JURNAL AKUNTANSI DAN KEUANGAN METHODIST *eISSN: 2599 - 1175*
VOLUME 10 N0. 2, 2026, 465-477 *ISSN: 2599 - 0136*

THE EFFECT OF AUDIT COMMITTEE, AUDIT DELAY, AND AUDIT CAPACITY STRESS ON BIG FOUR AUDITOR CHOICE OF CONSUMER NON-CYCLICAL SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE IN 2021-2024

[1]Muhammad Ar-Rafiq Rusmin, [2]Ika Wulandari, [3]Hasim As'ari, [4]Rochmad Bayu Utomo
[1,2,3,4]Department of Accounting, Universitas Mercu Buana, Yogyakarta, Indonesia
Email: [1]muharrafik@gmail.com

ABSTRACT

This study examines the effect of audit committee, audit delay, and audit capacity stress on Big Four auditor choice as a proxy for audit quality. The research is motivated by financial reporting vulnerabilities, where publicly listed companies obtaining unqualified audit opinions continue to experience reporting failures and regulatory trading suspensions. Focusing on the consumer non-cyclical sector on the Indonesia Stock Exchange during 2021–2024, purposive sampling yielded a balanced panel of 82 firms (328 observations). The empirical analysis employs binary logistic regression using secondary data from annual reports and the Indonesian Institute of Certified Public Accountants directory. The model explains 54.5% of auditor choice variance (Nagelkerke R Square = 0.545). Specifically, audit committee (B = -0.084, OR = 0.920, p < 0.001) and audit delay (B = -0.084, OR = 0.920, p < 0.001) exert significant negative effects, whereas audit capacity stress has a significant positive effect (B = 1.988, OR = 7.301, p < 0.001). These findings indicate that audit committees balance governance compliance with cost efficiency, while Big Four auditor selection is driven by reporting timeliness demands and auditor reputation under workload compression.

Keywords: Audit Capacity Stress, Audit Delay, Audit Committee, Big Four, Consumer Non-Cyclical.

INTRODUCTION

The increasing reliance of economic decision-makers on financial statements demands the availability of reliable, transparent financial information free from material misstatements, making external audit quality paramount. Compromised audit quality can result in financial statements that fail to reflect the company's true economic reality, leading stakeholders to make erroneous decisions and elevating market risks. In emerging markets such as Indonesia, rigorous professional audits conducted in strict compliance with auditing standards not only detect irregularities, but also reinforce corporate transparency and investor protection.

Audit quality in Indonesia faces critical empirical scrutiny when companies consistently obtaining Unqualified Opinions (Wajar Tanpa Pengecualian / WTP) simultaneously encounter financial reporting and compliance vulnerabilities. While an unqualified audit opinion does not certify absolute regulatory compliance, Financial Accounting Standards (PSAK 46 and PSAK 57) require corporate management to fairly measure and disclose provisions and contingent liabilities, while Auditing Standards (SA 250) mandate independent auditors to evaluate these estimates against risks of material misstatement. Direct evidence from the capital market further underscores severe audit quality failures: the financial statement manipulation scandal of PT Tiga Pilar Sejahtera Food Tbk (AISA) demonstrated how clean opinions issued by a non-Big Four auditor collapsed following an independent investigation by a Big Four accounting firm (Ernst & Young) that

uncovered overstatements exceeding IDR 4 trillion, culminating in sanctions by the Financial Services Authority (OJK). More recently during the 2021–2024 period, operational audit failures persist, with the Indonesia Stock Exchange (IDX) enforcing trading suspensions against consumer non-cyclical firms including PT Tri Banyan Tirta Tbk (ALTO) and PT Dua Putra Utama Makmur Tbk (DPUM) due to chronic audit delays. These contemporary case precedents indicate that financial disclosures remain vulnerable to audit shortcomings, reinforcing the necessity for firms to secure credible external assurance through reputable Big Four auditors.

The consumer non-cyclical sector provides a vital empirical setting to investigate this phenomenon. As a defensive industry fulfilling essential daily needs, this sector maintains resilient consumer demand amidst macroeconomic turbulence. However, extensive supply chain networks, high transaction volumes, and volatile commodity inputs create complex inventory valuation and aggressive reporting exposures. While acknowledging that subsector variations persist (spanning food and beverages, tobacco, retail staples, and household products), focusing on this sector mitigates macroeconomic cyclical confounding while capturing intense operational reporting demands.

Establishing an audit committee serves as an indispensable corporate governance mechanism aimed at monitoring financial reporting integrity and external auditor oversight. Pursuant to Financial Services Authority Regulation No. 55/POJK.04/2015 within Indonesia's two-tier board system, the audit committee is formed by and reports to the Board of Commissioners, and must be chaired by an independent commissioner (Ikhsan et al., 2024). Theoretically, independent audit committee oversight compels management to appoint high-reputation Big Four auditors to safeguard financial transparency. Prior evidence by Hartanti & Zenira (2025) documented that higher audit committee oversight significantly enhances audit quality. Conversely, Yuliana & Minarso (2025) found that audit committee oversight does not significantly affect auditor selection, reflecting ceremonial administrative compliance rather than substantive governance.

Audit delay reflects the calendar duration elapsed between the fiscal year-end closing and the independent audit report date. Rather than merely reflecting an audit outcome, audit delay captures the client firm’s demand for reporting timeliness to preserve market visibility and prevent regulatory penalties (Rifany et al., 2025). Publicly listed firms facing tight filing deadlines have stronger incentives to appoint Big Four accounting firms, whose expansive professional personnel and standardized audit technologies can prevent reporting lags without compromising procedural rigor. Harjanto et al. (2024) demonstrated that prolonged audit delay exerts a significant negative effect on the likelihood of securing high audit quality. However, Nurgina & Nurmalina (2024) observed that audit delay does not significantly influence audit quality.

Audit capacity stress describes a condition where audit practitioners face immense operational pressure stemming from constrained resources and an overwhelming volume of client engagements that must be finalized within an identical reporting window. Excessive capacity pressure during statutory busy seasons can induce cognitive strain and impair an auditor’s professional skepticism (Acila et al., 2025). Asmarani & Hernadianto (2023) documented that audit capacity stress significantly impacts audit

quality. In contrast, Sholihah & Ramadhanti (2025) reported that audit capacity stress does not significantly affect audit quality.

A synthesis of prior empirical literature reveals persistent inconsistencies and contradictory findings across corporate governance mechanisms and operational audit constraints. Furthermore, most prior studies focused on financial sector firms or broad multi-industry samples without addressing the unique pressures of essential goods producers. Therefore, this study addresses these empirical gaps by examining the post-pandemic period (2021–2024) and evaluating the effect of the audit committee, audit delay, and audit capacity stress on Big Four auditor choice within the Indonesian consumer non-cyclical sector.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency Theory

Pioneered by Jensen & Meckling (1976), agency theory serves as the primary conceptual foundation explaining contractual friction and divergent economic incentives between shareholders (principals) and corporate managers (agents). The separation of ownership and operational control generates information asymmetry, providing managers with opportunities to engage in self-serving behavior. To mitigate agency conflicts and minimize monitoring costs, corporate governance mechanisms are implemented. In this framework, independent external auditing serves as an indispensable external monitoring instrument to verify financial reporting credibility and constrain managerial opportunism (Jensen & Meckling, 1976). Furthermore, effective audit committee oversight functions as the primary internal governance organ tasked with safeguarding financial reporting integrity and recommending qualified external auditors.

Signalling Theory

Complementing agency theory, signalling theory (Spence, 1973; Ross, 1977) explains how corporate insiders address information asymmetry in the capital market. Corporate management possesses private, inside information regarding the firm's true financial condition and utilizes observable, credible actions to communicate organizational quality to external investors. Because credible signals must be costly and difficult to mimic by lower-quality enterprises (Connelly et al., 2011), appointing a reputable Big Four accounting firm serves as an unambiguous market signal of superior reporting integrity and governance transparency. Similarly, expedited financial statement reporting (minimizing audit delay) acts as an operational signal that accounts are well-managed and free from protracted audit adjustments.

Audit Quality

Following the seminal framework of DeAngelo (1981), audit quality is theoretically defined as the market-assessed joint probability that an independent auditor will discover a breach in the client's accounting system (auditor competence) and report the breach to the public (auditor independence). However, in empirical capital market research, true audit quality is inherently unobservable directly by external stakeholders, as market participants cannot inspect substantive fieldwork procedures, proprietary audit programs, or confidential auditor-client deliberations.

Because audit quality cannot be directly measured or statistically computed in its unobservable state, the accounting literature establishes observable surrogates. As conceptualized by DeAngelo (1981) and formalized in the archival auditing taxonomy by DeFond & Zhang (2014), auditor size

serves as the foundational input-based proxy for audit quality. Large international accounting networks (historically the Big Eight, evolved into today's Big Four) possess extensive human resource capabilities, advanced auditing technologies, specialized industry training, and standardized global testing methodologies. More importantly, Big Four firms hold substantial client-specific quasi-rents and brand reputation capital at stake, providing powerful economic incentives to preserve professional skepticism and resist client pressures. Consequently, while recognizing that this metric captures auditor reputation and input rigor rather than post-audit accounting outcomes (Lawrence et al., 2011), this study operationalizes audit quality through the dichotomous proxy of Big Four auditor choice (coded 1 for Big Four and 0 for non-Big Four).

Audit Committee

The audit committee is an essential internal corporate governance organ tasked with supervising financial reporting integrity and recommending independent external auditors (Pratama & Zulvia, 2024). Pursuant to OJK Regulation No. 55/POJK.04/2015, public companies in Indonesia must establish an audit committee under the auspices of the Board of Commissioners, chaired by an independent commissioner. Independent committee members reinforce supervisory objectivity, thereby reducing information asymmetry between corporate executives and external shareholders (Rapini et al., 2025). Following Ritonga (2022), audit committee structure is operationalized as the proportion of external independent members relative to the total committee size.

Audit Delay

Audit delay reflects the calendar duration elapsed between the fiscal year-end closing date and the issuance date of the independent auditor's report (Nurgina & Nurmalina, 2024; Samsiah et al., 2024). Prolonged audit delays compromise reporting timeliness and informational relevance, thereby escalating market uncertainty and investor risk (Maria et al., 2024). In corporate reporting, audit delay captures the operational efficiency of the financial close process and the client firm's commitment to prompt market disclosure (Rifany et al., 2025) .

Audit Capacity Stress

Audit capacity stress refers to the heightened operational workload experienced by audit practitioners when managing an intensive accumulation of client engagements concurrently during statutory reporting seasons (Sholihah & Ramadhanti, 2025). Following Aritonang & Darmawati (2022) and Khusnadewi & Zulfikar (2023), audit capacity stress is operationalized at the audit firm level, measured as the ratio of total client engagements divided by the total number of licensed audit partners within the public accounting firm. Excessive workload density per partner can induce cognitive fatigue, potentially impairing professional skepticism and audit thoroughness during peak periods (Handayani & Setiawan, 2024).

Hypothesis Development

Under agency theory, managerial opportunism arising from the separation of ownership and operational control is mitigated through effective board oversight. Pursuant to POJK No. 55/POJK.04/2015, the audit committee is legally empowered to evaluate internal control structures and recommend the appointment of external auditors to the Board of Commissioners. Independent committee members possess strong incentives to protect their personal reputational capital and safeguard shareholder

interests against financial reporting violations. Consequently, a higher proportion of independent members strengthens agency monitoring by actively advocating for the appointment of reputable Big Four auditors who offer superior supervisory capabilities and independence (Hartanti & Zenira, 2025). Based on this governance mechanism, the first hypothesis is posited:

H1: Audit committee has a positive effect on Big Four auditor choice.

Within the agency theory framework, prolonged reporting delays (audit delay) exacerbate information asymmetry between corporate managers and external shareholders, escalating market uncertainty and agency costs. Complementing this view, signalling theory suggests that companies committed to mitigating information asymmetry seek to convey positive signals to the capital market through reporting timeliness, avoiding regulatory penalties and exchange trading suspensions. To ensure expedited audit completion without sacrificing substantive rigor, client firms are incentivized to engage Big Four accounting firms, which possess extensive professional staff, industry specialization, and automated audit technologies (Harjanto et al., 2024). Conversely, firms with slower reporting cycles frequently retain non-Big Four auditors. Therefore, the second hypothesis is posited:

H2: Audit delay has a negative effect on Big Four auditor choice.

Agency theory positions independent external auditors as third-party monitors engaged to verify financial statements and mitigate principal-agent friction. However, the workload compression perspective posits that excessive client engagements per audit partner during statutory reporting windows impose severe operational strain. Excessive capacity pressure constrains the time and cognitive resources available for rigorous substantive testing, potentially impairing the efficacy of external audit oversight (Khusnadewi & Zulfikar, 2023). From the shareholders' monitoring perspective, corporate boards seeking credible audit oversight are disincentivized from retaining auditors facing extreme capacity constraints, preferring audit practices with balanced workload allocations to safeguard audit thoroughness (Sari & Rasmini, 2023). Hence, the third hypothesis is posited:

H3: Audit capacity stress has a negative effect on Big Four auditor choice.

Conceptual Framework

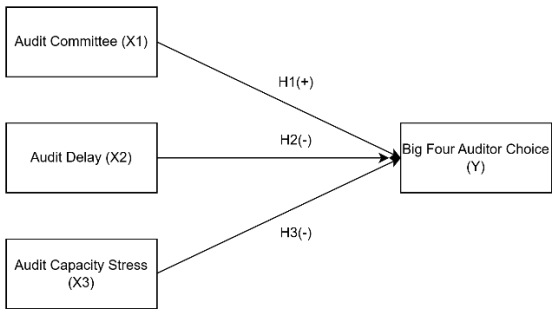


Figure 1. Conceptual Framework

RESEARCH METHOD

Research Design and Sample Selection

This study adopts an associative quantitative design to examine the influence of the audit committee, audit delay, and audit capacity stress on Big Four auditor choice (Hosmer et al., 2013; Ghozali, 2018). The target population comprises 93 consumer non-cyclical companies listed on the Indonesia Stock Exchange (IDX) as of January 1, 2021. Using purposive sampling, a balanced panel of companies with complete four-year data was constructed. As detailed in the sample selection process in Table 1, after eliminating

delisted firms and those with incomplete reporting, the final sample consists of 82 companies, yielding 328 balanced firm-year observations across the 2021 to 2024 period.

Table 1. Research Sample Selection Criteria

No	Sample Selection Criteria	Total
1	Consumer non-cyclical companies listed on the IDX as of January 1, 2021	93
2	Companies delisted from the IDX during the 2021 to 2024 period	(1)
3	Companies with incomplete annual reports	(10)
	Total final sample of companies meeting all criteria	82
	Total balanced panel observation units (82 companies x 4 years)	328

Source: Processed secondary data from IDX, 2026.

Data Sources and Operationalization of Variables

Secondary empirical data were gathered from published audited financial statements and annual reports accessed via the official IDX portal (www.idx.co.id). Because historical partner directories are not publicly archived online for all years, partner and public accounting firm data for the 2021 to 2024 period were officially obtained through direct institutional inquiry and correspondence with the Indonesian Institute of Certified Public Accountants (IAPI) secretariat, cross-referenced with auditor disclosures in corporate annual reports. Operational definitions and variable measurements are formulated as follows:

1. Big Four Auditor Choice (Y): Operationalized as an input proxy for audit quality using a binary indicator, coded 1 if a firm is audited by an accounting practice affiliated with a Big Four global network (PwC, EY, Deloitte, KPMG) and 0 if audited by a non-Big Four accounting firm (Lawrence et al., 2011; Pratama & Zulvia, 2024).
2. Audit Committee (KOM): Formulated in accordance with OJK Regulation No. 55/POJK.04/2015 as the proportion of external independent committee members relative to the total number of committee members (Ritonga, 2022):

   Audit Committee = (Total External Independent Members / Total Committee Members) x 100%
3. Audit Delay (AD): Measured as the calendar duration in days elapsed from the corporate fiscal year-end date (December 31) to the release date of the independent auditor's report (Nurgina & Nurmalina, 2024):

   Audit Delay = Audit Report Date - Financial Statement Closing Date
4. Audit Capacity Stress (ACS_LN): Captures audit firm workload compression during the statutory reporting period (Khusnadewi & Zulfikar, 2023). Following Aritonang & Darmawati (2022), it is computed as the total number of corporate client engagements divided by the total number of licensed audit partners in the public accounting firm. To correct for distributional skewness, a natural logarithmic transformation was implemented (ACS_LN).

$$\mathbf{Ln}\left(\frac{\mathbf{KA}_{it}}{\mathbf{1}-\mathbf{KA}_{it}}\right) = \boldsymbol{\alpha} + \boldsymbol{\beta 1}\,\mathbf{KOM}_{it} + \boldsymbol{\beta 2}\,\mathbf{AD}_{it} + \boldsymbol{\beta 3}\,\mathbf{ACS_LN}_{it} + \boldsymbol{\varepsilon it}$$

Where:

KAit = Probability of firm i appointing a Big Four auditor in year t

1 - KAit = Probability of firm i appointing a non-Big Four auditor in year t

α = Intercept constant

β1 - β3 = Regression coefficients

KOMit = Audit committee proportion of firm i in year t

ADit = Audit delay (day) of firm i in year t

ACS_LNit = Natural logarithm of audit capacity stress of firm i in year t

εit = Empirical error disturbance term

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistical tests provide an empirical overview of the data distribution (minimum, maximum, mean, and standard deviation) across 328 observation units during 2021–2024, as summarized in Table 2.

Table 2. Descriptive Statistics of Research

	N	Min	Max	Mean	Std. Dev
Audit Committee	328	25.00	75.00	63.51	8.97
Audit Delay	328	38.00	419.00	85.74	29.11
Audit Capacity Stress	328	0.02	1.00	0.20	0.16
Audit Quality: Auditor Choice	328	0.00	1.00	0.44	0.49
Valid N (listwise)	328				

Source: Secondary data processed using IBM SPSS 26 (2026).

As presented in Table 2, the Audit Committee exhibits a mean proportion of 63.51% (ranging from 25.00% to 75.00%), indicating that most sample companies adhered to the governance threshold established by OJK Regulation No. 55/POJK.04/2015. Observations recording an external independence share of 25.00% reflect instances of non-compliance and transitional board restructuring where full independent committee reconstitution had not yet materialized.

Audit Delay demonstrates an average duration of 85.74 days (minimum 38.00 days and maximum 419.00 days). While the mean complies with the statutory four-month filing deadline (120 days), the maximum delay of 419 days reflects extraordinary reporting circumstances encountered by enterprises undergoing corporate debt restructuring, financial distress, or temporary trading suspensions by the stock exchange during the observation period. These prolonged observations were retained to capture authentic capital market dynamics rather than data anomalies.

Audit Capacity Stress records a mean of 0.2056 with values spanning 0.02 to 1.00. This metric represents the sector client-to-partner ratio, calculated as the number of listed consumer non-cyclical clients divided by total registered audit partners at the accounting firm. For major international network firms (Big Four), large partner registries naturally yield lower fractional ratios per sector, whereas smaller non-Big Four practices exhibit ratios approaching 1.00. To satisfy the assumption of linearity in the logit (Hosmer et al., 2013) and adjust for scale variance, a natural logarithmic transformation was implemented (ACS_LN). Finally, Audit Quality proxied by Big Four Auditor Choice displays a mean of 0.4421, showing that 44.21% of the sample observations engaged Big Four audit firms, while 55.79% were audited by non-Big Four auditors.

Logistic Regression Diagnostics and Model Evaluation

Before conducting partial hypothesis tests, comprehensive goodness-of-fit diagnostic procedures were executed. The assessment results are synthesized into a consolidated model evaluation presented in Table 3.

Table 3. Logistic Regression Model Fit and Diagnostic Summary

Diagnostic Parameter	Statistical Value
Baseline Log-Likelihood (Block 0: Intercept-only)	450.292
Full Model Log-Likelihood (Block 1: Predictors)	279.005
Omnibus Test of Model Coefficients ($\Delta -$ 2LL)	171.287 (df = 3, p < 0.001)
Hosmer and Lemeshow Goodness-of-Fit Test	14.576 (df = 8, p = 0.068)
Cox & Snell Pseudo-R^2	0.407
Nagelkerke Pseudo-R^2	0.545

Source: Secondary data processed using IBM SPSS 26 (2026).

1. Overall Model Fit: The inclusion of the independent variables produces a statistically significant drop in deviance, as formally verified by the Omnibus Test ($\chi^2 = 450.292 - 279.005 =$

$171.287, df = 3, p < 0.001$). This confirms that the model incorporating Audit Committee, Audit Delay, and Audit Capacity Stress provides a superior fit compared to the baseline intercept-only model.

2. Goodness-of-Fit Test: The Hosmer and Lemeshow test yielded a Chi-square value of 14.576 ($df = 8$) with a significance value of $p = 0.068$. Because this p-value exceeds the conventional 5% significance threshold ($p > 0.05$), the null hypothesis is accepted, confirming that the empirical model fits the observational data satisfactorily without evidence of severe miscalibration or quasi-complete data separation.
3. Pseudo-Coefficient of Determination: The model achieves a Nagelkerke pseudo-R^2 of 0.545 (Cox & Snell = 0.407). Rather than reflecting the proportion of total variance explained in an ordinary least squares sense, this pseudo-R^2 metric signifies that the explanatory variables account for approximately 54.5% of the likelihood-based variation in Big Four auditor choice relative to the null baseline.

Partial Hypothesis Testing (Wald Test)

Partial hypothesis testing was conducted using the Wald test at a significance level of $\alpha = 0.05$. The logistic regression parameter estimates, and corresponding odds ratios are presented in Table 4:

Table 4. Logistic Regression Parameter Estimates

Variable	B	S.E.	Wald	Sig.	Exp(B) [95% CI]
Audit Committee	-0.084	0.021	15.276	0.001	0.920 [0.882, 0.958]
Audit Delay	-0.084	0.012	45.373	0.001	0.920 [0.898, 0.941]
Audit Capacity Stress	1.988	0.285	48.773	0.001	7.301 [4.176, 12.764]
Constant	14.499	2.048	50.115	0.001	1981028.105

Source: Secondary data processed using IBM SPSS 26 (2026).

Based on the parameter estimates in Table 4, the logistic regression model is formulated as:

$$\text{Ln}\left(\frac{\text{KA}_{it}}{1-\text{KA}_{it}}\right) = 14.499 - 0.084\text{KOM}_{it} - 0.084\text{AD}_{it} + 1.988\text{ACS}_{it}$$

The empirical decisions for the hypothesized relationships are summarized as follows:

1. Hypothesis 1: The Audit Committee yields a coefficient of $B = -0.084$ ($p < 0.001$, OR = 0.920). Although statistically significant, the negative direction contradicts the hypothesized positive relationship. Therefore, H1 is rejected.
2. Hypothesis 2: Audit Delay produces a coefficient of $B = -0.084$ ($p < 0.001$, OR = 0.920). Because both the statistical significance and the negative sign align with the posited direction, H2 is accepted.
3. Hypothesis 3: Audit Capacity Stress demonstrates a coefficient of $B = 1.988$($p < 0.001$, OR = 7.301). While statistically significant, the positive empirical direction directly opposes the hypothesized negative effect. Consequently, H3 is rejected.

Discussion of Research Findings

The Effect of Audit Committee on Big Four Auditor Choice

The empirical rejection of the first hypothesis indicates that a higher proportion of independent external audit committee members does not encourage companies to appoint Big Four audit firms, but instead exhibits an inverse relationship. Grounded in agency theory (Jensen & Meckling, 1976), the audit committee functions as an internal monitoring mechanism established to oversee

managerial reporting behavior, mitigate conflicts of interest, and constrain informational asymmetries between shareholders and executives. Under this theoretical premise, independent committees are expected to demand premier external monitoring by recommending reputable Big Four auditors.

However, in the context of the Indonesian consumer non-cyclical sector, corporate governance structures encounter unique institutional dynamics governed by OJK Regulation No. 55/POJK.04/2015. Most listed companies fulfill independent member quotas primarily to satisfy statutory administrative thresholds rather than exercising proactive strategic governance. Furthermore, within competitive and cost-sensitive consumer product markets, audit committees actively balance the demand for oversight rigor with corporate expenditure prudence. Independent committees often evaluate capable non-Big Four accounting practices as providing sufficient audit quality while offering substantially more manageable audit fees. Consequently, the presence of independent committees does not systematically translate into high-cost Big Four engagements. This finding is consistent with prior empirical evidence by Nursyamsyiyah et al. (2024), Saiq & Yuliana (2024), and Fitriyana et al. (2026), who documented that audit committee independence does not guarantee the retention of elite audit firms.

The Effect of Audit Delay on Big Four Auditor Choice

The acceptance of the second hypothesis confirms an inverse relationship between audit delay duration and the selection of Big Four auditors. This finding strongly substantiates signalling theory (Spence, 1973; Connelly et al., 2011) alongside agency theory (Jensen & Meckling, 1976). In financial markets characterized by information asymmetry, the timeliness of financial reporting represents a critical signaling device that communicates corporate transparency and operational efficiency to market participants. Extended audit delays convey unfavorable market signals regarding accounting complexities, elevated managerial risk, or protracted negotiation barriers over audit adjustments, which intensify agency friction and investor uncertainty.

From an operational and governance perspective, this relationship reflects client timeliness demands. Publicly traded companies committed to providing prompt market disclosures deliberately seek affiliations with Big Four accounting firms. As noted by Kamil et al. (2023) and Yuliana & Minarso (2025), Big Four firms maintain extensive professional staff rosters, standardized audit methodologies, and sophisticated technological resources that streamline substantive testing and curtail reporting lags. Conversely, enterprises with lengthy audit durations typically retain non-Big Four auditors due to smaller engagement team capacities or complex inventory reconciliations common to consumer goods supply chains. These empirical results corroborate the observations of Cahyadi (2022), Kamil et al. (2023), and Kameyer & Dama Yanti (2023), confirming that shortened reporting delays align with the deployment of high-tier audit resources.

The Effect of Audit Capacity Stress on Big Four Auditor Choice

The empirical rejection of the third hypothesis reveals that audit capacity stress exhibits a positive association with Big Four auditor choice, contrasting with the posited negative relationship. Grounded in the combined framework of agency theory (Jensen & Meckling, 1976) and signalling

theory (Connelly et al., 2011; Spence, 1973), high audit capacity stress in the Indonesian capital market serves as an institutional manifestation of market demand concentration and client trust rather than operational deficiency. Principals and investors demand credible external monitoring to mitigate agency risks, prompting publicly traded enterprises to signal governance credibility by deliberately retaining premier Big Four accounting firms.

Although handling a high client-to-partner ratio elevates engagement density during statutory reporting deadlines, Big Four audit firms possess superior organizational infrastructures capable of absorbing workload compression. These elite firms deploy specialized hierarchical teams, advanced audit workflow systems, and stringent internal supervisory mechanisms regulated by the International Standard on Quality Management 1 (ISQM 1). Consequently, partner-level workload stress does not impair audit rigor or deter client selection; rather, it reflects the market credibility and strong demand from publicly traded consumer non-cyclical corporations. This positive dynamic confirms the empirical findings of Abbas et al. (2026) and Zunita et al. (2022), who demonstrated that audit capacity stress within major accounting firms reflects market reliance rather than operational impairment.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the empirical investigation of 82 consumer non-cyclical companies listed on the Indonesia Stock Exchange across 328 firm-year observations (2021–2024), this study draws the following conclusions:

1. Audit committee composition exhibits a statistically significant negative association with Big Four auditor choice. This suggests that higher independent representation does not automatically stimulate the engagement of top-tier audit firms, reflecting a governance tendency in price-sensitive consumer sectors to balance statutory compliance with audit fee containment.
2. Audit delay demonstrates a statistically significant negative relationship with Big Four auditor choice. This indicates that companies prioritizing expedited reporting timeliness to diminish information asymmetry actively retain Big Four accounting networks equipped with extensive audit infrastructure, whereas prolonged reporting durations are concentrated among non-Big Four clients.
3. Audit capacity stress exerts a statistically significant positive effect on Big Four auditor choice. Within the Indonesian capital market, elevated client-to-partner density functions as an institutional marker of market reputation and client trust toward Big Four networks, whose multi-tier review systems and quality management protocols under ISQM 1 effectively absorb workload compression during statutory reporting windows.

Recommendations

1. For Companies: Consumer non-cyclical enterprises should enhance audit committee governance by ensuring that independent members possess sufficient industry and financial expertise to evaluate auditor quality substantively rather than focusing solely on administrative compliance and audit cost minimization.
2. For Regulators and Market Participants: The Financial Services Authority (OJK) is encouraged to reinforce qualitative oversight on the genuine supervisory effectiveness of corporate audit committees. For investors and capital

market analysts, audit reporting timeliness and audit firm affiliation should be utilized as meaningful complementary indicators when evaluating corporate financial disclosure credibility.

Research Limitations and Future Directions

This empirical study is subject to several methodological limitations that warrant consideration:

1. Dependent Variable Proxy: Audit quality was operationalized through a binary input proxy (Big Four versus non-Big Four auditor choice). Although widely established, it captures auditor brand reputation rather than direct output-based audit outcomes (such as discretionary accruals, earnings restatements, or going-concern modifications).
2. Parsimonious Model Specification: The empirical logit model was parsimoniously designed focusing on governance and operational constraints, omitting potential firm-level economic covariates (such as firm size, leverage, operational profitability, and complexity), which introduces potential omitted-variable sensitivity.
3. Sectoral Scope and Observation Period: The empirical investigation was confined exclusively to the consumer non-cyclical sector over a four-year post-pandemic timeframe (2021–2024). Consequently, findings should be generalized to cyclical or financial industries with appropriate caution.
4. Future Research: Subsequent empirical studies are recommended to incorporate multi-dimensional output-based audit quality metrics, expand sectoral coverage across diverse IDX market segments, and integrate firm-level financial controls alongside qualitative board attributes (such as committee meeting frequency and financial expertise) to provide broader explanatory power.

DAFTAR PUSTAKA

Abbas, D. S., Luna, A. M., Ramadhani, A., Hardiyanti, E. S., & Gonzales, M. V. (2026). The Influence of Audit Fee, Auditor Reputation and Audit Capacity Stress on Quality Audit. *Prosiding Simposium Ilmiah Akuntansi*, *7*, 1–15.

Acila, T., Dahlan, A., Hastuti, S., & Aprillia, M. E. (2025). The Effect of Audit Capacity Stress and Auditor Experience on Audit Quality with Auditor Competence as a Mediation Variable. *Proceedings of the International Conference of Islamic Economics and Business (ICONIES)*, *11*(1), 1737–1748.

Aritonang, J. A. A., & Darmawati, D. (2022). Pengaruh Rotasi Audit, Audit Capacity Stress dan Audit Tenure Terhadap Kualitas Audit. *Jurnal Ekonomi Trisakti*, *2*(2), 1425–1436. https://doi.org/10.25105/jet.v2i2.14898

Asmarani, I., & Hernadianto. (2023). Pengaruh Audit Tenure, Komite Audit Dan Audit Capacity Stress Terhadap Kualitas Audit. *Jurnal Akuntansi, Keuangan, Perpajakan Dan Tata Kelola Perusahaan (JAKPT)*, *1*(2), 100–112. https://doi.org/10.59407/jakpt.v1i2.185

Cahyadi, N. (2022). Pengaruh Audit Delay, Fee Audit, Audit Tenure dan Ukuran Perusahaan Terhadap Kualitas Audit. *Prosiding: Seminar Nasional Ekonomi Dan Bisnis Universitas Buddhi Dharma*, *1*(2), 1–10.

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling Theory: A Review and Assessment. *Journal of Management*, *37*(1), 39–67. https://doi.org/10.1177/0149206310388419

DeAngelo, L. E. (1981). Auditor Size and Audit Quality. *Journal of Accounting and Economics*, *3*(3), 183–199. https://doi.org/10.1016/0165-4101(81)90002-1

DeFond, M., & Zhang, J. (2014). A Review of Archival Auditing Research. *Journal*

of Accounting and Economics, *58*(2–3), 275–326. https://doi.org/10.1016/j.jacceco.2014.09.002

Fitriyana, S. D., Inayati, N. I., Amir, A., & Setyadi, E. J. (2026). Determinants of Audit Quality: Empirical Evidence of Auditor Reputation, Audit Committee, Audit Fee, and Firm Sizes in Indonesian Financial Institutions (2020-2024). *JASa (Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi)*, *10*(1), 013–025. https://doi.org/10.36555/jasa.v10i1.2989

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25* (Edisi 9). Badan Penerbit Universitas Diponegoro.

Handayani, P., & Setiwan, M. A. (2024). Pengaruh Auditor Switching, Komite Audit, dan Audit Capacity Stress Terhadap Kualitas Audit (Studi Empiris pada Perusahaan Sektor Finance yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2020). *Jurnal Akuntansi Inovatif*, *2*(1), 29–39. https://doi.org/10.59330/jai.v2i1.30

Harjanto, A. P., Wardhani, A. P., Yani, C., Hajawiyah, A., & Kiswanto. (2024). The Effect of Audit Report Lag, Regulation, Audit Fee Stickiness on Audit Quality with Economic Failure as a Moderating Variable. *The Accounting Journal of Binaniaga*, *9*(1), 85–102. https://doi.org/10.33062/ajb.v9i01.52

Hartanti, R., & Zenira, A. (2025). Pengaruh Kepemilikan Institusional, Komite Audit, Audit Tenure, dan Auditor Switching Terhadap Kualitas Audit. *Jurnal Bisnis Dan Manajemen (JUBIS)*, *6*(1), 1–10. https://doi.org/10.32815/jubis.v6i1.2607

Hosmer, D. W., Lemeshow, S., Sturdivant, R. X., Hosmer, D. W., Lemeshow, S., & Sturdivant, R. X. (2013). *Applied Logistic Regression* (3rd ed.). John Wiley & Sons, Inc. https://doi.org/10.1002/9781118548387

Ikhsan, A., Mikrad, Rosari, D., Pambudi, J. E., Lubis, P. K. D., & Fadillah, T. D. (2024). The Effect of Audit Committee, Internal Auditor and Audit Quality on Firm Value on Hotel Industry in Indonesia. *International Journal of Economics and Finance Studies*, *16*(1), 337–354. https://doi.org/10.34109/ijefs.202416115

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X

Kameyer, D. N., & Dama Yanti, L. (2023). Pengaruh Audit Tenure, Audit Delay dan Ukuran Perusahaan Terhadap Kualitas Audit Pada Perusahaan Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Tahun 2018-2022. *Global Accounting: Jurnal Akuntansi*, *2*(2), 263–274.

Kamil, K., Widyastuti, T., Ahmar, N., & Zulkifli. (2023). Determinants Audit Report Delay and Its Effects on Investor Reaction in Public Companies in Indonesia. *Economics and Business Quarterly Reviews*, *6*(1), 124–139. https://doi.org/10.31014/aior.1992.06.01.491

Khusnadewi, A., & Zulfikar. (2023). Pengaruh Audit Partner Rotation dan Audit Capacity Stress terhadap Kualitas Audit. *Jurnal Bisnis Dan Manajemen*, *3*(4), 687–697.

Lawrence, A., Minutti-Meza, M., & Zhang, P. (2011). Can Big 4 versus Non-Big 4 Differences in Audit-Quality Proxies Be Attributed to Client Characteristics? *The Accounting Review*, *86*(1), 259–286. https://doi.org/10.2308/accr.00000009

Maria, S., Murtanto, & Hermi. (2024). Pengaruh Audit Tenure, Ukuran Kantor Akuntan Publik, Rotasi Audit, Dan Audit Delay Terhadap Kualitas Audit Pada Perusahaan Manufaktur Subsektor Makanan Dan Minuman. *Jurnal Mutiara Ilmu Akuntansi (JUMIA)*, *2*(1), 217–234. https://doi.org/10.55606/jumia.v2i1.2360

Nurgina, S. A., & Nurmalina, R. (2024). Pengaruh Audit Tenure, Ukuran Perusahaan, dan Audit Delay terhadap

Kualitas Audit. *Indonesian Accounting Literacy Journal*, *4*(3), 204–214. https://doi.org/10.35313/ialj.v4i3.6113

Nursyamsyiyah, V., Zakaria, A., & Nasution, H. (2024). Pengaruh Audit Delay, Audit Tenure, dan Komite Audit Terhadap Kualitas Audit. *Jurnal Revenue: Jurnal Ilmiah Akuntansi*, *5*(1), 54–65. https://doi.org/10.46306/rev.v5i1.490

Pratama, Z., & Zulvia, D. (2024). Pengaruh Workload, Ukuran Perusahaan, Dewan Direksi, dan Komite Audit Terhadap Kualitas Audit pada Perusahaan Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia Periode 2018-2022. *Jurnal Media Akademik (JMA)*, *2*(5), 1–20. https://doi.org/10.62281/v2i5.299

Rapini, T., Suwandi, S., Putro, R. L., Aulia, T. Z., & Sudarmanto, E. (2025). Effect of Audit Committee, Institutional Ownership, and Risk Committee on Audit Quality of Public Companies. *West Science Accounting and Finance*, *3*(2), 216–226. https://doi.org/10.58812/wsaf.v3i02.1846

Rifany, R., Trisnawati, R., & Kholillulloh, F. (2025). The Effect of Board Composition, Audit Report Lag, Auditor Switching, Audit Committee and Audit Tenure on Audit Quality. *Proceeding of the International Summit on Science, Technology, and Humanity (ISETH)*, 577–588. https://doi.org/10.23917/iseth.5400

Ritonga, P. (2022). Pengaruh Corporate Social Responsibility dan Komite Audit terhadap Kualitas Audit dan Implikasinya terhadap Penghindaran Pajak. *Ultima Accounting: Jurnal Ilmu Akuntansi*, *14*(1), 1–18. https://doi.org/10.31937/akuntansi.v14i1.2526

Ross, S. A. (1977). The Determination of Financial Structure: The Incentive-Signalling Approach. *The Bell Journal of Economics*, *8*(1), 23–40. https://doi.org/10.2307/3003485

Saiq, A., & Y, M. (2024). Evaluasi Kinerja Komite Audit dalam Menjaga Integritas Pelaporan Keuangan. *Jurnal Riset Akuntansi Terpadu*, *17*(1), 60–73.

Samsiah, S., Ratnasari, A., Hasanah, H., & Kristanti, K. (2024). Pengaruh Opini Audit dan Audit Delay Terhadap Kualitas Laporan Keuangan Dengan Profitabilitas Sebagai Variabel Moderasi. *Manajemen Dan Riset Ilmiah (MRI)*, *2*(1), 160–178. https://doi.org/10.55606/mri.v2i1.2204

Sari, N. P. P., & Rasmini, N. K. (2023). Pengaruh Audit Capacity Stress, Time Budget Pressure, dan Pengalaman Auditor terhadap Kualitas Audit. *E-Jurnal Akuntansi Universitas Udayana*, *33*(5), 1230–1243. https://doi.org/10.24843/EJA.2023.v33.i05.p07

Sholihah, S. M., & Ramadhanti, W. (2025). Peran Kecerdasan Emosional sebagai Variabel Moderasi dalam Hubungan antara Audit Capacity Stress dan Skeptisisme Profesional terhadap Kualitas Audit. *Jurnal Ekonomi Bisnis, Manajemen Dan Akuntansi (JEBMA)*, *5*(2), 389–402. https://doi.org/10.34208/jebma.v5n2.6418

Spence, M. (1973). Job Market Signaling. *The Quarterly Journal of Economics*, *87*(3), 355–374. https://doi.org/10.2307/1882010

Yuliana, S., & Minarso, B. (2025). The effect of audit tenure, company size, audit delay, audit committee, and audit rotation on audit quality in financial sector companies. *Financial: Accounting Journal Published by Accounting Study Program, STIE Sultan Agung*, *11*(1), 1–14. www.ojk.co.id,

Zunita, L., Khikmah, S. N., & Mranani, M. (2022). Pengaruh Audit Capacity Stress, Auditor Spesialisasi Industri, Komite Audit, dan Alignment Effect terhadap Kualitas Audit. *Borobudur Accounting Review*, *2*(1), 58–69. https://doi.org/10.31603/bacr.7025