Research Paper

Optimization of Auditing Strategies in Companies Listed on the Tehran Stock Exchange

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ARTICLE INFO	ABSTRACT
	Accounting processes and their related decisions play an important role in organizing business. If the organization does not have a comprehensive accounting system, managing it will face many problems such as liquidity deficit, tax penalties, and so on. Therefore, optimizing accounting processes is essential for managing an organization and improves the company's performance and greater efficiency for business activities. On the other hand, estimates and subjective judgments in preparing financial statements have caused controversy among auditors and owners. In particular, in cases where the standards are not clear, the use of unavoidable judgment and mentality creates ambiguity in financial reporting. This is while the ultimate value of audit activity is in helping the user to determine the quality of the information received. On the other hand, the financial reporting crises of recent years have focused the attention of researchers and professional associations on increasing the reliability of audit reports and reducing negligence. Therefore, considering the importance of auditing and the quality of financial reporting, this study examines and analyzes auditing strategies and determines the optimal strategy to improve the quality of financial reporting. For this purpose, 120 companies active in the Tehran Stock Exchange, which have a legal and formal audit system and use external audit firms for auditing, are considered as a statistical sample based on the counting method, and the senior supervisors, managers, and partners of this Companies have been questioned. To analyze the data of the questionnaire, the method of factor analysis and LISREL and SPSS software was used and the results indicate that the assignment and problem-solving strategies are the most effective audit strategies for the quality of financial reporting. However, the strategy of controversy is less important.

1 Introduction

Financial processes are the most important part of a business system. In fact, the slightest problem in the financial process can lead to business failure in the short term [1-3]. Because all commercial businesses are always looking for profitability and achieving more wealth [4]. However, the widespread use of estimates and subjective judgments in the preparation of financial statements has led to controversy between auditors and owners. In particular, in cases where the standards are not

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clear, the use of unavoidable judgment and subjectivity causes ambiguity in financial reporting, and the audit report is suspended until negotiations between the auditor and the client on the disclosure of accounting events are concluded. It becomes. In addition, when it becomes difficult to detect potential misstatements, landlords are bolder in preparing their financial statements and become more conservative auditors [5-9]. Despite the idea that maintaining the status quo and not redesigning is a better and safer way when it comes to accounting and auditing, every business can consider new opportunities and use a different accounting strategy to improve jobs. Take advantage of yourself and be more profitable [2]. Today, global events, including economic crises, have highlighted the fundamental role of reliable and quality financial reporting. These events also demonstrate the importance of audit quality in other aspects and areas of financial reporting [10-17].

Achieving the quality of financial reporting depends on the accuracy of each link in the financial reporting chain. One of these circles that plays a major role in supporting the quality of financial reporting worldwide, both in the public and private capital markets, is independent auditing. Independent auditing is an important part of control over organizational infrastructure oversight and inspection, and an important public interest activity that ensures that information in financial statements is presented fairly and reliably [18-22]. Therefore, audit quality is the most important issue for developers of auditing standards. In order to strengthen the quality of auditing, the compilers of auditing standards immediately formulate auditing standards and quality control standards, which provide the basis for supporting high-quality auditing [6].

Therefore, it is very important for the audit partners to choose the negotiation strategies and tactics because the conflict between the auditor and the client's goals causes formal or informal negotiations between the auditor and the client, which are usually initiated by the auditor. He determines the strategies related to the negotiations. Therefore, the choice of negotiation strategies and tactics determines the approach of the auditor's negotiations with the client, how to perform the various stages of the audit, and possibly the audit result [9]. As a result, because there is a conflict between the auditor and the client can complicate the audit work, it is necessary to negotiate between them in the process of accounting to manage the conflict, in other words, to determine the optimal audit strategies in terms of impact on audit quality. It is of special importance. Therefore, this study seeks to prioritize auditing strategies and examine the optimal auditing strategy that affects the quality of financial reporting. The strategies studied in this study include two strategies: discrete (win-lose) and continuous (win-win). The two parties are the manager and the auditor.

Simple definition the five strategies considered in this research, which are standard audit strategies, are:

• Argument strategy (strategy to challenge the manager's opinion)

Assignment strategy: The strategy of forcing the manager to fall short of his position

• Compromise strategy: a strategy to reduce differences and accept the manager's opinion

Problem Solving Strategy: Finding new ways to meet the needs of both parties (manager and auditor)

• Work plan development strategy: Strategy Designing new ways to negotiate so that both parties benefit.

Discrete strategy tactics include the strategy of "arguing" (either directly or indirectly by challenging the manager's opinion ("assigning" (ie forcing the manager to fall short of his position) and "compromising" (reducing differences and accepting the opinion). Manager). The ongoing strategy includes "problem-solving" (searching for new ways to meet the needs of both parties) and "developing a work plan" (developing new ways of negotiating so that both parties benefit).

2 Literature Review

What are discrete strategies? Discrete or detached strategy is that part of the organization that has significant insight, part of a unit or sometimes a person, is able to achieve its own pattern in the course of its actions because it is weakly connected with other parts.

Define discrete strategies: Discrete strategies are strategies that are commonly used and can be defined as "a process for sharing a fixed portion of resources." These strategies usually result in a rupture in which only one side wins) or even neither side wins (three tactics associated with this strategy are: arguing. Is equal to the opposing group's counterproductive efforts. For example, the client may threaten to no longer use the auditor's services; 2013).

The result is a discrete result in which only one side wins or even neither side wins. The three tactics associated with this strategy are: Controversy. The goal of this strategy is to "force the other side to concede or resist the opposing group's counter-efforts." For example, the client may threaten to stop using the auditor's services; Or the auditor can provide definitive evidence, such as if the client does not change its current accounting method; The audit report is conditional.

Assignment. This strategy involves changing the minds of others; That is, negotiations bring fewer benefits to one group and more benefits to the other. It has been shown that among all the factors, the time of transfer of points, the number of points awarded and the resistance of the other party before the transfer are the most important cases of applying this strategy. One of the applications of this strategy in the field of auditing is when the auditor informs the client about all potential audit adjustments and then ignores some unimportant adjustments and instead expects the client to easily accept the significant adjustments.

Compromise. This strategy is between the two strategies. It is an attempt to find a middle ground so that both sides fall short of their positions and choose the intermediate solution. In a compromise, the goal of negotiations is achieved (for example, to present an acceptable report), but neither party can be fully satisfied because one or both parties have a negative view of the negotiation process or its outcome [9].

2.1 Continuous Strategies

Continuous negotiation strategies usually require more effort than discrete strategies, and research has shown that it is difficult to use even in structured experiences. In these strategies, the attempt is to "find a tool with which the opposing groups can clean up or jointly solve the problem in a way that benefits both sides (the same win-win game)."

Problem-solving: This strategy involves becoming more aware of the interests of both parties and seeking a new solution that realizes those interests. From the auditor's point of view, problem-solving involves finding a new solution that maintains the auditor's core position while at the same time the client concludes that his or her goals will be achieved. For example, in most cases, the employer does not focus on the accounting method in determining its goal but uses accounting as a tool to achieve other goals (such as reward or non-reporting of losses). For example, in order to receive a reward, the employer may emphasize that a certain profit number must be reported at the end, but he can be indifferent in choosing the accounting method to achieve the above goal. The auditor can suggest different methods for different revenues and expenses to ensure that accounting standards are met in the preparation of the financial statements and that the client's goal is achieved.

Expansion of work plan. This strategy involves adding new issues to the negotiations so that the resolution of the issue ultimately benefits both groups. For example, when the auditor made minor adjustments to the previous plan to remove them; Enters the work plan, the manager can agree to modify these items. Therefore, the auditor succeeds in providing an integer for profit. In return, the manager can implement a special reporting method for continuous items.

Audit strategy: The term audit strategy is used interchangeably. It often contains guidelines used to design an audit plan for a particular project (www.accountingtools.com). It can also be used for a design that the customer has in response to the listener's questions (www.businessdictionary.com). In this paper, the audit strategy refers to the allocation of audit resources in response to statistical data on the client population. Therefore, some customers are more likely to be audited (the audit rate is also specified) while others are less likely to be audited.

The average audit probability on the client population, the specified audit density, may be determined by external budget constraints. Alternatively, this can be determined by an economic model that minimizes the total cost, for example, the anticipated fraud loss plus the expected audit cost. The baseline audit strategy is a random audit in which all customers have the same probability of audit. A natural improvement over random auditing is the segmentation of the customer population, which is based on the different degrees of fraud predicted in different parts of the watch. This is a segmentation strategy.

2.2 Research Background

Kazemi et al. [8] have identified and ranked the factors affecting the adoption of the scoring strategy in the auditor-client negotiations. This study, which was surveyed by 21 experts in 2018, and the results were obtained based on the fuzzy hierarchical analysis method, shows that the behavioral characteristics, leadership system, rules and regulations, professional behavior, and gender of auditors are adopted, respectively. The auditor's scoring strategy is effective.

Vaqfi et al. [17] in a study designed the statistics of optimal behavioral strategies. First, the optimal status of behavioral strategies (with emphasis on the appropriateness of the three components of duty, leadership, and motivation) in the Internal Audit Office of Mashhad Municipality, was counted, and then the current status of strategies in the office was identified. Then the current situation was compared with the desired situation. The results showed that the strategy of the "incentive" dimension is appropriate to the desired situation, so that the reward mechanism for employees is both based on the results and that payments are made individually. However, the "task design" dimension strategies have not been properly implemented, so task segmentation is low and repetitive tasks are high. While this strategy should be changed in such a way as to avoid giving duplicate tasks to employees, and on the other hand to divide and segregate tasks as much as possible. Also, regarding the strategy of "leadership", the necessary changes should be made (in the two perspectives of delegating authority and avoiding ambiguity), so that delegating authority to auditors in choosing matters to be addressed and the manager avoids ambiguity and risk.

Zamanianfar et al. [21] in their study have presented a conceptual model of factors affecting the quality of reporting using the method of grounded theory. The results show that political costs, capital market pressure, tax avoidance, dealing with affiliates, information asymmetry, loan contract terms, managers' reward incentives, and market competition affect the quality of financial reporting.

Hasas Yeganeh et al. [5] in their study concluded that among the contingent factors, corporate governance mechanisms had the greatest impact on the choice of negotiation strategies and external constraints and conditions had the least impact on the negotiation process.

Bahri Sales et al. [4] in their study investigated the effect of bold tax strategy and board composition on auditing fees in companies listed on the Tehran Stock Exchange during the years 1392-1382. Based on the results of linear regression, only the size of the company affects the auditor's remuneration.

In a study, Appelgren [2] examined the optimization models of optimal auditing strategies. Based on the results, models that have an honest inherent audience have more external validity. Second, when a pre-announced strategy is practical, as is usually the case with tax and profit audits, the auditor prefers

a pre-announced strategy to an unannounced one. Yuan et al. [19] examined the relationship between auditing industry expertise and accruals with respect to the role of client strategies. The results show that the negative relationship between the expertise in the auditing partner industry and the client's accruals is stronger when the client's strategies deviate from the norm of industry strategies.

Mohamed [10] in his study has examined and researched operations research programs in auditing and planning. In this study, the optimal audit frequency is identified and the optimal audit allocation is determined. The optimal audit is also calculated in this study with two approaches. In the first method, the time elapsed between two inspections is identified, which can provide a certain schedule as the optimal number of audits. The second approach, it determines the optimal allocation of audit frequency among all controllable units in the company. Zemzem and Fotouhi [22] in a study examined the effect of board characteristics on a bold tax strategy in French companies for the period 2006 to 2010. They used regression to analyze the results in this study. The results of their research showed that the size and percentage of women on the board have an impact on a bold tax strategy. The results of their research also showed that company size and return on assets have a positive and significant effect on a bold tax strategy.

Xuewen [18] examined the relationship between board characteristics and high-quality auditing. In this study, the audit fee is considered a representative of audit quality. The results show that the independence of the board (ratio of foreign directors on the board), gender diversity of the board (ratio of female directors on the board), and board efforts (number of board meetings) have a significant positive relationship with auditing fees; However, the size of the board (number of board members) has a significant negative relationship with audit fees. The results are consistent with the fact that firms with strong corporate governance demand additional guarantees from external auditors and high-quality auditing - which in turn leads to high auditing fees.

3 Materials and methods

In terms of purpose, this study is a combination of developmental and applied methods. Because it seeks to review the best audit strategy. In terms of purpose, this research is part of applied research and in terms the method is descriptive-correlation. The nature of this work is such that while using the latest conceptual achievements, a series of new concepts and components are presented separately and in combination. This research is applied because the conceptual model is developed with regard to the nature and characteristics of the stock market. 120 companies operating on Tehran Stock Exchange, which have a legal and formal audit system and use external audit firms for auditing, constitute the statistical population of this study, which have been selected as a statistical sample using the census method. Senior managers, managers, and partners of those companies were asked to answer the questionnaire. In this research, descriptive and inferential statistics have been used to analyze the information. Descriptive statistics have been studied through the study of internal and external electronic and non-electronic documents, interviews with specialists and experts, and the theoretical foundations and background of domestic and foreign researchers have been studied. Inferential statistics are based on the information collected through the field method and questionnaire tools and using factor analysis and LISREL and SPSS software.

To assess the strategies and tactics used by auditors in Iranian auditing firms, the following questionnaire is provided and participants (senior supervisors, managers, and partners) are asked to determine the use of tactics by answering the following questions; In this way, each of the questions is assigned a rating between (not used at all) to 7 (maximum use) according to the amount of use of that tactic (eight-point scale). The questionnaire for determining audit strategies is as follows.

Table 1: Important Factors to Determine the Optimal Audit Strategy

No.	Tactics used by you as an auditor	Strategy
1	Insist on the decision to present financial statements fairly in my opinion	Controversy
2	Use influence and power to overcome the manager	Controversy
3	Use my accounting experience to achieve what I want	Controversy
4	I am persistent and inflexible in carrying out my job responsibilities	Controversy
5	Try to meet the expectations of the manager	Assignment
6	Adaptation to the wishes of the manager	Assignment
7	Satisfy the needs of the manager	Assignment
8	Grant points to the manager	Assignment
9	I submit to the wishes of the manager	Assignment
10	Find some areas and intermediate areas to solve the issue with the manager	Compromise
11	Give and take and compromise with the manager	Compromise
12	Move less on disputes to reach a compromise	Compromise
13	Suggest some intermediate aspects of the issue during the dispute	Compromise
14	Talk to the manager to reach a compromise	Compromise
15	Raise general concerns with the manager to achieve the best solution	Solving problem
16	Partner with the manager to find new common solutions	Solving problem
17	Work with the manager to find new solutions to meet the expectations of both parties	Solving problem
18	Search for more topics to find new solutions to meet the expectations of both parties	Solving problem
19	Share the opinion on how to solve the problem with the manager to raise new problem-solving issues jointly	Solving problem
20	Bringing other issues for purity with the intended issue to achieve the desired result	Application expansion
21	Find other issues for both parties to meet their demands	Application expansion
22	Working with the manager to achieve an understanding of the issue in the context of other issues	Application expansion
23	Find other topics to add to the discussion	Application expansion
24	Provide all relevant information to the manager to reach an agreement on other issues	Application expansion

4 Results and Findings

Based on the descriptive statistics and the status of the respondents in this study, the majority of respondents (90%) are men and only 10% are women. The age status of the respondents indicates that the main respondents are in the age group of 40 to 50 years old, which is about 50% of the respondents. It is followed by the age group of 50 years and older with more than 28% and the age group of 30 to 40 years with about 22%. However, among the respondents in the age group of 20 to 30 years, less than one percent of the sample. According to the results, most of the respondents in this study (more than 54%) have a master's degree. Then there are respondents with a doctorate or higher (about 30%), and respondents with a bachelor's degree (more than 20%). Respondents' status in terms of activity history shows that about 56% of respondents have a history of 10 to 20 years. After that, the largest share is allocated to people with a history of 20 years and older (52%). People with a history of 5 to 10 years with a share of 19.2% are in the third place and people with a history of fewer than 5 years are not among the respondents.

In order to achieve the research results, in order to see whether the research data set is suitable for factor analysis or not, the adequacy of sampling should be tested. The Kaiser-Meyer-Alkin index (KMO) or the Bartlett test can be used to do this. To confirm the adequacy of sampling, if the value of the KMO index is less than 0.5, the data will not be suitable for factor analysis, and if its value is between 0.5 to 0.69, factor analysis can be done with more caution. But if its value is greater than 0.7,

the existing correlations will be suitable for factor analysis. The results of the KMO-Bartlett test are shown in Table 2. According to the results, the steps of exploratory factor analysis can be performed on the data. The value of the KMO index confirms the adequacy of sampling and the zero confidence level for the Bartlett test also indicates the appropriateness of the factor model cited.

Table 2: KMO-Bartlett Results in Examining the Components of Audit Financial Reporting Quality

Kaiser-Meyer-Alkin index (KMO)	0.525
Bartlett test	
Chi-square statistics	455.055
Degree of Freedom	276
Significant level	0.000

In the next step, the number of hidden factors must be identified. For this purpose, in Table 3, the results of determining the number of current factors in terms of special values are presented. The eigenvalue column introduces 5 factors with an eigenvalue greater than 1, so the proposed factor structure will have 5 factors, which explain about 75.012% of the variance variation, which is a good value.

Table 3: Total variance explained components of audit financial reporting quality

Factor	eigenvalues		
	Total	**Percentage of variance explanation**	**Percentage of cumulative variance explanation**
1	1.066	8.854	50.599
2	1.064	8.452	59.051
3	1.098	6.575	65.626
4	1.074	5.725	71.351
5	1.064	3.661	75.012
6	.971	2.436	77.448
7	.935	2.08	79.528
8	.829	1.949	81.477
9	.802	1.834	83.311
10	.770	1.724	85.035
11	.754	1.639	86.674
12	.732	1.532	88.206
13	.719	1.449	89.655
14	.704	1.336	90.991
15	.692	1.231	92.222
16	.655	1.149	93.371
17	.582	1.137	94.508
18	.554	1.125	95.633
19	.504	1.088	96.721
20	.487	1.07	97.791
21	.421	0.976	98.767
22	.360	0.674	99.441
23	.339	0.521	99.962
24	.283	0.038	100

The final structure of the factors is presented in a rotating matrix. Table 4 shows this matrix, which contains the share of variance of the variables explained by the factors. The rotating factor matrix was able to locate the variables of the components of audit financial quality in 5 factors. The results in this matrix are the basis for grouping the variables and accordingly, each factor is assigned a number of variables that have high factor loads (greater than 0.7). Appropriate factor loads indicate the appropriateness of the factor structure and do not imply the need to omit any of the items in this questionnaire.

Table 4: Matrix of operating loads after rotation of quality components of audit financial reporting

Criteria	Components				
	Controversy	Assignment	Compromise	Solving problem	Application expansion
s1	.906	.437	.005	-.266	-.093
s2	.904	-.490	.227	.296	.063
s3	.803	-.242	.209	.533	.118
s4	.929	.259	-.108	.302	-.211
s5	.386	.763	.060	.196	.333
s6	.477	.737	-.225	.321	-.187
s7	.549	.712	.288	-.109	.200
s8	.319	.733	-.115	-.393	.351
s9	.009	.814	.146	.022	-.435
s10	-.066	-.501	.703	.174	.178
s11	-.132	-.152	.865	-.085	-.196
s12	-.271	-.122	.702	.021	.577
s13	-.057	.344	.816	-.074	.046
s14	-.099	-.043	.948	.157	-.231
s15	-.379	-.182	.594	.736	.005
s16	.007	-.053	.600	.925	-.298
s17	-.488	.078	.304	.713	.028
s18	-.133	.457	.240	.822	.385
s19	-.177	.393	.383	.906	.290
s20	-.288	.251	.136	.149	.805
s21	.176	.410	.024	.304	.754
s22	-.276	.414	-.230	.241	.855
s23	-.271	.002	-.459	.519	.955
s24	-.370	.247	-.253	.436	.704

To test the conceptual model of the research, it is necessary to check its accuracy using appropriate tests. For this purpose, second-order factor analysis and LISREL software are used in this study. Second-order confirmatory factor analysis is used when a large structure itself is composed of several latent variables. In this method, in addition to examining the relationship between observable variables and hidden variables, the relationship between hidden variables and their main structure is also investigated. It can be said that second-order factor analysis is a very useful method for data analysis that gives the researcher high interpretive power.

The output results of LISREL software for fitting the status model of the quality components of audit financial reporting are shown in Figure 1. According to this figure, it can be said that the factor loads of the observed variables are above 0.6, which indicates the desirability of these values. In other words, it can be said that the variables observed in the model can properly explain the relevant variable. Also, Figure 2 shows the t-test related to the significance of the factor loads of confirmatory analysis of the components of audit financial reporting quality. This figure also shows the significance of all factor load coefficients (the observed value is greater than the critical value of t (1.96)).

In addition to estimating the coefficients and errors of the model, LISREL software provides a series of fit indicators as follows, which can be used to test the overall fit of the model. One of the important indicators in structural equations is the RMSEA index. According to the general view, if the value of this index is less than 0.1, the fit of the model is excellent. If it is between 0.1 and 0.5, the fit of the model is good, and if it is between 0.5 and 0.8, the fit of the model is average. Based on the output of LISREL software (Figures 1 and 2), the RMSEA index is equal to 0.041, which according to the above can be said that the model has an excellent fit. Also, one of the general indicators for calculating free parameters in calculating the fit indices of the normal chi-square index is calculated from the simple division of chi-square by the degree of freedom of the model. If this value is between 1 and 5, it is desirable. Based on the software output results, this index is 3.77, which is also appropriate. The model indices are shown in Table 5. The values of the mentioned indicators should

be in the range (1 to 0) and the closer they are to 1, the better the model is. The value of these indicators is appropriate for the present study. Therefore, the model is acceptable in this regard. Considering that the model fit indices indicate the proper fit of the model, it can be concluded that a suitable model has been estimated. Therefore, the fit of the collected data with the model is desirable. Therefore, the suitability of the final model is approved.
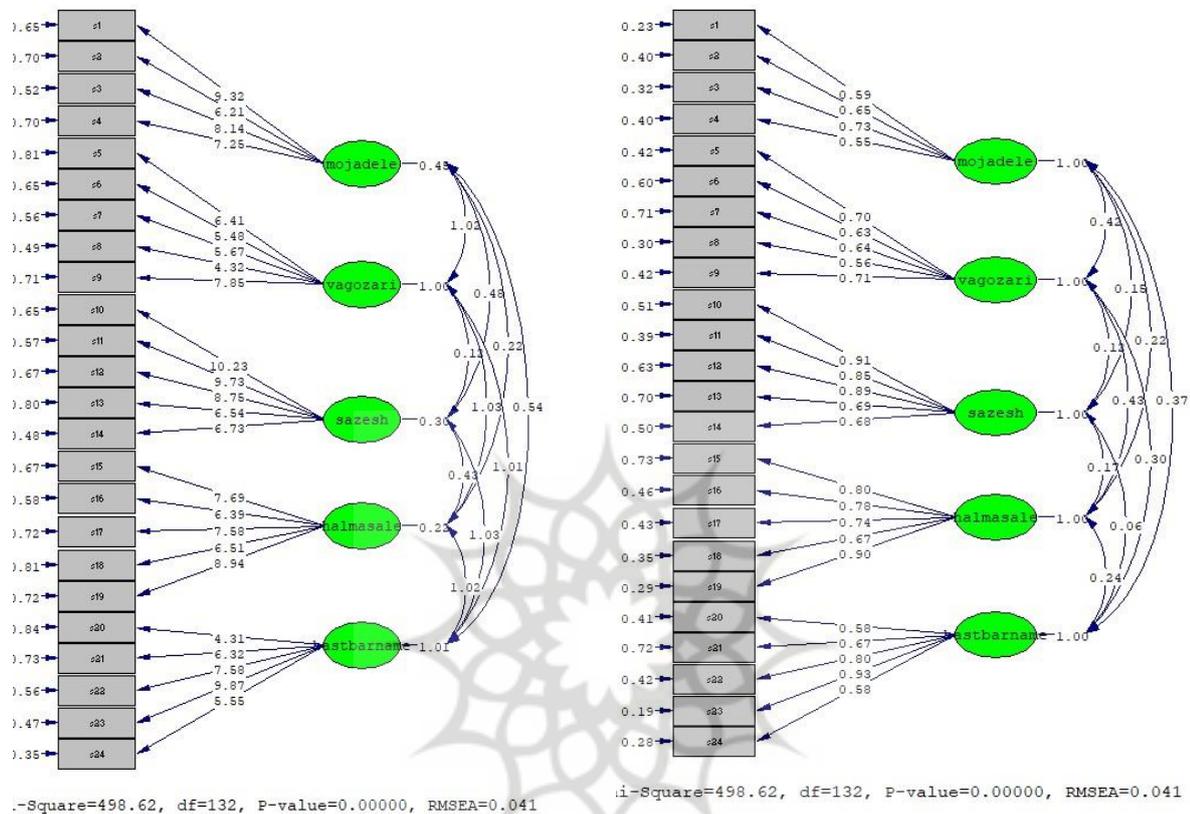

Fig. 2: Significance of factor loads of components of audit strategies

Fig. 1: Factor loads of components of audit strategies

Table 5: Values of Fits Indicators of the Status Assessment Model of Components of Auditing Strategies

Criterion	Value
Chi-square to the degree of freedom	3.77
RMSEA	0.041
CFI	0.84
IFI	0.85
GFI	0.94
AGFI	0.92
NFI	0.87
NNFI	0.94

Finally, in order to prioritize the audit strategies, the final model is fitted and the results are presented in Figures 3 and 4. Accordingly, the RMSEA index is equal to 0.000, which due to being smaller than 0.1, can be said to be an excellent model fit. The chi-square index is normal and in this model is equal to 3.182, which is a good value. Other model fit indices are also shown in Table 6, which indicates the

appropriate fit of the model. Therefore, the fit of the collected data with the model is desirable. Therefore, the suitability of the final model is approved.
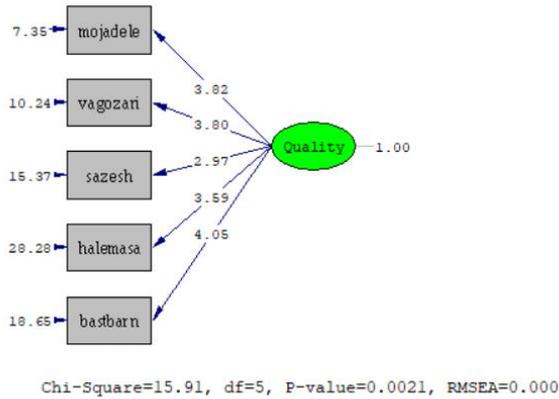

Fig. 4: Significance of financial reporting quality model based on auditing strategies
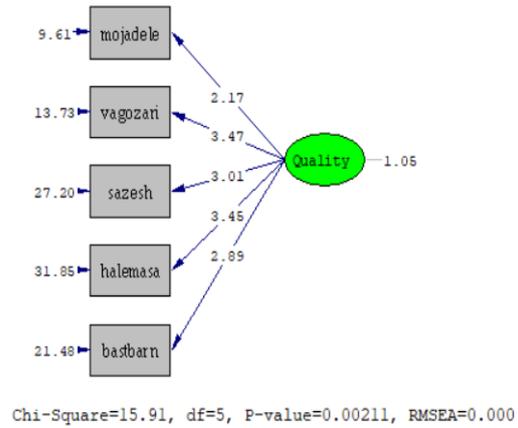
Fig. 3: Fitting the financial reporting quality model based on auditing strategies

Table 6: Values of fitting indices of the status assessment model of components of audit strategies

Criterion	Value
Chi-square to the degree of freedom	3.182
RMSEA	0.000
CFI	0.94
IFI	0.90
GFI	0.92
AGFI	0.95
NFI	0.89
NNFI	0.95

Based on the coefficients obtained from the model fit, which is shown in Figure 3, the assignment and problem-solving strategies with coefficients of 3.47 and 3.45, respectively, are in the highest position from this perspective, which is also significant based on the figure. No. 4 is approved. Then the compromise strategy is placed with a coefficient of 3.01. The strategy of program development and controversy, each with coefficients of 2.89 and 2.17, respectively, whose significance has also been confirmed, have taken the next positions.
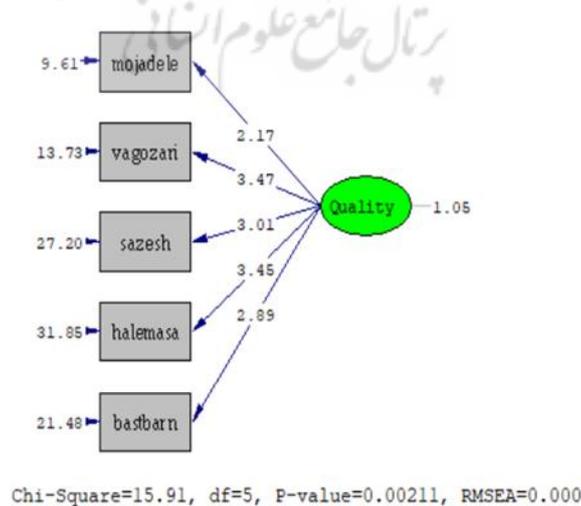
5 Summary and Conclusion

In the present study, in order to rank the audit strategies and determine the optimal audit strategy, 120 companies active in the Tehran Stock Exchange that had a legal and formal audit system were interviewed. Cronbach's alpha method was used to ensure the reliability of the questionnaire, which showed that the questionnaire was sufficiently valid. Then, five strategies were tested by factor analysis technique to discover the most effective one. Based on the results of factor analysis, the first strategy is the strategy of controversy, which is also interpreted as the strategy of challenging the manager's opinion. This strategy has been analyzed by four propositions which are:

1. Insist on the decision to present financial statements fairly in my opinion

2. Use influence and power to overcome the manager

3. Use my accounting experience to achieve my goals

4. I am persistent and inflexible in carrying out my job responsibilities

According to the results, this strategy has a coefficient of 2.17 and is ranked fifth among the studied strategies. The second strategy, the strategy of assignment, is to force the manager to fall short of his position, which is examined by the following five statements:

1. Try to meet the expectations of the manager

2. Compatibility and coping with the wishes of the manager

3. Satisfy the needs of the manager

4. Grant points to the manager

5. I submit to the wishes of the manager

The coefficient of this strategy is equal to 3.47, which has taken first place.

The third strategy is the compromise strategy. The compromise strategy is interpreted as the strategy of reducing differences and accepting the manager's opinion and includes the following five statements:

1. Find some areas and intermediate areas to solve the issue with the manager

2. Deal and compromise with the manager

3. Move less on disputes to reach a compromise

4. Suggest some intermediate aspects of the issue during the dispute resolution process

5. Talk to the manager to reach a compromise

The coefficient obtained for the compromise strategy is equal to 3.01, which puts this strategy in third place.

The problem-solving strategy, or in other words, the strategy of finding new methods that meet the needs of both parties (manager and auditor), is the fourth strategy under consideration, which includes the following five propositions, and the coefficient obtained for it is equal to 3.45, which causes In order for this coefficient to occupy the second place among the studied strategies. The propositions of the problem-solving strategy are:

1. Raise general concerns with the manager to achieve the best solution

2. Partner with the manager to find new common solutions

3. Work with the manager to find new solutions to meet the expectations of both parties

4. Search for more topics to find new solutions to meet the expectations of both parties to solve the problem

5. Sharing my opinion on how to solve the problem with the manager to raise new problem-solving issues jointly

The fifth strategy under consideration is the work plan development strategy. This strategy is about developing new ways of negotiating so that both parties benefit. The coefficient obtained is equal to 2.89 and has caused this strategy to occupy fourth place. The propositions for this strategy are:

1. Bringing other issues for purity with the intended issue to achieve the desired result

2. Find other issues for both parties to meet their demands

3. Work with the manager to gain an understanding of the issue in the context of other issues

4. Find other topics to add to the discussion

5. Provide all relevant information to the manager to reach an agreement on other issues

Overall, the research findings indicate that outsourcing and problem-solving strategies are the most effective audit strategies. As a result, it can be said that adapting to the wishes of the manager and at the same time raising general concerns and partnering with the manager to find a new joint solution to meet the expectations of the parties is the most effective strategy to improve the quality of financial reporting. The result is consistent with the results of the sensitive study of Yeganeh et al. [5], Mehrani et al. [9]. However, it should be noted that since the results obtained are the result of participants' self-assessment, there is a possibility of error in the results. It is also recommended that auditors receive formal training in negotiation to gain the necessary skills to negotiate principles between the auditor and the manager.

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