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العوامل المؤثرة في تأخير تقرير المراجعة: حالة تطبيقية على الشركات السعودية

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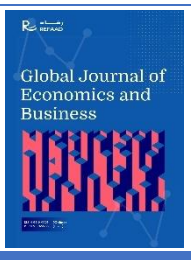

Determinants Impacting Audit Delays: The Case of Saudi Listed Firms

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Abstract:

Objectives: We examined the determinants that influence the timeliness of audit reports.

Methods: We used 532 observations that were collected over four years (2019–2022) from 133 Saudi listed firms, which were analysed using ordinary least squares (OLS) regression and relevant statistical tests (e.g. multicollinearity, autocorrelations, R-squared, adjusted R-squared, and F-value tests). Agency theory was used as a theoretical framework to gain insights about the results.

Results: Audit firm size and auditee size were significant attributes that affected the timeliness of audit report lag (ARL) among financial and non-financial Saudi listed firms.

Conclusion: This study provides useful insights into the determinants of ARL, as well as timely empirical evidence that complements existing literature in terms of relationships between an audit firm's attributes and the timeliness of financial reporting.

Keywords: *audit firm size; audit tenure; auditee size; audit report lag.*

الملخص:

الأهداف: تهدف الدراسة إلى فحص العوامل المؤثرة في وقتية إصدار تقارير المراجعة للقوائم المالية.

المنهجية: تم الاستعانة في المنهجية الوصفية لتحقيق هدف الدراسة من خلال تسليط الضوء على 532 مشاهدة عن أربع سنوات تبدأ من عام 2019 وحتى 2022 لـ 133 شركة مدرجة في السوق السعودي. وتم استخدام معادلة الانحدار الخطي OLS Regression والاختبارات الإحصائية الملائمة مثل الارتباط المتعدد Multicollinearity، الارتباطات الذاتية autocorrelations، معامل التحديد R-squared، ومعامل التحديد المعدل adjusted R-squared، واختبار قيمة F F-value test وتم الاستعانة في نظرية الوكالة كإطار نظري من أجل شرح وتفسير النتائج.

النتائج: توصلت الدراسة من خلال الاختبار التجريبي إلى إثبات وجود علاقة ذات دلالة إحصائية هامة فيما بين المتغيرات المستقلة التالية: حجم مكتب المراجعة وحجم المنشأة ومتغير التابع حجم ومدة إصدار التقرير فيما بين الشركات المالية والشركات غير المالية المدرجة في السوق السعودي.

الخلاصة: خلصت الدراسة في تقديم نتائج مفيدة ورؤى هامة قد تسهم في تزويد الأدبيات عن أهمية فهم العلاقة فيما بين خواص مكاتب المراجعة وأثرها في وقتية تقرير المراجعة. بجانب مقترحات للأبحاث المستقبلية خصوصًا في الاقتصاديات الناشئة.

الكلمات المفتاحية: *حجم مكتب المراجعة؛ارتباط المراجع؛ حجم الشركة؛ فترة تقرير المراجعة.*

1 Introduction

The primary objective of financial reporting is to supply current and high-quality information about the economic and capital resources of accounting entities. Along with performance-related information, these resources are useful for decision making (Beest et al., 2009; International Accounting Standard Board (IASB), 2008). More specifically, timely financial reports such as audited and certified reports have the potential to positively influence decisions made by capital providers, such as current and potential investors and lenders. Timely reporting can also boost a firm's value (Abernathy et al., 2017). Furthermore, timely reporting has the potential to reduce not only the uncertainty associated with future cash flows, but also worst-case corporate and market-failure scenarios due to information asymmetries and agency costs (Sultana et al., 2015). Undue delays in the publishing of financial reports are strongly associated with such failures and related market inefficiencies due to information asymmetries and agency costs (Lee et al., 2009).

Timeliness can correct or confirm expectations regarding material financial events and business transactions (IASB, 2008). Moreover, timeliness allows stakeholders to make important decisions (IASB, 2008) that can positively affect the allocation of resources (Bushman and Smith, 2001). Audit report lag (ARL) is the time that elapses between the end of a financial year and the date when an audit report published (Ashton et al., 1987; Ashton et al., 1989; Knechel & Payne, 2001), which is an important area of research (Abernathy et al., 2017; Sultana et al., 2015). Determining the factors that affect ARL can provide critical insights for stakeholders such as regulators, investors, and creditors (Abernathy et al., 2017). Audit-related attributes have been identified as significant factors that contribute to ARL (Abernathy et al., 2017). In particular, audit firm attributes such as size, expertise, industry specialists, audit fees, and auditor tenure have been associated with the timeliness of audit reports (Abernathy et al., 2017; Al-Ajmi, 2008; Afify, 2009; Dao and Pham, 2014; Habib and Bhuiyan, 2011; Schmidt and Wilkins, 2013; Whitworth and Lambart, 2014).

Studies have focused on various audit firm attributes, including firm size (Ashton et al., 1989; Bonson-Ponte et al., 2008), performance, financial condition (Asthana, 2014; Chan et al., 2012; Xu et al., 2013), complexity, industry (Al-Ajmi, 2008; Lee et al., 2008), internal control over financial reporting (Impink et al., 2012; Munsif et al., 2012), and governance (Abdullah, 2006; Abernathy et al., 2014; Afify, 2009). Furthermore, there has been significant research into audit attributes such as audit processes, resources (Abbbott et al., 2012; Behn et al., 2006), and audit opinion (Mande and Son, 2011; Habib, 2013). Large audit firms have been characterised as having superior monitoring capacity, professional training, and technological resources and are able to deliver timely audit services to sustain their professional status and avoid reputational damage (Abernathy et al., 2017). However, most research in this area has been carried out in developed countries such as the United Kingdom, the United States, New Zealand, and Australia (e.g. Abdelsalam & Street, 2007; Ashton et al., 1987; Ashton et al., 1989; Carslaw & Kaplan, 1991; Simnett et al., 1995; Soltani, 2002).

Abernathy et al. (2017) called for more research to be carried out on emerging economies. Compared to developed economies, Choi and Wong (2007) and Fan and Wong (2005) suggested that audited financial reports have more perceived significance in emerging economies because they often lack effective regulatory agencies as well as active communicational channels and financial brokers. Research in this particular area has the potential to mitigate issues that might affect decision makers like corporate management, international and local investors, and moneylenders. Such work could shed light on the significant determinants of the ARL (Abernathy et al., 2017).

The objective of this study was to examine the association between audit firm attributes (e.g., auditor size, audit tenure, and auditee size) and ARL. To the best of our knowledge, this study is the first to look at the ARL after the adoption of the International Financial Reporting Standard (IFRS) on January 1, 2017. Habib and Bhuiyan (2011) argued that the adoption of the IFRS leads to increased ARL when audit firms do not possess experienced industry-specialist auditors. Addressing this particular gap could enhance our understanding of the substantial factors inherent to audit firm attributes, which could potentially impact the promptness of audit reports among listed firms in the Saudi market.

The paper is organised as follows. We first summarise the empirical literature for the purpose of developing our research hypotheses. The second section provides a summary of the research methodology. The third section focuses on descriptive statistics. The fourth section provides our primary results and presents a discussion of our findings. The final section provides the conclusions.

2 Theoretical Framework

We adopted agency theory as a theoretical framework to explain the influence of audit firm attributes on ARL and to develop our hypotheses. Agency theory entails the implementation of effective control and monitoring mechanisms to control inappropriate behaviour in a business environment (Fama & Jensen, 1983). The founders of agency theory (Jensen & Meckling, 1976) made a fundamental assumption about contract-related parties and viewed them as "utility maximisers," even when their actions come at a cost to others. Given the subject matter of this study, corporate directors and senior managers are in principle supposed to prefer their own interest over the principals of others, such as corporate owners and shareholders (Sultana et al. 2015), because of the great access to the corporate resources (Harris & Bromiley, 2007). Therefore, an external auditor is essential to mitigate any potential wrongful or ill-informed conduct and to function as an effective external monitoring system.

Agency theory motivates the effective design of auditing attributes to strengthen financial reporting systems. Furthermore, it has been argued that the design of such audit attributes should essentially mitigate information asymmetry and contribute to reducing agency costs (Jensen and Meckling, 1976). Accordingly, we adopted mainly the assumptions derived from agency theory when developing our hypotheses.

2.1 Empirical Literature

2.1.1 Audit Firm Size

The size of an auditing firm, particularly one belonging to the so-called "Big 4" audit firms, influences the timeliness of financial reporting (Abernathy et al., 2017). As public accounting firms, Big 4 audit firms have legal authority to perform external audit activities on large companies (Habib et al., 2019). The Big 4 audit firms have been argued to be "important sites where accounting practices are themselves standardized and regulated, where accounting rules and standards are translated into practice, where professional identities are mediated, formed and transformed, and where important conceptions of personal, professional and corporate governance and management are transmitted" (Cooper and Robson, 2006, p.415). It might be suggested that the Big 4 audit firms are more likely to influence the timeliness of audit reports in an effective manner and efficient manner because they have essential resources to do so, including knowledge, skills, experience, and expertise (Afify, 2009; Leventis et al., 2005).

Leventis et al. (2005) and Schmidt and Wilkins (2013) examined whether the involvement of Big 4 audit firms had an impact on the timeliness of financial reporting. They empirically demonstrated a significant relationship that led to reduced ARL. Although some studies have not found a strong relationship between audit firm size and ARL (Al-Ajmi, 2008), other empirical studies have demonstrated that reports are provided in a timely manner when audits are conducted by the Big 4 (Abdulla, 1996; Endri et al., 2024; Impink et al., 2012; Leventis et al., 2005; Owusu-Ansah & Leventis, 2006; Schmidt & Wilkins, 2013). Accordingly, we tested the following research hypothesis:

H_1 There is a negative and significant relationship between audit size and ARL.

2.1.2 Audit Firm Tenure

Another focus was audit firm tenure (AFU). This term refers to the length of time that an audit firm has been performing audit services for a particular client (Ashton et al., 1987). The literature suggests that the timeliness of an audit report may be reduced when the auditor is only newly acquainted with a client (Abernathy et al., 2017; Lee et al., 2009). The justification for increased ARL is the start-up time necessary for the auditor to become familiar with their newly acquired client. Ashton et al. (1987) empirically investigated this concept but did not find a significant trend. On the other hand, other studies have documented a significant negative relationship between audit tenure and ARL (Dao & Pham, 2014; Lee et al., 2009).

Henderson and Kaplan (2000) and Ettredge et al. (2006) examined ARL for banks using a panel data approach and the impact of SOX section 404 internal control quality assessment on audit delay, respectively. The results indicated that firms that replaced their public audit firms finished their financial statements later. Tanyi et al. (2010) examined the effect of former Anderson clients and showed that clients who had been forced to change audit firms experienced much longer ARL than clients who did it voluntarily. In light of these findings, we formulated the following research hypothesis:

H_2 There is a significant negative relationship between audit tenure and ARL.

2.1.3 Auditee Firm Size

Accounting research has generally highlighted the significant effect of the auditee firm size (AUFS) on the quality of financial reporting (Abernathy et al., 2017). However, there are different perspectives regarding the impact. Given the presence of complex firm structures and the intricacies involved in preparing financial statements, particularly for large companies, it has been suggested that company size is strongly correlated with information asymmetry and agency cost. Al-Ajmi (2008) noted that it is logical to expect immoral and opportunistic behaviour with a large firm. Furthermore, it has been argued that the corporate management of large firms is more likely influenced by influential external stakeholders and might have more incentive to reduce the ARL (Simnett et al., 1995). It has been suggested that large firms possess greater resources that allow them to utilise sophisticated accounting systems that can streamline the audit process (for example, by enabling access to financial data and documentation) (Sani, 2020; Shan, 2019; Sultana et al., 2015). Such a situation would result in a reduction in the amount of time required for auditors to conduct their assessments and issue an audit report (Ashton et al., 1989).

Dyer and McHugh (1975) carried out the first empirical study to examine the effect of company size on ARL in Australia. They demonstrated a significant negative impact of firm size on ARL. In the same vein, Givoly and Palmon (1982) found a negative relationship between the size of large companies and the timeliness of audit reports in the United States. These findings have subsequently been confirmed in several developed countries (e.g. New Zealand, Canada, Hong Kong, France, and Spain) (Abernathy et al., 2017)). More specifically, researchers have found strong negative associations between company size and ARL (Ashton et al., 1989; Al-Ajmi, 2008; Bonson-Ponte et al., 2008; Carslaw & Kaplan, 1991; Jaggi & Tsui, 1999; Soltani, 2002). Abernathy et al. (2017) suggested examining this issue in emerging economies. Consequently, we formulated our third research hypothesis:

H_3 There is a significant negative relationship between auditee size and ARL.

2.1.4 Board Size

Board size (BSIZE) was considered as a control variable in this study. Ananzeh et al. (2020) and Mori and Towo (2017) defined BSIZE as the overall number of board members. Empirical studies have demonstrated a significant effect of BSIZE on the reduction of the timeliness of audit reports (see Abernathey et al., 2014; Afify, 2009; Chalu, 2021; Hassan, 2016; Warrad, 2018). The supporters of agency theory would argue that when the board is small, it would be considered as more efficient, resulting in timely reporting and reduced ARL (Ahmed et al., 2023; Chalu, 2021; Umar & Musa, 2020). In addition, firms that have a number of directors may be vastly linked to high agency costs (Sani, 2020). This suggests that there is a negative association between BSIZE and the ARL. Accordingly, we framed the following control research hypothesis:

H_4 There is a significant negative relationship between board size and ARL.

2.1.5 Board Independence

Board independence (BIND) was considered as an additional control variable. Jaggi et al. (2009) highlighted the perceived significance of BIND, which was identified as the ratio of the number of independent members to the total number of board members (Hussainey et al., 2022; Shohaieb et al., 2022). Jaggi et al. (2009) suggested that BIND affects financial performance and functions as a significant indicator of reporting quality. When the board is dominated by more independent directors, it is assumed to have more autonomy and a more effective supervision role over the actions of senior management (Afify, 2009). Given the expertise and network-related influence of outside directors, it makes sense that there is a negative relationship between BIND and ARL. It has been suggested that the timeliness of audit reports decreases when the board contains more independent members (Afify, 2009; Nouraldeen et al., 2021). Lajmi and Yab (2021) suggested that BIND helps to remove conflicts of interest. In turn, this situation might enhance the quality of financial reporting by reducing the time necessary to issue annual audit reports. Accordingly, we formulated the following control research hypothesis:

H_5 There is a significant negative relationship between board independence and ARL.

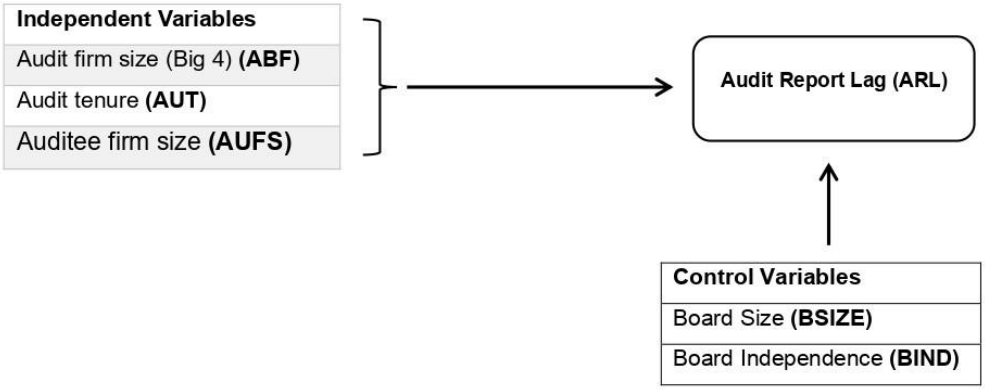

Figure 1: Key research variables

3 Methodology

3.1 Research Sample

The research sample comprised Saudi companies listed on Tadawul (the Saudi Exchange and the largest and most liquid stock market in the Middle East and North Africa (MENA) region). The annual financial statements of the listed Saudi companies constituted the primary data for the empirical analysis. We downloaded the data directly from the Tadawul website for a time period spanning four years (2019–2022). We omitted outlier data to achieve statistical power, resulting in 135 firms and 532 observations, including both financial and non-financial firms from the regulated market (Abdulla, 1996; Al-Ajmi, 2008).

3.2 Regression Model

We used regression analysis to measure the impact of independent variables and control variables on the dependent variable. In particular, multiple linear regression analysis was used as it is effective in addressing and examining the linear relationship among study variables. As this study included a number of independent variables and control variables, this method allows us to measure not only the nature of the relationships, but also how changes in the independent variables influence the dependent variables. Furthermore, it indicates the direction and strength of these relationships, providing statistical metrics that explain the effects of each independent variable on the dependent variable. The audit committee attributes were assumed to be statistically significant predictors of ARL. The coefficients β_{1-5} (and correspondingly hypotheses H_{1-5}) were anticipated to be negative and statistically significant. Accordingly, equation (1) and equation (2) have been developed to represent the models used in this study.

ARL as a Dependent Variable

We determined ARL as follows:

(1) $\boldsymbol{ARL_{i\,t} = DAR_{i\,t} - EFY_{i\,t}}$

where:

$\boldsymbol{ARL_{i\,t}}$ is the number of days after the end of the fiscal year for firm i at time t when the external auditor signs the audit report.

$\boldsymbol{DAR_{i\,t}}$ is the date of the auditor's report for firm i at time t.

$\boldsymbol{EFY_{i\,t}}$ is the end of fiscal year for firm i at time t.

3.3 Statistical Tests and Modelling

We used three audit firm variables as proxies for firm effectiveness (Abernathy et al., 2017). These variables included auditor size, audit tenure, and auditee size. We used the following regression test to examine our hypotheses:

(2) $\boldsymbol{ARL = \beta_0 + \beta_1 * ABF + \beta_2 * AFT + \beta_3 * AUFS + \beta_4 * BSIZE + \beta_5 * BIND + \varepsilon}$,

where:

ABS_{it} is an indicator variable that takes on a value of 1 when the audit firm is part of the Big 4; otherwise, it is 0.

AFT_{it} is an indicator variable that takes on a value of 1 if the client relationship has endured for three or fewer years; otherwise, it is 0 (Dao & Pham, 2014).
$AUFS_{it}$ is an indicator variable that represents the natural logarithm of the book value of total assets (Sultana et al., 2015, p. 78).
$BSIZE_{it}$ is an indicator variable composed of the overall number of board members (Ananzeh et al. 2020; Mori and Towo, 2017).
$BIND_{it}$ is an indicator variable composed of the ratio of the number of independent board members to the total number of board members (Hussainey et al., 2022; Shohaieb et al., 2022).
β_{1-5} are slope coefficients for all of the related variables.
Ɛ is an error term.

3.4 Descriptive Statistics

Table 1 shows the descriptive statistics for the dependent, independent, and control variables identified based on four years of data and 532 observations. The mean ARL was 79 days (range: 19 to 252 days). This ARL is slightly higher than the values reported in closely related literature (Al-Ajmi, 2008; Afify, 2009; Sulimany, 2023). Nevertheless, it is comparable to the ARL data reported in studies carried out in a global context (Agyei-Mensah, 2022; Sultana et al., 2015). The ARL for the selected sample appears to be in line with the requirements of the Saudi Arabian regulatory agency (i.e. 90 days). Every Saudi listed firm that appointed one of the Big 4 audit firms reduced its ARL by roughly 22 days. This value is slightly higher than the values reported in related research (Al-Ajmi, 2008). Furthermore, having an auditor from the Big 4 reduced the ARL (Al-Ajmi, 2008; Abdulla, 1996; Endri et al., 2024; Leventis et al., 2005; Owusu-Ansah & Leventis, 2006; Schmidt & Wilkins, 2013). In terms of AUFS, the selected sample varied from relatively small firms (minimum of 7 employees) to relatively large firms (maximum of 12 employees), while the average was around 9 employees. Thus, a diverse range of firm sizes was considered.

Table 1: Descriptive statistics for ARL and continuous variables

Variable	Minimum	Maximum	Mean (SD)
ARL	19	252	77.95 (27.06)
AUFS	7.01	12.04	9.41 (1.30)
BSIZE	4	14	8.35 (1.58)
BIND	.07	1.00	.3840 (.17)

In regard to the categorical variables, Table 2 shows that nearly 47% of the total observations did not involve audits by a Big 4 audit firm, while 52% did. This finding is generally consistent with values in the relevant literature (Imam et al., 2001; Leventis et al., 2005; Schmidt & Wilkins, 2013). Moreover, AFT indicates that 44.9% of the total observations involved auditor tenure, while 55.1% did not.

Table 2: Descriptive statistics for categorical variables

Variable	N (%)
ABF	
Not audited by a Big 4 firm	251 observations (47.2%)
Audited a Big 4 firm	281 observations (52.8%)
AFT	
No tenure	293 observations (55.1%)
Tenure	239 observations (44.9%)

3.5 Univariate Analysis

Table 3 lists the results of Spearman's rho and Pearson correlation analyses. We investigated pairwise univariate connections to determine whether the data were characterised by multicollinearity issues. It is clear that all explanatory and control variables never exceed the critical threshold of 0.80 (Artusi et al., 2002). Elliott and Woodward (2020) suggested that the variable inflation factor (VIF) is useful for detecting any harmful correlations among variables. VIF revealed no harmful associations among the dependent and independent variables (Table 4). The Durbin–Watson statistic was 1.835, which assures the absence of any severe multicollinearity issues (Table 4). Accordingly, the research model was statistically sound and significant for explaining the timeliness of audit reports.

Table 3: Results of Spearman's rho and Pearson correlation analyses

Variable	ARL	ABF	AFT	AUFS	BSIZE	BIND
ARL	1.00	-.61**	-.07	-.57**	-.07	.10*
ABF	-.74**	1.00	.14**	.73**	.19**	-.21**
AFT	-.15**	.14**	1.00	.21**	.09*	-.13**
AUFS	-.70**	.72**	.21**	1.00	.27**	-.22**
BSIZE	-.14**	.21**	.09*	.28**	1.00	-.45**
BIND	.18**	-.22**	-.13**	-.24**	-.45**	1.00

Significant at 1% and 5%*. Values appearing above the diagonal from top-left to bottom-right are Pearson correlation values; data below the diagonal are Spearman correlation values.**

4 Discussion

Table 4 presents the multi-regression results for the dependent, independent, and control variables. At the outset, the R-squared value was 0.419, which suggests that the model is capable of explaining 41.9 per cent of the variability in ARL in the sample firms. Moreover, the reliability of the ordinary least squares (OLS) regression model was high in light of the significant F value of 75.950 (p = 0.000). The R-squared value is comparable with values reported in the literature (e.g. Abdulla, 1996; Ashton et al., 1989; Al-Ajmi, 2008).

Table 4: Multi-regression results for ARL and all related variables

Model	β	Std. Error	t	P-value	95.0% Confidence Interval for B		Collinearity Statistics	
					Lower Bound	Upper Bound	Tolerance	VIF
Constant	137.017	10.352	13.235	.000	116.680	157.354		
ABF	-22.728	2.623	-8.666	.000	-27.881	-17.576	.471	2.124
AFT	2.465	1.855	1.329	.184	-1.179	6.108	.948	1.054
AUFS	-6.261	1.033	-6.058	.000	-8.291	-4.231	.447	2.236
BSIZE	1.380	.647	2.133	.033	.109	2.652	.770	1.299
BIND	-1.930	5.953	-.324	.746	-13.624	9.764	.779	1.284
R-squared			0.419					
Adjusted R-squared			0.414					
S.E. of regression			20.722					
Durbin–Watson stat			1.835					
F-statistic			75.950					
Prob (F-statistic)			0.000					

We found that the size of the ABF had a statistically significant negative effect on the timeliness of the audit report with a significance level of 5%. We found that the mean ARL decreased by nearly 23 days when a financial report was audited by an ABF, which is consistent with the literature (Abdulla, 1996; Endri et al., 2024; Impink et al., 2012; Leventis et al., 2005; Owusu-Ansah & Leventis, 2006; Schmidt & Wilkins, 2013). This finding supports H_1. Thus, the results support the perceived significance of ABF in ensuring the timeliness of audit reports. Consistent with agency theory, Firth and Smith (1992) and Naser and Nuseibeh (2008) argued that firms that suffer from high agency costs appoint big audit firms for effective monitoring of agency costs.

We found a negative but not statistically significant association between ARL and audit tenure, which is not in line with the literature (Abernathy et al., 2017; Lee et al., 2009). Our data do not support H_2. This finding suggests that the audit tenure of the selected sample had no significant effect on the timeliness of the issued audit reports for Saudi listed firms.

We found a negative statistically significant association between auditee size and ARL, which suggests that auditee size confers a sizable reduction in the timeliness of the audit report (by nearly 6 days). Therefore, this result supports H_3 confirms previous results (Ashton et al., 1989; Al-Ajmi, 2008; Bonson-Ponte et al., 2008; Carslaw & Kaplan, 1991; Jaggi & Tsui, 1999; Soltani, 2002). We found that BSIZE had a positive and statistically significant relationship with ARL, which is not consistent with the literature (Afify, 2009; Chalu 2021; Hassan, 2016; Warrad, 2018).

We found that BIND had a negative but not statistically significant correlation with ARL. Unlike other reports (Afify, 2009; Nouraldeen et al., 2021), our data exhibited no statistically significant influence on the ARL.

In summary, this research provides evidence that ARL for Saudi firms is affected by audit firm characteristics, particularly auditing by Big 4 audit firms and auditee firm size. In addition, unlike previous studies, the sampled data have shown that BSIZE has a positive effect on ARL.

5 Conclusion

We have examined the effects of various attributes of audit firms on the timeliness of audit reports using data from actual listed firms in Saudi Arabia. In particular, We focused on 133 financial and non-financial listed firms in the context of Saudi Arabia and 532 observations made over four years (2019–2022). Examining the attributes of audit firms is vital for understanding what potential factors might determine the timeliness of audit reports. We concentrated on the most significant attributes of firms (audit firm size, audit tenure, and auditee firm size).

Our regression results revealed that Big 4 audit firms and auditee size had significant negative correlations the ARL, and the findings suggest that audit firm size and auditee size are significant attributes for promoting timeliness. We propose that the impact of auditee size is the result of the significant resources available to large commercial firms. Furthermore, large firms are more likely to be subject to high monitoring costs than small companies and tend to implement effective internal auditing and control schemes to ensure timely production of deliverables (Carslaw & Kaplan, 1991).

This study contributes several insights. Our findings might help stakeholders such as regulatory authorities, investors, and financiers learn more about the determinants of the timeliness of audit reports within the context of the Saudi market. Furthermore, Saudi companies may find it valuable to focus on developing particular audit qualities to attract capital and increase their value. This study has responded to the call made by Abernathy et al. (2017) to examine what affects ARL in emerging economies. However, there are limitations to this research, and future studies could build on our findings about the factors that affect the ARL. Surveys, in-depth interviews, case studies, and content analyses would all be valuable for such work, which could have additional focus on emerging economies. In addition, future research could examine other explanatory variables to determine their effects on the timeliness of audit reports.

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