable

2.2.1. Dependent variable

The Bank audit report lag (B_ARL) is the dependent variable, which is the amount of time (measured in days) that passes between the fiscal year's conclusion and the audit report's publication date [48].

2.2.2. Independent variable

The independent variable is the diversity of the board of commissioners (BOC) and the chairman of the board of directors (BOD). The diversity of BOC consists of BOC, independent BOC, female BOC. Meanwhile, the diversity of BOD chairmen is represented by two variables, namely the age and tenure of the BOD chairman.

2.2.3. Control variable

As control variables, this study includes bank-specific parameters such as bank size, bank profitability, total bank asset growth, and bank leverage.

2.2.4. Methods of analysis

To solve endogeneity issues, this study used the System generalized method of moments (GMM) model (SYS-GMM) in one step. The one-year lag of the dependent variable (B_ARLit1) is added as an independent variable in this model to represent adjustment patterns and solve endogeneity issues [49]. Furthermore, the model is deemed adequate because the panel dataset is predicted to contain more cross-section data (43 banks) than time series data (8 years). The SYS-GMM model lends support to the notion that ARL evolves with time [7]. The following are the model specifications for this study:

Information:

B_ARLit is the ARL performance of bank i at time t. B_ARLit-1 is the ARL performance of bank i at time t-1. BOC_DIVit is a Board of Commissioners Diversity proxied by the variables BOC Size (BOC_SIZEit), BOC Independent (BOC_INDit), and Women's Board of Commissioners (WMN_BOCit). BODC_DIVit is the Diversity of the Board of Directors which is proxied by the variable age of the chairman of the BOD (BODC_AGEit), and the tenure of the chairman of the BOD (BODC_TENit). Furthermore, Zit accommodates control variable groups, namely SIZEit, PROFit, GROWTHit, and LEVit. ηi is the time-variant effect of the bank that cannot be observed. Finally, ϵit to accommodate the error term.

3. Result and Discussion

3.1. Variable

In this subsection, descriptive statistics are presented, the results of the correlation matrix test between predictor variables, namely independent and control variables, as well as the results of the GMM System model.

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Table 1: Variable codes, variable value measurements, and references.

Variable code	How to Calculate a Variable's Value	Reference
BOC_SIZE	Total members of the board of commissioners.	[50], [51]
BOC_IND	The proportion of independent members to total members of the Board of Commissioners (BOC).	[50], [52]
WMN_BOC	The proportion of female members to total members of the Board of Commissioners (BOC).	[53], [54]
BODC_AGE	Defined as the chairman of the board of directors' age (in years).	[55], [56]
BODC_TEN	Defined as the chairman of the board of directors' term (measured in years).	[57], [58]
SIZE	The logarithm of the bank's total assets	[18], [19]
ROA	the proportion of profits after taxes to the total assets of the bank.	[59], [60]
GROWTH	Growth in total assets of the bank annually	[61], [62]
LEV	The proportion of the bank's total assets to total debt.	[63], [64]

3.1.1. Descriptive statistics

Descriptive statistics for all variables are shown in the Table.

Table 2: Descriptive statistics.

	Mean	Std. Dev.	Minimum	Maximum	Observations
B_ARL	64.471	28.628	7	142	335
BOC_SIZE	6.272	2.769	2	14	335
BOC_IND	0.310	0.127	0.125	0.667	335
WMN_BOC	0.162	0.187	0	0.750	335
BODC_AGE	55.817	6.125	36.658	69.103	335
BODC_TEN	3.949	2.831	0.011	13.578	335
SIZE	150,000,000	304,000,000	664,673	1,730,000,000	335
ROA	3.033	13.820	-106.595	39.238	335
GROWTH	0.141	0.208	-0.398	1.145	335
LEV	0.817	0.357	0.050	6.684	335

Table 2 reveals that the mean B_ARL is 64,471 days, with a minimum of 7 days and a maximum of 142 days, indicating that the bank's audit report is more than 3 months late. The average BOC_SIZE is 6,272 or more than 6 members, with a minimum of 2 members and a maximum of 14 members. The average BOC_IND is 31.00%; this figure meets the applicable rules, which require a minimum of 30%. The smallest value of BOC_IND is 12.50%, which is against the guidelines, and the maximum value is 66.70%.

The mean WMN_BOC is 16.20%, with a minimum of 0.00% and a maximum of 75.00%. The mean BODC_AGE is 55,817 years, with a minimum of 36,658 years and a maximum of 69,103 years. The average BODC_TEN is 3.949 years, with a minimum value of 0.011 years and a maximum value of 13.578 years.

Table 2 reveals that the mean SIZE is 150,000,000 or Rp150,000,000million, with a minimum value of Rp664,673 million and a maximum value of Rp1,730,000,000 million. The average ROA is 3.03%, with a low value of -106.595% indicating that the bank suffered severe losses and a maximum value of 39.24% indicating that the bank made a large profit. The mean GROWTH is 0.141, with a minimum value of -0.398 indicating that the bank's total assets are decreasing, and a maximum value of 1.145 indicating that the bank's total assets are increasing. The Mean Leverage (LEV) is 0.817, or 81.70%, indicating that banks in this example have more sources of debt in their capital structure. The minimum value of LEV is 50.00% and the maximum value is 668.40%. The maximum value of the LEV is 668.40%, this means that the debt held by banks is more than 6 times the total assets they have.

3.1.2. Correlation matrix

A correlation matrix test between predictor variables was performed in this study to detect the presence of multicollinearity symptoms. Table 3 shows the results of the correlation matrix test. According to table 3, the highest correlation coefficient is 0.510, which is the correlation between the variables BOC_SIZE and SIZE. However, this number is still less than 8.00, indicating that the proposed model does not exhibit multicollinearity symptoms.

Table 3: Correlation matrix.

Variable	BOC_SIZE	BOC_IND	WMN_BOC	BODC_AGE	BODC_TEN	SIZE	ROA	GROWTH	LEV
BOC_SIZE	1								
BOC_IND	-0.164	1							
WMN_BOC	0.172	-0.034	1						
BODC_AGE	0.063	0.064	0.042	1					
BODC_TEN	-0.047	-0.027	0.025	-0.046	1				
SIZE	0.510	-0.066	0.000	0.069	-0.024	1			
ROA	0.357	0.225	0.096	0.187	0.002	0.323	1		
GROWTH	-0.155	0.045	-0.083	0.051	0.022	-0.075	0.153	1	
LEV	0.044	-0.076	0.064	0.005	0.901	0.017	0.021	-0.047	1

3.1.3. Analysis result

This study uses the most appropriate analysis model, namely the one-step SYS-GMM model to examine the role of diversity of BOC and BOD chairmen on bank report lag (B_ARL) audit performance. We show the results of the one-step SYS-GMM model analysis in table 4.

Table 4: Summary of SYS-GMM results one step.

Variable	Coefficient	Std. Error	z	P > |z|
B_ARL$_{it-1}$	0.2638***	0.07670	3.43	0.001
BOC_SIZE	-0.0360***	0.0124	-2.90	0.004
BOC_IND	-0.7215***	0.1240	-5.82	0.000
WMN_BOC	0.0794	0.1059	0.75	0.453
BODC_AGE	0.0020	0.0029	0.70	0.486
BODC_TEN	0.0060**	0.0030	2.11	0.035
SIZE	0.1350	0.0906	1.49	0.136
ROA	-0.0219**	0.0011	-1.98	0.037
GROWTH	-0.0297	0.0648	-0.46	0.647
LEV	0.2089**	0.2638	1.89	0.042
Constant	0.2946	0.7523	0.39	0.695
Wald chi2	89.18			
Prob > chi2	0.000			
Bank	43			
Observations	335			

Notes: ***statistically significant at the 1% level and **significant at the 5% level

Table 4 shows that the SYS-GMM model has a Wald chi2 value of 89.18 with Prob>chi2 =0.00, indicating that it is fit. Furthermore, the results of the instrument validity test (estate sargan test) show a value of chi2 =34.83 with Prob>chi2 = 0.115, indicating that the instrument utilized is legitimate. Furthermore, the model consistency test (estate abond test) yields a value of z =0.021 with Prob>z =0.9845, indicating that the model has been consistent. Finally, the SYS-GMM result's regression coefficient B_ARL$_{it-1}$ is 0.264 bigger than the FEM result (0.118) but smaller than the PLS model result (0.476), indicating that the model is not biased.

3.2. Discussion

This research criticize the role of characteristics of BOC and BOD chairmen in improving the performance of Audit report lag (ARL) of the bank sector in Indonesia, using the System GMM model. By controlling bank specific factors (size, profitability, growth, and leverage) here is the discussion. The results of SYS-GMM model show that the ARL of banks in Indonesia in the current year (B_ARL$_{it}$) was significantly positively affected at the level of 1% by the performance of the previous year's B_ARL (B_ARL$_{it-1}$). This result is supported by Lajmi [7], which views that ARL's performance is positively related over time, indicating that there is a delay in audit reporting by companies and/or banks, namely an increase in the short term.

First, The study's findings indicate that the audit report lag (ARL) of Indonesia's bank industry is significantly impacted by the size of the board of commissioners (BOC_SIZE). This finding suggests that the ARL performance of Indonesia's banking industry is positively correlated with BOC size, as evidenced by the banks' increased speed at publishing audit reports. The resource dependency theory, which holds that boards of greater size will generate more knowledge and increase organizational reactions to quality standards, lends support to the study's findings [30]. Furthermore, the findings of this investigation are corroborated by Alfraih and Ezat [32,39], who demonstrated a negative correlation between board size and ARL. In recent times, Recently, [19] came to the conclusion that, when affected by the features of audit committees, there is a negative association between board size and audit report latency (ARL) of African Central Banks. The results of this investigation therefore have consequences for implementing H 1.

Second, the study's findings indicate that the audit report lag (ARL) of Indonesia's bank industry is adversely impacted by the independent board of commissioners (BOC_IND). This finding suggests that the ARL performance of Indonesia's banking industry is positively correlated with the number of independent members in the BOC, as measured by the speed at which banks release their audit reports. Agency theory, which holds that the best effort is how the board can be independent to operate as an effective monitoring mechanism, supports the study's findings [34]. Therefore, more effective audit work and audit committee planning are encouraged if the board has independently and successfully implemented strong monitoring [65]. Recently, [7] proved that an independent board is able to speed up audit reports from Tunisian companies. Thus, the results of this study carry consequences for accepting H 2.

Third, the study's findings indicate that the audit report lag (ARL) of Indonesia's bank industry is unaffected by the presence of women on the board of commissioners (WMN_BOC). This finding suggests that the performance of Indonesia's ARL banks is not significantly impacted by the number of women in the BOC. These findings defy expectations and contradict the resource dependency theory, which holds that an increase in gender diversity on the board motivates the board to handle audit issues more skillfully, cutting down on the amount of time it takes to provide audited reports. The findings of [38], which cited the resource dependency hypothesis, indicated a negative correlation between ARL and gender diversity on the board. Furthermore, [19] found that, when troubled by the audit committee's features, there is a negative correlation between female boards and audit report latency. This outcome might be explained by the low percentage of female attendance—a mean of 16.20%—in the Indonesian BOC bank sector. As a result, the presence of women in the BOC meeting room is thought to have a less significant impact on the necessity of enhancing ARL performance. Thus, the results of this study carry the consequence of rejecting H 3.

Fourth, the findings demonstrate that the age of the chairman of the board of directors (BODC_AGE) has no effect on the audit report lag (ARL) of the Indonesian banking sector. The available literature in this area is equivocal in describing the association between age and corporate success, especially bank ARL performance. On the one hand, [41] found a negative link between age and job performance, owing to the fact that older age reduces cognitive ability and experience is highly connected with low motivation. According to Amran [27], younger CEOs outperform older CEOs because they are more willing to take chances, behave more aggressively, and are more energetic. On the other hand, an older CEO chairman is better equipped to boost firm performance since the quality of high-level management grows with age [66]. The older age of the CEO chairman leads to experience and receptivity to new ideas [67], resulting in more balanced decision-making that can eventually increase company performance [68]. The findings of this study appear to be consistent with Gupta [28], which states that the age of the CEO chairman has no bearing on the performance of Indian banks. As a result, the findings of this investigation result in the rejection of H 4.

Fifth, The study's findings indicate that the Audit report lag (ARL) of Indonesia's banking industry is positively impacted by the chairman of the board of directors' (BODC_TEN) term. This finding suggests that the ARL performance of Indonesia's banking industry is negatively correlated with the length of a BOD chairman's term, as the slower-moving institutions tend to release their audit findings. This finding is in contrast to [46], which employs a sample of businesses listed on the Muscat Security Market to demonstrate the relationship between the CEO chairman's tenure and timely audit reports. However, [47] provides support for the findings of this investigation. According to their report, long CEO tenures are linked to longer audit testing periods because they indicate a careful responsibility for CEOs in ensuring the accuracy of financial statements, which can raise audit risk. Consequently, in order to reduce these risks, auditors must work harder and spend more time doing so, which may cause delays in the company's audit reporting. Thus, the results of this study carry consequences for accepting H 5.

Finally, the study's findings indicate that there is a negative correlation between the profitability control variable ROA and the ARL performance of Indonesia's banking industry. This implies that banks with higher profitability levels must release their audit reports more quickly. On the other hand, the study's findings demonstrate a negative relationship between the variable debt ratio (LEV) control and the ARL performance of Indonesia's banking industry. The outcome indicates that banks with higher debt ratios (LEVs) require more time to release their audit reports. The study, however, was unable to identify any discernible relationship between bank expansion and size and the ARL of Indonesia's banking industry.

4. Conclusion

The study's findings indicate that the performance of the Indonesian banking industry's Audit Report Lag (ARL) one year prior had a favorable impact on the ARL's performance this year. In general, the qualities of the chairman of the Board of Directors (BOD) and the Board of Commissioners (BOC) have a significant impact on how well ARL performs in Indonesia's banking industry, particularly regarding speeding up audit reporting. The study's findings indicate that while the size and independence of the BOD have a negative impact, the term of the BOD chairman has a beneficial impact on ARL's performance in the Indonesian banking industry. Meanwhile, the female BOC and the age of the BOD chairman do not affect the performance of ARL of the banking sector in Indonesia.

There are two implications for the research's findings. First, there is a deficiency in the literature concerning the connection between the characteristics of the chairman of the BOD and the BOC and the ARL performance of the banking industry, especially in Indonesia. Secondly, incorporate information relevant to practitioners such as investors and management. The study's conclusions can help managers make better choices that will enhance the ARL performance of their banks. In addition to paying attention to the length of service of the chairs of the boards of directors of the banks they oversee, management ought to think about expanding the BOC's size and independence. The findings of this study can be used by wealthy businessperson to monitor, control, and make more effective decisions or activities linked to the ARL performance of the banking industry in Indonesia.

This study's sample is restricted to the typical classification of general banking sector banks in the Indonesian capital market. Therefore, additional research can look into how the chairman of the BOD and the BOC's traits affect the ARL performance of the banking industry in nations other than Indonesia. The qualities of the chairman of the BOD and the BOC can have an impact on how well the ARL of Indonesia's Islamic banking industry performs, and this can be investigated in the future study agenda. The characteristics of the BOC are proxies with variable sizes of BOC, independent BOC, female BOC, and, the characteristics of the BOD chairman are represented by the age and tenure of the BOD. Therefore, future research may consider proxies of other variables characteristic of the BOC, such as expertise, experience, business and remuneration of BOC members and BOD chairs. Further investigation can also look into ownership structures and how they affect the ARL performance of Indonesia's banking industry. Some instances of these ownership structures include state ownership, BOC and BOD ownership, and institutional ownership through both domestic and foreign sources.

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