CHAPTER V

CONCLUSION AND SUGGESTION

5.1 Conclusion

Based on the research findings, data analysis, and the discussion on the impact of audit firm size, complexity of company operations, and tax avoidance on the sample of manufacturing companies listed on the Indonesia Stock Exchange from 2020 to 2023, the following conclusions can be drawn:

The audit firm size, proxied by distinguishing between Big Four and Non-Big Four affiliated audit firms, exerts a significant and negative impact on audit delay in manufacturing companies listed on the Indonesia Stock Exchange from 2020 to 2023. This finding underscores the efficiency of larger audit firms, which are equipped with extensive resources and sophisticated methodologies, enabling them to execute audits in a timely manner. The well-established reputation and systematic processes characteristic of Big Four firms likely facilitate their ability to manage complex audits efficiently, thereby reducing the duration of audit engagements compared to their smaller counterparts.

The complexity of company operations, as proxied by the number of subsidiaries owned by the company, does not exhibit a significant effect on audit delay in manufacturing companies listed on the Indonesia Stock Exchange from 2020 to 2023. This result indicates that, although operational complexity may pose potential challenges for auditors, such challenges could be effectively mitigated by robust internal controls or the strategic approaches employed by auditing firms. Consequently, these findings suggest the necessity for further exploration of additional moderating factors that may influence the relationship between operational complexity and audit delay.

Tax avoidance, measured through the effective tax rate ratio, does not demonstrate a significant effect on audit delay in manufacturing companies listed on the Indonesia Stock Exchange from 2020 to 2023. This observation implies that the intricacies associated with tax avoidance strategies do not inherently prolong audit timelines, potentially due to auditors' adeptness in assessing and verifying such strategies within the context of established regulatory frameworks. Furthermore, this finding suggests that the impact of tax avoidance on audit processes may be context-dependent, highlighting the importance of further investigation into the specific characteristics of companies and their tax practices in future research.

5.2 Research Implications

5.2.1 Accounting Literature Implications

The findings of this study are expected to provide insights and knowledge regarding the impact of audit firm size, complexity of company operations, and tax avoidance on audit delay. This research contributes to the existing literature by offering empirical evidence from the manufacturing sector companies listed on the Indonesian Stock Exchange for the period 2020-2023, enriching the understanding of the factors influencing audit delay in this context.

5.2.2 Practical Implications

The findings of this study are anticipated to offer significant practical benefits to companies and auditors by addressing the prevalent issue of prolonged audit delays. By identifying the factors influencing these delays, organizations can make informed decisions that enhance the timeliness of their financial reporting. For auditors, the insights gained can lead to the development of more effective audit strategies that consider the specific contexts of their clients, thereby optimizing resource allocation and improving overall audit efficiency. Collaborating closely with audit firms to streamline processes not only enhances efficiency but also strengthens the credibility of companies among external stakeholders, such as investors and regulators. Ultimately, these insights can guide both companies and auditors in fostering greater trust and transparency in financial disclosures.

5.3 Research Limitations & Future Research

This research was conducted exclusively within the context of Indonesia, which may limit the generalizability of the findings to other countries with differing regulatory environments, economic conditions, and auditing practices. Future research could expand the geographic scope to include comparative studies across various countries, allowing for a broader understanding of how regional factors influence audit delays.

Secondly, this research specifically targeted the manufacturing sector, potentially overlooking the unique challenges and dynamics present in other industries. Subsequent studies could explore audit delays in diverse sectors to ascertain whether the identified relationships hold true across different contexts and operational complexities.

Lastly, the study concentrated on three independent variables: audit firm size, complexity of company operations, and tax avoidance. While these factors provide valuable insights, future research could benefit from incorporating additional variables, such as corporate governance practices, internal controls, or industry-specific regulations, to develop a more comprehensive model that captures the multifaceted nature of audit delays.