emerald PUBLISHING

ISSN 2754-1312
eISSN: 2754-1320
Volume 00 Number 00 2021

Journal of
Accounting Literature

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Journal:	*Journal of Accounting Literature*
Manuscript ID	JAL-04-2024-0081

Manuscript Type:	Research Paper
Keywords:	key audit matters, extended audit reporting, audit partner tenure, Hofstede, national culture, Gulf Cooperation Council

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Abstract

Purpose: This study aims to examine the impact of audit partner tenure on Key Audit Matters (KAM) disclosures within the context of the Gulf Cooperation Council (GCC) countries. It also explores how various Hofstede's cultural dimensions influence the relationship between audit partner tenure and KAM disclosures, offering insights into how cultural settings affect auditing practices.

Design/methodology/approach: Utilizing a sample of 456 non-financial firms from the GCC from 2016 to 2021, the study employs regression analyses to explore the influence of audit partner tenure on KAM disclosures and the moderating effects of four cultural dimensions—power distance, individualism, masculinity, and uncertainty avoidance. This methodological approach allows for a detailed examination of both individual and cultural impacts on audit quality.

Findings: The results reveal a positive relationship between audit partner tenure and the extent of KAM disclosures, suggesting that longer tenure may enhance auditors' ability to identify and report significant audit matters due to deeper firm-specific knowledge and industry expertise. The cultural dimensions of power distance and uncertainty avoidance amplify this effect, while individualism shows an inverse effect, highlighting the complex interplay between cultural values and auditing practices.

Research limitations/implications: While insightful, the study's focus on non-financial firms limits its applicability to financial sectors, which face distinct regulatory landscapes. Additionally, using Hofstede's cultural dimensions might overlook nuanced or emerging cultural trends within the GCC. Future research should consider including financial institutions and exploring alternative cultural models to broaden the understanding of audit practices in diverse environments. This research highlights the critical need to tailor auditing standards to reflect the intricate interplay of auditor tenure and cultural dynamics, ensuring their relevance in a globally diverse professional landscape.

Originality/value: This research contributes to the literature on audit quality by highlighting the role of individual auditor characteristics and cultural contexts in shaping KAM disclosure practices. It is among the first to quantitatively analyze the intersection of audit partner tenure and cultural dimensions in the GCC, providing valuable insights for regulators, practitioners, and policymakers aiming to enhance audit practices in culturally diverse environments.

***Keywords**:* key audit matters; extended audit reporting; audit partner tenure; Hofstede; national culture; Gulf Cooperation Council (GCC).

1. Introduction

In the complex landscape of financial reporting, the transparency and accuracy of audit reports are paramount. The initiative to enhance these attributes led to the formulation of extended audit reporting, a pivotal shift aimed at reducing information asymmetries and improving the communicative value of audit disclosures. This initiative gained significant traction following the International Auditing and Assurance Standards Board's (IAASB) mandate in 2015, which required the inclusion of Key Audit Matters (KAMs) in audit reports through the adoption of ISA 701. KAMs, defined as issues that are of most significance in the audit of financial statements for a period, are intended to provide stakeholders with a deeper understanding of the audited entity's financial environment (Mock et al., 2013; Vanstraelen et al., 2012). While there has been widespread adoption and studies on the institutional impacts of these standards, the role of individual auditor characteristics, particularly audit partner tenure, in influencing the quality of EAR remains less explored. This oversight is significant, considering the profound impact that individual auditors have on audit outcomes (Alaamri et al., 2023; Bilal et al., 2023; Campa et al., 2023; Elshafie, 2023; Hussin et al., 2022). Furthermore, the intersection of cultural dimensions with auditing practices provides a fertile ground for scholarly exploration (Pinto & Morais, 2019; Rahaman & Karim, 2023), especially in regions with distinct cultural identities like the Gulf Cooperation Council (GCC) countries. This study seeks to fill these gaps by examining how the tenure of audit partners interacts with cultural frameworks to shape audit quality and disclosure practices in a region that is pivotal yet underexplored in global auditing discourse.

This study is pioneering in its focus on the GCC region—a consortium of six nations with unique economic and cultural profiles, known for their rapid economic developments and distinctive governance structures. The GCC's integration of ISA 701 presents a unique opportunity to investigate how regional cultural dimensions influence the implementation of global auditing standards (Baatwah et al., 2023; Haniffa & Hudaib, 2007). The GCC not only champions economic synergy among its member states but also presents a unique tapestry of shared and divergent cultural practices, deeply rooted in strong social ties, hierarchical societal structures, and prevailing religious influences. This blend of uniformity and diversity makes the GCC an ideal setting to explore how cultural dimensions influence auditing standards' adoption and implementation (Baatwah et al., 2023; Haniffa & Hudaib, 2007). Utilizing Hofstede's cultural dimensions, this research investigates how power distance, individualism, masculinity, and uncertainty avoidance moderate the relationship between audit partner tenure

and KAM disclosures. This approach not only fills a critical gap in existing literature but also enriches our understanding of the cultural contingencies that affect auditing practices globally (e.g. Chan et al., 2003; Gray & Vint, 1995; Gray, 1988; Hofstede, 1980; Hope, 2003; Hope et al., 2008).

We employ Hogarth's (1980) decision behavior theory, which posits that the quality of decision-making, especially in complex and subjective environments like auditing, is influenced by a confluence of personal, contextual, and task-specific factors. This theoretical lens allows us to hypothesize that longer tenure, which typically associates with greater familiarity and expertise, would lead to more detailed and insightful audit disclosures. This relationship, however, is expected to be nuanced by the cultural context within which auditors operate, influencing their judgment and decision-making processes in profound ways. Current literature on auditor attributes such as gender, rotation, and industry specialization highlights significant effects on the quality of KAM disclosures (Abdelfattah et al., 2021; Bepari et al., 2022; Chen et al., 2023; Hussin et al., 2022; Wuttichindanon & Issarawornrawanich, 2020). These studies support the diverse ways in which individual auditor characteristics can impact audit outcomes. Our research contributes to this evolving field by focusing on auditor tenure—a less explored attribute at the partner level—and its impact on KAM reporting. The influence of tenure on audit quality presents a paradox. On one hand, longer auditor-client relationships are often viewed skeptically, as they may erode the auditor's independence and objectivity, potentially leading to fewer disclosed KAMs in an effort to maintain client relationships (Kassem, 2023; Quick & Schmidt, 2018; Saragih, 2024; Carey & Simnett, 2006; Ye et al., 2011). On the other hand, such relationships can enhance audit quality. As auditors accumulate deeper knowledge about their clients and the industries in which they operate, they are likely to identify and report more KAMs, reflecting a thorough understanding and robust scrutiny of the audited entities (Baatwah, 2016; Chi et al., 2017; Elshandidy et al., 2018; Lennox & Wu, 2018; Manry et al., 2008). Additionally, long-tenured partners, aware of their professional reputation, may exert greater effort in surfacing significant audit matters as KAMs, balancing the need for thorough disclosure against the risks of complacency (Rahaman & Karim, 2023). This dichotomy suggests that the impact of auditor tenure on audit quality is not straightforward but rather shaped by various institutional and cultural dimensions. These dimensions can either amplify or mitigate the inherent risks and benefits associated with long-term auditor-client engagements.

Using a hand-collected data sample of 2,415 firm-year observations (456 firms) from listed non-financial firms in the GCC region from 2016-2021, our findings suggest that longer auditor tenure associates positively with enhanced disclosure of KAMs, aligning with expectations that more experienced auditors can provide richer, more nuanced insights into complex audit matters. This suggests that audit partners will gradually acquire more knowledge about the audit client and expertise about its industry over the long tenure period. Furthermore, extant research suggests that the marketplace appreciates partners who possess industry expertise (Lennox & Wu, 2018). These findings support Hogarth's (1980) theory that client-specific knowledge and industry expertise attained over a long tenure period can assist partners in determining whether a matter is a significant risk or not, resulting in the identification of more KAMs. However, the influence of cultural dimensions introduces significant variability. For instance, in environments characterized by high power distance and strong uncertainty avoidance, such as those often found in the GCC, the positive effects of tenure on audit quality are amplified. Conversely, high levels of individualism appear to mitigate these benefits, potentially due to the greater emphasis on independence and self-direction over collective decision-making.

Our research significantly contributes to the literature on audit quality and cultural contexts in several ways. First, it addresses a notably underexplored area: the influence of individual audit partner tenure on the quality of KAM disclosures. This nuanced focus moves beyond traditional examinations of firm-level characteristics to explore how individual variations among auditors can affect audit outcomes, particularly in regions outside the traditional settings of the United Kingdom. This provides a richer understanding of the effects of reporting mandates as highlighted by Abdelfattah et al. (2021) and responds directly to calls for more granular research in audit practices such as those by Bédard et al. (2019) and Pinto & Morais (2019). Second, our study enriches the discourse on the cultural dynamics within auditing by integrating Hofstede's cultural dimensions—power distance, individualism, masculinity, and uncertainty avoidance—as critical moderators in the relationship between auditor tenure and KAM disclosures. This innovative approach not only fills a crucial gap within the existing literature (Gray & Vint, 1995; Hope, 2003; Khlif, 2016) but also deepens our understanding of how cultural contexts distinctly shape auditing practices. It offers fresh insights into the complex ways these cultural dimensions influence auditors' interpretive and decision-making processes, particularly within the unique economic and cultural landscape of the GCC region.

Third, we provide empirical evidence that longer auditor tenure is associated with more detailed and insightful KAM disclosures, a relationship significantly shaped by cultural factors. This finding develops a more appreciation of the interaction between auditor independence and expertise, reflecting the varied impacts of tenure on audit quality as previously noted in studies by Carey and Simnett (2006) and Baatwah (2016). By presenting this data from contexts marked by high power distance and strong uncertainty avoidance, our research highlights how cultural environments can either amplify or dampen the effects of tenure on audit quality. Lastly, the implications of our study are profound for both academic theory and practical application. Academically, it expands the theoretical frameworks of audit reporting by demonstrating the interactions between individual auditor characteristics and cultural dimensions. Practically, it underscores the critical need for considering cultural nuances in the formulation and enforcement of auditing standards, especially in global settings. This understanding is vital for enhancing the transparency and effectiveness of financial reporting across diverse regulatory and cultural landscapes, thereby enriching the ongoing global dialogue on auditing practices.

The remainder of the paper is organized as follows: Section 2 reviews the extant literature and develops hypotheses. Section 3 covers research design. Section 4 discusses the empirical results. Section 5 concludes the paper and outlines the limitations and avenues for future research.

2. Literature review and hypotheses development

2.1 Key audit matters literature in the GCC

Prior research on extended audit reporting in the GCC countries has been limited, with studies primarily focused on Oman, UAE, and Bahrain (Al Lawati & Hussainey, 2022; Baatwah, 2023; Baatwah et al., 2022; Barghathi et al., 2021; Mah'd & Mardini, 2022). These studies have examined the relationship between auditor characteristics, predominantly firm type, and the extent of KAM disclosure. For example, Baatwah's (2023) archival study in Oman highlighted variations in the number and style of KAM disclosures among Big Four and non-Big Four firms, suggesting that firm-level characteristics play a significant role in audit disclosures. Furthermore, Barghathi et al. (2021) found that auditors from Big Four firms in the UAE perceived KAM reporting as a deterrent to earnings management, contrasting with non-Big Four firms that expressed concerns over the potential loss of clients due to stringent

KAM disclosures. These findings underscore the influence of both organizational and cultural contexts within the GCC on audit practices and disclosures.

2.2 Audit partner tenure and KAMs

Building on the foundation laid by previous studies on external auditor characteristics and KAM reporting (Bepari et al., 2022; Ferreira & Morais, 2020; Honkamäki et al., 2022; Pinto & Morais, 2019; Sierra-García et al., 2019), this paper employs Hogarth's (1980) theory on information assimilation for decision-making. Hogarth's framework suggests that judgments are influenced by personal characteristics, the task environment, and the outcomes. In the context of EAR, the audit partner embodies the personal factor, the decision to disclose or withhold a KAM represents the outcome, and the cultural environment in which the client operates influences the disclosure practices (Hope, 2003; Mueller et al., 1991).

Einhorn and Hogarth's (1981) behavioral decision theory, which deals with the processes of judgment and choice under conflict, provides a lens through which to view the decision-making of audit partners regarding KAM disclosures. Given the high stakes involved, including potential litigation risk and reputation loss versus the cost of losing a client, audit partners may face significant dilemmas (Pinto & Morais, 2019). The theory suggests that auditors may adopt either conflict avoidance or compensatory strategies depending on their perception of risks and benefits. Such strategies may include non-disclosure or delayed reporting of significant risks as a means to manage potential conflicts.

Empirical evidence regarding the effect of audit partner tenure on KAM disclosure has been mixed, reflecting diverse institutional settings and cultural contexts (Elshafie, 2023; Rahaman & Karim, 2023; Hussin et al., 2022). Studies such as those by Elshafie (2023) and Pinto & Morais (2019) indicate no significant effects of audit firm tenure on KAM disclosure across different national settings including the USA, UK, France, and the Netherlands. Conversely, Rahaman & Karim (2023) observed a positive association in Bangladesh, while Hussin et al. (2022) reported a negative relationship in Malaysia. These discrepancies underscore the influence of diverse regulatory, cultural, and legal frameworks on audit practices.

Further research into tenure at the audit partner level reveals that prolonged auditor-client relationships might either impair or enhance audit quality. On one hand, long-standing relationships could potentially jeopardize audit quality as the independence and objectivity of the audit partner might be compromised due to close ties with client management, which could

lead to fewer KAMs being reported at the client's behest (Carey & Simnett, 2006; Ye et al., 2011). On the other hand, extensive tenure could also reinforce audit quality due to the deep accumulation of client-specific knowledge and industry expertise, which could enable audit partners to identify significant risks more effectively (Lennox & Wu, 2018). This knowledge accumulation could prompt auditors to prioritize their professional reputation, thereby leading to more diligent and transparent reporting of KAMs (Rahaman & Karim, 2023). Evidence from Manry et al. (2008) and Chi et al. (2017) further supports the notion that long-term auditor-client relationships are linked to higher audit quality, as indicated by smaller discretionary accruals.

Given these mixed findings and the influences of institutional contexts as reflected in the literature, this study posits that the overall benefits of prolonged tenure generally surpass the potential drawbacks. Consequently, the following hypothesis is proposed:

Hypothesis1: *Ceteris paribus, there is a positive relationship between audit partner tenure and KAMs disclosure.*

2.3 Hofstede's cultural dimensions and their influence on the association between audit partner tenure and KAMs

Geert Hofstede's seminal work on cultural dimensions presents an invaluable framework for understanding the impacts of national cultural values on various business practices, including auditing. Hofstede's model delineates cultures based on five dimensions—power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, and long-term orientation. These dimensions provide a structured approach to exploring how cultural differences affect the conduct of accounting and auditing (Haniffa & Cooke, 2002; Khlif, 2016; Neu, 1992). Notably, previous research has shown that national culture can influence auditor selection, detected accounting errors, differences in accounting standards, and disclosure practices (Chan et al., 2003; Ding et al., 2005; Gray & Vint, 1995; Hope et al., 2008; Jaggi & Low, 2000; Zarzeski, 1996).

In this study, we build upon Hogarth's theory of judgment and choice by incorporating Hofstede's cultural dimensions to examine their moderating effects on the relationship between audit partner tenure and the disclosure of KAMs. Professional judgment and decision-making are profoundly shaped by social and cognitive elements (Salter et al., 2013), where cultural values significantly influence individual cognition, personality, and behavior (Markus &

Kitayama, 1991). This integration aims to elucidate the behaviors of long-tenured auditors regarding KAM disclosures across different cultural contexts.

2.3.1 Power distance

Hofstede (1980) defines power distance as the extent to which less powerful members of institutions and organizations accept that power is distributed unequally, power distance influences organizational communication and decision-making structures. High power distance cultures are characterized by centralized power, vertical communication, and limited information exchange, fostering environments where hierarchical structures are preserved and information sharing is restricted (Hofstede, 1980).

Empirical research presents varied findings concerning the impact of power distance on disclosure practices. Studies like those by Gray & Vint (1995) and Orij (2010) suggest that high power distance correlates with reduced transparency in accounting disclosures, aligning with the notion that such cultures likely suppress information dissemination. Conversely, Jaggi & Low (2000) and Zarzeski (1996) offer differing views, with the former finding a positive association between power distance and disclosure and the latter reporting no significant correlation.

In auditing, Chan et al. (2003) demonstrated that high power distance might increase the likelihood of overriding controls, thereby raising the potential for material misstatements and accounting errors. This observation supports Haskins' (1987) assertion that concentrated power can heighten the risk of significant inaccuracies in financial statements. Such environments may prompt auditors, especially those with extensive tenure and accrued authority, to be more vigilant and thorough in their disclosures of KAMs, identifying significant risks that might otherwise be obscured by organizational power structures.

Given these dynamics, we propose that in regions with high power distance, long-tenured audit partners might leverage their accrued authority and credibility to enhance the thoroughness and quality of KAM disclosures. This influence can lead to more robust risk identification and reporting, aligning with both the need to manage fraud risks and the professional imperative to uphold auditing standards.

Hypothesis 2a: *Ceteris paribus, power distance positively moderates the relationship between audit partner tenure and KAM disclosure.*

2.3.2 Individualism

Hofstede (1980) identifies individualism as the degree to which individuals in a society are integrated into groups. Societies high in individualism promote personal achievements and independence, while collectivist societies emphasize group goals and cohesion. This cultural dimension has significant implications for disclosure practices in auditing, as individualistic cultures, where independence and transparency are valued, are associated with more extensive disclosure (Gray & Vint, 1995; Hope, 2003; Jaggi & Low, 2000; Zarzeski, 1996). In auditing contexts, Chan et al. (2003) found that individualism associates with higher levels of accounting errors, attributed to lower staff loyalty and higher turnover, which can disrupt continuity and increase error rates.

Considering the collectivistic nature of the GCC countries, individualism might negatively moderate the relationship between audit partner tenure and KAM disclosure. In these regions, long-tenured partners who prioritize personal goals over group interests may struggle to integrate fully over time, potentially impacting their disclosure practices.

Hypothesis 2b: *Ceteris paribus, individualism negatively moderates the relationship between audit partner tenure and KAM disclosure.*

2.3.3 *Masculinity*

Hofstede's dimension of masculinity pertains to the values a culture assigns to traditional masculine roles such as competitiveness and achievement, as opposed to feminine values like care and cooperation. The impact of masculinity on disclosure practices has been mixed, with some studies suggesting a negative association (Hope, 2003; Jaggi & Low, 2000) and others a positive one (Zarzeski, 1996). This ambiguity in findings reflects the complex ways in which assertive and competitive traits can influence disclosure behaviors.

Given the mixed evidence and the potential for masculine traits to both enhance and undermine disclosure, depending on the context, a non-directional hypothesis is appropriate:

Hypothesis 2c: *Ceteris paribus, masculinity moderates the relationship between audit partner tenure and KAM disclosure.*

2.3.4 Uncertainty avoidance

Uncertainty avoidance, as defined by Hofstede, measures a society's tolerance for ambiguity and uncertainty. Societies with high uncertainty avoidance prefer clear rules and

regulations to manage life's unpredictable aspects. In the context of auditing, uncertainty avoidance can significantly impact disclosure practices, with higher levels typically leading to more comprehensive disclosures to mitigate perceived risks (Gray & Vint, 1995; Hope, 2003; Khlif, 2016).

In regions with high uncertainty avoidance, such as the GCC, auditors might increase the disclosure of KAMs as a risk-averse strategy to avoid potential conflicts and litigation risks. Furthermore, the introduction of ISA 700, which mandates the disclosure of auditor names in audit reports, may also compel auditors, especially those with longer tenure and greater visibility, to adhere strictly to disclosure standards to maintain their reputation.

Hypothesis 2d: *Ceteris paribus, uncertainty avoidance positively moderates the relationship between audit partner tenure and KAM disclosure*.

3. Research Design

3.1 Empirical Model

Table 1 contains a list and description of the variable measurements for the models used in this study. This study adopts a quantitative approach using regression analyses to evaluate the association between audit partner tenure, Hofstede's cultural dimensions, and Key Audit Matters (KAMs) disclosure among non-financial listed firms in the GCC from 2016 to 2021. This period offers a contemporary view on auditing practices in a dynamic economic context, where cultural variables play a significant role.

The primary model examines the influence of audit partner tenure on KAMs disclosure. Subsequent models assess the moderating effects of Hofstede's cultural dimensions on this relationship. These models are informed by the premise that cultural contexts significantly affect corporate governance practices and auditor behavior.

Insert Table 1 about here

In the initial phase of our empirical analysis, we explore the association between audit partner tenure and the extent of KAMs reported. To empirically test this hypothesis, we employ Model 1, which associates the number of KAMs disclosed with the tenure of the audit partner, while controlling for other relevant auditor and client-specific variables. The model is formally specified as follows:

$$kamNum = \beta_0 + \beta_1 EA\_partTen + \beta_2 EA\_audLag + \beta_3 EA\_partnFem + \beta_4 EA\_audBig4 + \beta_5 EA\_GCO + \beta_6 ln\_firmSize + \beta_7 loss + \beta_8 liquid + \beta_9 roa + \beta_{10} levg + \beta_{11} Inst\_gdp + \beta_{12} Inst\_inflation + yearFixedEffects + industryFixedEffects + \varepsilon \quad (1)$$

Building on a robust foundation of prior extended audit reporting research, Model 1 defines the dependent variable (kamNum) as the total number of KAMs disclosed by external auditors in their audit reports, aligning with methodologies used in seminal studies by Abdelfattah et al. (2021), Bédard et al. (2019), and others. Consistent with investigations into audit partner tenure by Manry et al. (2008) and Baatwah (2016), we operationalize audit partner tenure (EA_partTen) as the cumulative years an audit partner has overseen audit engagements, using data extracted from publicly available audit reports across all six GCC countries, facilitated by the recent ISA 700 mandate which mandates the disclosure of audit partner identities.

Model 1 incorporates a range of control variables reflective of auditor and client-specific attributes that previous literature suggests may influence audit outcomes. These variables include the lag between fiscal year-end and the date of the audit report (EA_audLag), the gender of the audit partner (EA_partnFem), whether the audit was conducted by a Big 4 firm (EA_audBig4), and the issuance of a going concern opinion (EA_GCO). Such controls are rooted in the findings of studies such as those by Elsayed et al. (2023) and Lin & Yen (2022), emphasizing their relevance in auditing research. Client-specific characteristics, such as firm size (ln_firmSize), profitability (loss), liquidity (liquid), operational efficiency (roa), and financial leverage (levg), are also incorporated to control for the financial context within which KAMs are disclosed. This approach is informed by research suggesting that firms under financial stress or those that are larger and more leveraged may engage in more complex transactions, thus necessitating more extensive disclosure of KAMs (Camacho-Miñano et al., 2023; Sierra-García et al., 2019). Additionally, the model accounts for macroeconomic and industry-specific factors, utilizing country-level economic indicators such as GDP per capita (Inst_gdp) and inflation (Inst_inflation) sourced from the World Bank Development Indicators. These variables help control for the broader economic environment that may impact auditing practices and disclosures in the GCC region (Al-Hadi et al., 2015, 2019; Bley & Saad, 2011; Boubakri et al., 2021; Elamer et al., 2020; Martinez-Garcia et al., 2022).

Finally, to ensure robustness and control for potential confounders, year and industry-fixed effects are included, addressing temporal and sector-specific variations that might

influence the number of KAMs reported. This comprehensive modeling approach is designed to provide a nuanced understanding of the dynamics influencing audit disclosures in a region characterized by unique regulatory and economic conditions.

The second series of hypotheses explores the moderating impact of Hofstede's four principal cultural dimensions—power distance, individualism, masculinity, and uncertainty avoidance—on the nexus between audit partner tenure and the disclosure of KAMs. The applicability of Hofstede's cultural model as a framework for understanding variations in audit practices and disclosures across different national contexts is well documented in the literature (Haniffa & Cooke, 2002; Khlif, 2016; Neu, 1992), including its influence on both general disclosure practices (Gray & Vint, 1995; Hope, 2003; Jaggi & Low, 2000; Zarzeski, 1996) and specific auditing behaviors (Chan et al., 2003; Hope et al., 2008).

This study incorporates four of Hofstede's cultural dimensions, excluding long-term orientation due to the absence of comprehensive data for GCC countries. Each cultural dimension is quantified on a scale from 0 to 100, reflecting a range from low to high, with scores sourced from Hofstede Insights, which provides updated and regionally relevant metrics.

The cultural value of power distance (H_PD_Cntr) measures the extent to which less powerful members of organizations and institutions accept and expect power to be distributed unequally. The cultural value of individualism (H_IDV_Cntr) reflects the degree to which individuals are integrated into groups and the societal emphasis on individual versus collective achievement. The cultural value of masculinity (H_MAS_Cntr) assesses the preference in society for achievement, heroism, assertiveness, and material rewards for success. Societies with a high score on masculinity value competitiveness, whereas those with a low score emphasize caring for others and quality of life. Finally, the cultural value of uncertainty avoidance (H_UAV_Cntr) gauges the level of discomfort within a society in facing ambiguous or unknown situations.

The dependent variable, the number of KAMs disclosed (kamNum), and the primary independent variable, audit partner tenure (EA_partTen), are consistent with the initial model. The same set of control variables is retained to ensure comprehensive accounting for factors that influence audit outcomes. To empirically test the proposed moderations, the second model integrates each cultural dimension into the regression framework as follows:

Power distance cultural value moderates the association between audit partner tenure and KAMs.

$$kamNum = \beta_0 + \beta_1 EA\_partTen + \beta_2 H\_PD\_Cntr + \beta_1 c.EA\_partTen\#\beta_2 c.H\_PD\_Cntr + \beta_3 EA\_audLag + \beta_4 EA\_partnFem + \beta_5 EA\_audBig4 + \beta_6 EA\_GCO + \beta_7 ln\_firmSize + \beta_8 loss + \beta_9 liquid + \beta_{10} roa + \beta_{11} levg + \beta_{12} Inst\_gdp + \beta_{13} Inst\_inflation + yearFixedEffects + industryFixedEffects + \varepsilon \quad 2\ (a)$$

Individualism cultural value moderates the association between audit partner tenure and KAMs.

$$kamNum = \beta_0 + \beta_1 EA\_partTen + \beta_2 H\_IDV\_Cntr + \beta_1 c.EA\_partTen\#\beta_2 c.H\_IDV\_Cntr + \beta_3 EA\_audLag + \beta_4 EA\_partnFem + \beta_5 EA\_audBig4 + \beta_6 EA\_GCO + \beta_7 ln\_firmSize + \beta_8 loss + \beta_9 liquid + \beta_{10} roa + \beta_{11} levg + \beta_{12} Inst\_gdp + \beta_{13} Inst\_inflation + yearFixedEffects + industryFixedEffects + \varepsilon$$

2 (b)

Masculinity cultural value moderates the association between audit partner tenure and KAMs.

$$kamNum = \beta_0 + \beta_1 EA\_partTen + \beta_2 H\_MAS\_Cntr + \beta_1 c.EA\_partTen\#\beta_2 c.H\_MAS\_Cntr + \beta_3 EA\_audLag + \beta_4 EA\_partnFem + \beta_5 EA\_audBig4 + \beta_6 EA\_GCO + \beta_7 ln\_firmSize + \beta_8 loss + \beta_9 liquid + \beta_{10} roa + \beta_{11} levg + \beta_{12} Inst\_gdp + \beta_{13} Inst\_inflation + yearFixedEffects + industryFixedEffects + \varepsilon$$

2 (c)

Uncertainty avoidance cultural value moderates the association between audit partner tenure and KAMs.

$$kamNum = \beta_0 + \beta_1 EA\_partTen + \beta_2 H\_UAV\_Cntr + \beta_1 c.EA\_partTen\#\beta_2 c.H\_UAV\_Cntr + \beta_3 EA\_audLag + \beta_4 EA\_partnFem + \beta_5 EA\_audBig4 + \beta_6 EA\_GCO + \beta_7 ln\_firmSize + \beta_8 loss + \beta_9 liquid + \beta_{10} roa + \beta_{11} levg + \beta_{12} Inst\_gdp + \beta_{13} Inst\_inflation + yearFixedEffects + industryFixedEffects + \varepsilon$$

2 (d)

Each cultural value is hypothesized to interact with audit partner tenure, potentially altering the strength and direction of its impact on KAM disclosure. The empirical analysis employs a comprehensive regression model to ascertain these effects, ensuring the inclusion of industry and year-fixed effects to control for unobserved heterogeneity across sectors and time.

3.2 Sample selection and distribution

This study uses a dataset hand-collected from 456 non-financial firms listed on the GCC stock exchanges, covering the period from 2016 to 2021. The collection of data involved

downloading KAM disclosures and auditor-related control variables from audit reports, as well as financial statements for firm-specific control variables. Prior to data analysis, a thorough quality control review was undertaken to ensure the accuracy and reliability of the data. The inclusion period varies by country within the GCC due to the staggered adoption of ISA 701, with Oman, UAE, Kuwait, Qatar, and Bahrain implementing the standard from 2016, and the Kingdom of Saudi Arabia from 2017.

The initial dataset consisted of 4,235 firm-year observations as shown in Table 2 Panel A. From this total, the study excluded 1,719 firm-year observations of financial firms due to their distinct regulatory frameworks, 59 observations of delisted, suspended, or liquidated firms, and 42 observations of firms dual-listed on other GCC stock exchanges. This refinement resulted in a robust final sample of 2,415 firm-year observations from 456 distinct companies across the GCC.

The distribution of the sample across the GCC is presented in Table 2 Panel B. The Kingdom of Saudi Arabia accounts for the largest portion, with 830 firm-year observations, which constitutes 34% of the sample. This is followed by Kuwait with 548 observations (23%), Oman with 409 (17%), and the UAE with 356 (15%). Qatar and Bahrain have the fewest observations, with 166 (7%) and 106 (4%), respectively. Such a distribution allows for a comprehensive analysis of the auditing landscape across these nations.

The industry breakdown, based on the Global Industry Classification Standard (GICS), further presented in Table 2 Panel C. The Industrials sector is the most represented, with 472 firm-year observations (20%), followed by the Materials sector with 407 (17%). Conversely, the Information Technology sector appears the least frequently, with only 39 observations (2%). This classification aids in understanding the nuances of KAM disclosure across different economic sectors within the GCC, offering insights into industry-specific compliance with international auditing standards.

Insert Table 2 about here

4. Empirical Results

4.1 Descriptive statistics results

Table 3 presents the descriptive statistics. The dependent variable, the number of Key Audit Matters (kamNum), varies significantly across the dataset, with a maximum of seven KAMs reported and a minimum where no KAMs were disclosed. The average number of

KAMs reported by audit partners is approximately two, as indicated by a mean of 1.984 and a standard deviation of 1.21. This level of reporting aligns with trends observed in developing countries, highlighting a general consistency in the practice of disclosing around two KAMs per audit report (Baatwah, 2023; Baatwah et al., 2022; L. Chen et al., 2023; W. Liu et al., 2022; Wuttichindanon & Issarawornrawanich, 2020). The primary independent variable of the study, audit partner tenure (EA_partTen), ranges from one to six years across the dataset, with an average tenure of nearly two years (mean = 1.785) and a standard deviation of 0.994. This suggests a relatively short average tenure for audit partners in the sample, which could influence the extent and depth of KAMs reported.

Among the control variables related to external auditors, the audit delay (EA_audLag) varies widely from as few as six days to as many as 799 days, with an average delay of 70 days. This indicates substantial variability in how swiftly audit results are reported across different firms. Female audit partners, who represent only 1.1% of the sample, highlight the gender disparity prevalent in the auditing profession within the GCC region. Furthermore, 57% of the sample is audited by Big Four firms, and going concern opinions are issued for 5.7% of the firms, which may reflect on the financial health and auditing rigor within the sample. In terms of firm-specific characteristics, the sample exhibits a broad range of sizes, leverage, liquidity, losses, and profitability. The average firm size, measured by the natural logarithm of total assets, is 18.89. Leverage on average stands at a high 130.1%, with liquidity also high at 248.7%. The proportion of firms reporting a loss is 24%, and the average return on assets is 2.8%. These figures underline the diverse financial conditions and operational contexts within which these GCC firms operate.

At the country level, the mean per capita GDP is $28,702.194, paired with an average inflation rate of 118.2%, reflecting the economic affluence and volatility within the GCC region. Regarding cultural dimensions, the Hofstede scores for power distance (74), individualism (39), masculinity (39), and uncertainty avoidance (70) suggest strong hierarchical structures and risk aversion in the societal contexts of these countries, contrasted with low scores in individualism and masculinity, indicating a collectivist and less competitive cultural orientation. These cultural traits are crucial for interpreting the auditing practices and financial disclosures in the GCC, providing a richer understanding of how cultural norms shape business practices.

Insert Table 3 about here

Insert Table 4 about here

4.2 Correlation matrix

Table 4 presents the pairwise correlation results for all variables, illustrating the statistical relationships among them. This analysis offers insights into how variables such as the number of KAMs reported are correlated with audit partner tenure, the study's main independent variable, and other control variables.

The findings reveal significant positive correlations with variables such as firm size (ln_firmSize) and loss. This aligns with the existing literature which suggests that larger firms and those reporting losses are more likely to engage in aggressive financial reporting and, as a result, disclose more KAMs (Abdelfattah et al., 2021; Camacho-Miñano et al., 2023; Pinto & Morais, 2019; Sierra-García et al., 2019). Conversely, significant negative correlations are observed with audit report lag (EA_audLag), the presence of female audit partners (EA_partnFem), audits conducted by Big Four firms (EA_audBig4), liquidity (liquid), return on assets (roa), leverage (levg), and inflation (Inst_inflation). These results suggest that audits by Big Four firms or female partners, and those firms with better financial health and stability, tend to disclose fewer KAMs. Notably, the correlations between audit partner tenure (EA_partTen), the issuance of a going concern opinion (EA_GCO), and GDP per capita (Inst_gdp) do not show statistical significance. This could imply that these variables do not directly influence the number of KAMs reported in the same way as firm size or profitability might.

Regarding the four Hofstede national cultural dimensions, individualism and masculinity exhibit significant positive correlations, suggesting that cultures characterized by higher levels of these dimensions may encourage more transparent disclosure of KAMs. Conversely, power distance and uncertainty avoidance show significant negative correlations, indicating that in cultures with high levels of these dimensions, fewer KAMs may be disclosed. This pattern provides an initial understanding of the relationship between cultural dimensions and KAM disclosure, which is explored further in subsequent sections of the analysis. Table 4 also highlights strong correlations among the Hofstede cultural dimensions themselves, pointing to a potential risk of multicollinearity. To address this, the effects of each cultural dimension are examined separately in the multivariate analysis to ensure robustness. Additionally, a variance inflation factor (VIF) analysis, not detailed here for brevity, confirms that multicollinearity is not a concern in the regression models, with all VIF results remaining

well below the threshold of 10. This careful consideration ensures the reliability of the findings regarding the influence of cultural dimensions on KAM disclosure.

4.3 Multivariate analysis

Audit partner tenure and KAM reporting

In this section, empirical findings from the regression models are detailed. The analysis employed various regression techniques, including ordinary least squares (OLS), Tobit, robust, Poisson, and fixed effects models, to robustly test the hypotheses. OLS was utilized due to the panel nature of the data (Winship & Western, 2016), while Tobit regression addressed censoring issues in the dependent variable (kamNum), which records the number of KAMs disclosed and is inherently non-negative. Robust regression helped mitigate the influence of outliers, and Poisson regression was appropriate given the count nature of the dependent variable, following the methodologies of Bepari et al. (2022), Lennox et al. (2023), and Pinto & Morais (2019). Fixed effects models were justified by the outcomes of the Hausman test, which indicated significant model-specific effects.

Table 5 shows the regression results, endogeneity tests, and robustness checks for Model 1. The regression outcomes (Column 1 of Table 5) highlight that audit partner tenure (EA_partTen) positively affects the number of KAMs reported, with a coefficient of 0.078, significant at a 99% confidence level. This supports the hypothesis that longer tenure is associated with more comprehensive KAM disclosures, suggesting that extended periods with a client enhance an audit partner's ability to identify significant matters, as argued by Lennox & Wu (2018). These findings are in line with Hogarth's (1980) theory that enhanced familiarity and deeper insight into the client's operations over time facilitate more effective risk assessment and KAM reporting. Although longer tenure might compromise independence, the evidence suggests it does not diminish the quality of KAM disclosures. Instead, longer-serving auditors appear to influence their accumulated knowledge and experience to enhance disclosure quality, possibly offsetting any adverse effects of familiarity threats. This is corroborated by findings from Manry et al. (2008) and Chi et al. (2017), which associate longer auditor-client relationships with improved audit outcomes, such as fewer discretionary accruals and more frequent issuance of modified opinions.

Insert Table 5 about here.

The multivariate analysis further tests for robustness across different regression specifications to confirm the consistency of these results. The coefficients for audit partner tenure in Panel A (Columns 2, 3, 4 and 5 of Table 5) remain positive and significant across all models, reaffirming the robust relationship between tenure and KAM disclosure. This consistency underscores the substantive effect of audit partner tenure on the transparency and thoroughness of audit reporting in the GCC context.

The control variables exhibit expected signs and significances, aligning with previous research. The variables such as audit delay (EA_audLag), presence of female audit partners (EA_partnFem), and audits conducted by Big Four firms (EA_audBig4) show statistically significant negative correlations with the number of KAMs disclosed. This pattern suggests intricate dynamics in audit practices potentially shaped by both regional and specific firm characteristics. Notably, the unexpected negative link between Big Four auditors and the extent of KAM disclosure might indicate a tendency towards more conservative or streamlined reporting within these larger firms, which contrasts with their widely recognized standards of thoroughness and meticulousness. Additionally, firm-specific control variables such as firm size (ln_firmSize) and occurrence of losses (loss) demonstrate a significant positive relationship with the quantity of KAMs disclosed. This finding supports the theory that larger and financially distressed firms tend to report more KAMs, possibly due to the complexity and heightened scrutiny of their financial statements. This relationship remains robust across various model specifications, underscoring the reliability of these factors as predictors of KAM reporting in our study.

Overall, the robustness of the control variables' impacts across different regression models lends credence to the reliability and validity of the findings, affirming that these factors play significant roles in influencing KAM disclosures within the GCC audit environment.

The moderating effect of Hofstede's culture dimensions

The investigation into the second set of hypotheses (H2a - H2d) examines the moderating role of Hofstede's cultural dimensions—power distance, individualism, masculinity, and uncertainty avoidance—on the relationship between audit partner tenure and KAM disclosure. This analysis is illustrated in Table 6 Panel A. The results indicate that power distance and uncertainty avoidance positively strengthen the relationship, with significant impacts observable at 90% and 95% confidence levels, respectively. Conversely, individualism appears to weaken this relationship, with significance noted at a 95% confidence level. The

effect of masculinity does not yield significant results.

Insert Table 6 about here

Prior research (Gray & Vint, 1995; Orij, 2010) has often portrayed power distance as inversely related to accounting disclosure levels, suggesting that highly centralized power structures typical of high power distance cultures could curtail open information exchange, thus reducing disclosure levels. However, the empirical findings suggest that longer-tenured audit partners in such cultures may accrue sufficient credibility and authority over time to counteract these tendencies, leading them to disclose more significant matters as KAMs. This aligns with theoretical expectations that long-tenured auditors, embedded within their organizational and cultural contexts, leverage their accumulated insights and authority to enhance disclosure quality. In terms of uncertainty avoidance, the positive association found suggests that in cultures with high uncertainty avoidance, where there is a pronounced aversion to ambiguity and a preference for clear rules and structures, longer-tenured auditors might be particularly diligent in disclosing KAMs to mitigate potential risks and uncertainties. This observation is consistent with literature that associates high uncertainty avoidance with more comprehensive disclosure practices to safeguard against perceived risks and uncertainties(Gray & Vint, 1995; Hope, 2003; Khlif, 2016).

The negative moderation by individualism highlights the complex interplay between auditor tenure and cultural context in shaping disclosure practices. In collectivist contexts, such as those prevalent in the GCC, the communal values might diminish the propensity of even long-tenured auditors to emphasize individual judgment in disclosure practices, leading to fewer KAM disclosures. The lack of significant findings regarding masculinity may reflect the nuanced impact this dimension has on disclosure practices, as suggested by previous studies that have reported mixed outcomes (Gray & Vint, 1995; Hope, 2003; Jaggi & Low, 2000; Zarzeski, 1996). It appears that the assertive and competitive traits associated with high masculinity do not have a straightforward impact on the propensity to disclose KAMs in the audit context.

To further validate these findings, robustness checks were conducted using the national culture scores of audit partners from various countries, providing a broader cultural perspective. The data sample comprises 221 unique audit partners from 20 different countries The majority of audit partners are Saudi (73, 33.3%), Kuwaiti (31, 14.2%), Indian (28, 12.8%), Lebanese (20, 9.1%), and British (18, 8.2%). The results, summarized in Table 6 Panel B,

reiterate the significant negative influence of individualism on KAM disclosure across different national backgrounds of audit partners, aligning with the main findings. However, other cultural dimensions did not show significant effects in this extended analysis, possibly reflecting the diverse cultural backgrounds and professional norms of the auditors involved. Control variables remained unchanged in terms of the relation with KAM reporting.

Lastly, an analysis incorporating Hofstede's cultural dimensions as control variables (Table 6 Panel C) reveals a nuanced picture: high power distance and high uncertainty avoidance are associated with fewer KAMs, whereas high individualism correlates with more KAMs. These results not only support but also extend Gray's (1988) secrecy hypothesis by illustrating how cultural predispositions towards secrecy and openness in communication can significantly influence audit disclosures. Overall, the results show that the GCC region is associated with the dimension of secrecy that Gray (1988, p8) proposed: "preference for confidentiality and the restriction of disclosure of information about the business only to those who are closely involved with its management and financing as opposed to a more transparent, open, and publicly accountable approach."

4.4 Endogeneity

To address potential endogeneity in the regression models, 2SLS (Two-Stage Least Squares) and GMM (Generalized Method of Moments), were utilized. These methods are particularly effective for mitigating the influence of endogeneity. The 2SLS method addresses this by using lagged levels of the variables as instruments, thus helping to isolate the exogenous components of the independent variables influencing the dependent variable (Winship & Western, 2016). GMM goes further by incorporating both the variable's lagged levels and the possibility of time-variant influences, aiming to minimize standard deviations and maximize the use of exogenous variation as part of the instrumentation (Winship & Western, 2016).

In this study, the audit partner tenure (EA_partTen) is posited as a potential source of endogeneity, as it might be influenced by or influence the number of KAMs disclosed. Therefore, EA_partTen is used as an instrumental variable in our analyses. The results, presented in Panel B of Table 5, confirm the robustness of the relationship between audit partner tenure and the number of KAMs reported. Specifically, the findings from both 2SLS and GMM analyses indicate that longer audit partner tenure is positively associated with an increased number of KAMs. The coefficients obtained, 0.243 for 2SLS and 0.127 for GMM, are positive and statistically significant at the 99% confidence level. These results underscore

the validity of our model specifications and the effectiveness of the chosen econometric techniques in addressing endogeneity, ensuring that the observed relationships are more likely to reflect true causal interactions rather than spurious correlations driven by omitted variable bias or reverse causality.

4.6 Additional Analysis

Alternative measure for audit partner tenure

To rigorously test the robustness of the results from Model 1, where audit partner tenure (EA_partTen) serves as the main independent variable, an alternative measure—audit firm tenure (EA_firmTen)—is employed. This measure, used in prior EAR studies such as those by Elshafie (2023), Hussin et al. (2022), Pinto & Morais (2019), and Rahaman & Karim (2023), quantifies the consecutive years an audit firm has served the same client, encompassing situations where individual audit partners may change but the firm remains constant. In the adjusted Model 1, presented in Table 7, various regression techniques—including OLS, Tobit, robust, Poisson, and fixed effects—are applied to mitigate standard error and assess the consistency of the results across different statistical methodologies. The findings indicate that audit firm tenure, much like audit partner tenure, exhibits a robust positive relationship with KAMs disclosure. Specifically, the coefficients for (EA_firmTen) in OLS, Tobit, and robust regression models are 0.074, significant at a 99% confidence interval, suggesting a strong and consistent positive influence. Similarly, the coefficients in the Poisson and fixed effects models are 0.038 and 0.036, respectively, significant at 95% and 90% confidence intervals. These results affirm the robustness of the association between the tenure of the audit entity—whether at the partner or firm level—and the extent of KAM disclosure. The consistency across different regression models underscores the stability of this relationship, echoing findings from Rahaman & Karim's (2023) study in Bangladesh, which likewise documented a positive impact of audit firm tenure on KAM disclosure. This suggests that prolonged engagements, whether at the partner or firm level, enhance the auditors' understanding of the client's business and risks, leading to more comprehensive disclosure in audit reports.

Insert Table 7 about here

Alternative measures for KAM

To further explore the robustness of the main analysis in Model 1, additional tests are conducted by varying the measure of the dependent variable, kamNum.

Length of KAMs disclosed

Following existing literature (Abdelfattah et al., 2021; Chen et al., 2023; Rahaman et al., 2023), the total number of words used in KAM disclosures (kamLeng_Tot) serves as a dependent variable. Additionally, to address data anomalies and outliers, the average number of words per KAM (kamLeng_Avg) is also utilized. The regression results for both measures (presented in Table 8 Panel A) align with the findings from the main model, showing that both kamLeng_Tot and kamLeng_Avg are positively associated with audit partner tenure at significance levels of 90% and 95%, respectively. This indicates that longer-tenured audit partners tend to provide more detailed descriptions of KAMs.

KAMs added, dropped, or repeated

To investigate the dynamics of KAM reporting further, variables representing the number of KAMs added (kamAdd), dropped (kamDrop), or repeated (kamRecurr) are analyzed. The results (shown in Table 8 Panel B) reveal that longer tenure is associated with fewer new KAMs being added and less frequent dropping of previously reported KAMs, while more often repeating the same KAMs from one year to the next. This suggests that longer tenure may lead to a tendency towards boilerplate reporting, where similar KAMs are consistently reported across years.

KAMs Readability

In accordance with ISA 701, which emphasizes the importance of auditors conveying information in an understandable manner, readability becomes a critical measure of communication quality (De Franco et al., 2015; Loughran & Mcdonald, 2011; Smith, 2023). Following the methodology used in previous EAR studies on readability (Küster, 2024; Seebeck & Kaya, 2023), readability proxies such as Flesch Reading Ease (FleschRead), Flesch Kincaid Grade Level (FleschKincaid), and Gunning Fog Score (GunningFog) are employed. The results for these readability measures (detailed in Table 8 Panel C) indicate that audit partner tenure is positively associated with the readability of KAMs. This finding suggests that more experienced audit partners, through their prolonged engagements, are likely to present KAMs in a manner that is more accessible and easier to understand, likely due to their enhanced familiarity and expertise with the client's industry.

These additional analyses not only confirm the robustness of the initial findings but also enrich the understanding of how audit partner tenure influences the qualitative aspects of audit

reporting. The insights gained underscore the nuanced impacts of auditor experience on the transparency and clarity of financial disclosures.

Insert Table 8 about here.

4.7 Sensitivity analysis

Large vs small firms

First, the robustness of our regression model 1 was tested using a sub-sampling approach, as detailed in Table 5 Panel C. This method, endorsed by Camponovo et al. (2012) and Fidler et al. (2006), helps to reduce any potential bias inherent in OLS regression analyses and confirms the reliability of the model's results. Specifically, the sample was divided based on firm size—calculated as the natural logarithm of the firm's total assets—into two distinct subsets: large firms and small firms. The analysis yielded positive and statistically significant relationships between audit partner tenure and KAM disclosure for both subsets. The findings were robust at the 99% confidence level for small firms and at the 90% confidence level for large firms. Notably, the coefficient was higher for small firms, with an estimated increase of 0.089 units in KAM reporting per additional year of tenure, compared to a 0.078 unit increase for large firms. These results highlight the influence of audit partner tenure on KAM disclosure across different firm sizes, affirming the initial findings from the primary OLS model. The consistency of the positive relationship across both subsets of firm size reinforces the robustness of our findings, suggesting that the effect of audit partner tenure on KAM reporting is significant and pervasive, irrespective of firm size.

Industry-Specific Analysis

In the breakdown by industry, the dataset involves ten sectors categorized according to the Global Industry Classification Standard (GICS). The results, as presented in Table 9 Panel A, reveal that audit partner tenure (EA_partTen) has a notably positive and statistically significant relationship with the number of KAMs disclosed particularly in the Industrials and Consumer Discretionary sectors. These sectors represent 20% and 16% of the sample, respectively, reflecting their significant role in the GCC's economic landscape. The positive findings in these sectors are significant at a 95% confidence level, suggesting that the complexity and operational nature of these industries may require more extensive disclosure of KAMs as auditors gain tenure and familiarity with industry-specific risks.

Regional and Economic Analysis

Further analysis is conducted to assess the impact of audit partner tenure across different geographic and economic contexts. Audit partners are categorized based on their regions of origin—Asia, Europe, Africa, Oceania, and the Americas. The nationality of each partner is determined through meticulous examination of auditor reports, supplemented by information from firm websites and professional profiles on LinkedIn. The results, detailed in Table 9 Panel B, show that audit partner tenure exhibits a positive and significant effect on KAM reporting particularly when the audit partners are from Asia, which is the most represented region among the sampled partners, and from developing economies. This relationship is statistically significant at a 99% confidence level.

These findings imply that audit partners from these regions may bring unique perspectives or adhere to distinct auditing standards that influence the thoroughness and depth of KAM disclosures. Additionally, the prominence of partners from developing economies in contributing to higher KAM disclosures may reflect different regulatory environments or professional practices that emphasize detailed reporting. The results from these extended analyses, as summarized in Table 9, reinforce the initial findings and provide nuanced insights into how audit partner tenure influences KAM reporting across various industries and regions. This comprehensive approach aids in understanding the broader implications of auditor experience in global and sector-specific contexts.

Insert Table 9 about here.

5. Conclusion

ISA 701 has significantly influenced the audit landscape by requiring the reporting of KAMs, aiming to enhance the communicative value of audit reports. This standard emphasizes the importance of auditor's professional judgment and decision-making, particularly regarding significant risks and the corresponding audit approach. Drawing on Hogarth's (1980) decision behavior theory, this study investigates how audit partner tenure impacts KAM disclosure and decision-making, incorporating the moderating effects of Hofstede's cultural dimensions—power distance, individualism, masculinity, and uncertainty avoidance.

Conducted across 456 non-financial listed firms in the GCC from 2016 to 2021, our analysis reveals a robust positive association between audit partner tenure and the number of KAMs reported. This suggests that more experienced auditors, familiar with their clients over extended periods, are likely to identify and report more KAMs. Consistently, the regression results across multiple models, including those addressing endogeneity, affirm this positive

association. The findings are bolstered by additional tests, which show that longer tenure not only associates with an increased number of KAMs but also enhances the quality of disclosures in terms of detail and readability. Regarding cultural influences, the research identified that power distance and uncertainty avoidance positively affect the tenure-KAM disclosure relationship, suggesting that in cultures with high power distance and uncertainty avoidance, seasoned auditors leverage their authority and risk aversion to enhance disclosures. Conversely, individualism was found to have a negative impact, reflecting the collectivist orientation of the GCC where personal achievements might be underplayed. However, the study did not find significant evidence linking masculinity with KAM reporting, indicating that the competitive and assertive traits associated with masculine cultures do not necessarily translate into more extensive or detailed audit disclosures. This nuanced understanding of cultural impacts is critical for global audit practices, especially in regions with varied cultural norms. Furthermore, when Hofstede's dimensions were treated as control variables to assess the broader national cultural effects on audit practices, the results intriguingly suggested that cultures characterized by high secrecy—marked by higher power distance and uncertainty avoidance—tend to limit KAM disclosures. This is in line with Gray's (1988) hypothesis, which posits that more secretive cultures tend to restrict information flow, potentially impacting the transparency and comprehensiveness of audit reports.

This study makes significant contributions to the literature by systematically examining the impact of audit partner tenure on the KAMs disclosures. It extends the theoretical frameworks of audit reporting by demonstrating complex interactions between auditor characteristics and cultural dimensions, particularly within the GCC context—a region underrepresented in existing literature. By integrating Hofstede's cultural dimensions, this research not only fills a critical gap but also enhances our understanding of how cultural contexts shape auditing practices globally. The findings offer robust empirical evidence that longer auditor tenure associates positively with the number and quality of KAM disclosures. This suggests that as auditors accumulate more client-specific knowledge and industry expertise, they can identify significant risks more accurately, enhancing the communicative value of audit reports. This is pivotal for regulators and standard-setters as it underscores the necessity of considering both the benefits of long-term auditor-client relationships and the potential risks to auditor independence. Furthermore, the moderating effects of cultural dimensions on the audit tenure-KAM relationship introduce new insights into how national culture influences audit practices. The results indicate that power distance and uncertainty

avoidance have reinforcing effects, while individualism shows a diminishing effect, on the association between tenure and KAM disclosures. These findings are invaluable for audit firms operating in culturally diverse settings, suggesting that audit partner assignments might need to consider cultural alignment to optimize audit quality.

In terms of practical implications, this study aids regulatory bodies and audit firms in refining audit practices and policies. For instance, the positive association between tenure and KAMs reporting could inform policies on auditor rotation and tenure limits within firms, balancing the benefits of experience against the risks of over-familiarity. Additionally, understanding the influence of cultural dimensions on audit practices can help multinational corporations tailor their audit strategies to different regulatory and cultural environments, enhancing the transparency and effectiveness of audits globally. Finally, by identifying areas where current audit practice may benefit from further refinement, such as the incorporation of additional partner characteristics and the potential for boilerplate reporting, this research provides a foundational basis for future studies. It calls for a broader investigation into how other demographic and professional traits of auditors influence audit outcomes, encouraging a more comprehensive approach to studying audit quality that could shape future auditing standards and practices.

While this study employs rigorous methods to investigate the effects of audit partner tenure on KAM disclosures, integrating Hofstede's cultural dimensions, it acknowledges several limitations that offer avenues for future research. The focus on non-financial listed firms restricts the applicability of the findings to financial firms, which are influenced by distinct regulatory and operational dynamics. Future research could extend to these firms within the GCC to understand how such dynamics affect audit reports. Additionally, exploring broader characteristics of audit partners—including rotation policies, educational background, expertise, ethics, and demographic factors like gender and age—could offer deeper insights into influences on KAM disclosures. Replicating this study in different regions could enhance the generalizability of the findings and provide a broader understanding of audit quality factors globally. The study did not examine Hofstede's long-term orientation due to data limitations, and future research including this dimension could provide a more comprehensive view of cultural impacts on audit practices. Despite its foundational status, Hofstede's model, criticized for potentially outdated data and static cultural scores, could be updated or supplemented with alternative measures to yield more accurate insights. Addressing these gaps could refine both

theoretical and practical aspects of audit practices, influencing future audit standards and policies.

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Tables

Table 2: Variable definitions

Acronym	Full Name	Description
Dependent variable		
kamNum	KAMs number	Number of KAMs disclosed by the audit partner.
Independent variable		
EA_partTen	Partner tenure	Number of years of audit partner tenure (base year is 2016).
Control variables		
EA_audLag	Audit report lag	The time lag between fiscal year of a company and its audit report date.
EA_partnFem	Female partner	Indicator variable, 1= if audit partner is a female, otherwise 0.
EA_audBig4	Auditor type	Indicator variable, 1= if firm is audited by a Big 4 audit firm, otherwise 0.
EA_GCO	Going concern	Indicator variable, 1= if there is a going concern related matter disclosed in the audit report, otherwise 0.
ln_firmSize	Firm size	Natural logarithm of firm total assets.
loss	Loss	Indicator variable, 1= if firm reported a net loss for the year, otherwise 0.
liquid	Liquidity	Ratio of total current assets to total current liabilities.
roa	Return on assets	Ratio of operating profit to total assets.
levg	Leverage	Ratio of total debt to equity.
Country-level variables		
Inst_gdp*	GDP per capita	Gross domestic product (in U.S. dollars).
Inst_inflation*	Inflation	The annual ratio changes in the price to the average consumer obtaining goods and services.
H_PD_Cntr**	Power distance	The extent of power distribution in the society which includes the degree of equality/inequality between individuals.
H_IDV_Cntr**	Individualism	The extent to which individuals are detached from groups.
H_MAS_Cntr**	Masculinity	The extent to which masculine society values competitiveness, strength and assertiveness.
H_UAV_Cntr**	Uncertainty avoidance	The extent of society's acceptance and tolerance with regards to uncertainty and ambiguity.

*Source: Data is obtained from the World Bank Development Indicators
**Source: Data is obtained from Hofstede Insights.

Table 3: Sample selection and distribution

Panel A: Sample selection

GCC Country	KSA	UAE	Kuwait	Oman	Qatar	Bahrain	Total
Total Population	1150	926	944	679	286	250	4235
Total Exclusion (Less)	(320)	(570)	(396)	(270)	(120)	(144)	(1820)
Financials	(315)	(510)	(378)	(252)	(120)	(144)	(1719)
Delisted, suspended/ liquidated	(5)	(30)	(6)	(18)	-	-	(59)
Dual Listing	-	(30)	(12)	-	-	-	(42)
Total Observations	**830**	**356**	**548**	**409**	**166**	**106**	**2415**

Panel B: Sample distribution country and year

GCC Country	2016	2017	2018	2019	2020	2021	Total	Percent
Kingdom of Saudi Arabia	-	146	158	165	180	181	830	34%
State of Kuwait	90	91	91	92	92	92	548	23%
Sultanate of Oman	66	67	68	69	69	70	409	17%
United Arab Emirates	52	53	57	63	65	66	356	15%
State of Qatar	26	27	27	28	29	29	166	7%
Kingdom of Bahrain	17	17	18	18	18	18	106	4%
Total Observations	**251**	**401**	**419**	**435**	**453**	**456**	**2415**	**100%**

Note: KSA did not have any firm year observations in 2016 as KAM was endorsed in 2017 by SOCPA.

Panel C: Sample distribution industry and year

Industry	2016	2017	2018	2019	2020	2021	Total	Percent
Industrials	54	78	79	82	89	90	472	20%
Materials	28	71	73	77	79	79	407	17%
Consumer Discretionary	54	66	67	69	70	70	396	16%
Real Estate	35	60	62	64	66	66	353	15%
Consumer Staples	31	47	53	54	57	57	299	12%
Communication Services	16	22	23	24	24	24	133	6%
Utilities	15	21	22	23	23	24	128	5%
Health Care	8	18	19	20	22	22	109	5%
Energy	8	14	14	14	14	15	79	3%
Information Technology	2	4	7	8	9	9	39	2%
Total Observations	**251**	**401**	**419**	**435**	**453**	**456**	**2415**	**100%**

Table 3: Descriptive statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
kamNum	2415	1.984	1.208	0	7
EA partTen	2387	1.785	.994	1	6
EA audLag	2396	70.624	39.471	6	799
EA partnFem	2376	.011	.102	0	1
EA audBig4	2415	.571	.495	0	1
EA GCO	2415	.057	.231	0	1
ln firmSize	2415	18.887	2.314	11.834	27.929
loss	2415	.24	.427	0	1
liquid	2415	2.487	4.635	.005	87.463
roa	2415	.028	.166	-4.498	1.334
levg	2415	1.301	4.788	-65.078	160.039
Inst gdp	2323	28702.194	12194.091	16707.623	66838.357
Inst inflation	2349	1.182	1.862	-2.54	3.445
H PD Cntr	2415	74.649	12.31	46	93
H IDV Cntr	2415	39.869	10.719	18	52
H MAS Cntr	2415	39.66	13.414	12	55
H UAV Cntr	2415	70.951	6.8	64	80

Table 4: Pairwise correlation

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
(1) kamNum	1.000																
(2) EA_partTen	0.000	1.000															
(3) EA_audLag	-0.162***	-0.028	1.000														
(4) EA_partnFem	-0.074***	0.030	0.046**	1.000													
(5) EA_audBig4	-0.120***	0.009	-0.076***	-0.062***	1.000												
(6) EA_GCO	0.012	-0.014	0.104***	0.010	-0.077***	1.000											
(7) ln_firmSize	0.174***	0.089***	0.032	-0.056***	0.327***	-0.087***	1.000										
(8) loss	0.075***	0.033*	0.132***	0.029	-0.172***	0.303***	-0.190***	1.000									
(9) liquid	-0.070***	-0.016	-0.063***	0.145***	-0.109***	-0.081***	-0.168***	-0.019	1.000								
(10) roa	-0.071***	-0.017	-0.010	-0.026	0.136***	-0.132***	0.158***	-0.372***	0.022	1.000							
(11) levg	-0.042**	0.007	0.075***	-0.005	0.005	0.136***	0.016	0.073***	-0.074***	-0.003	1.000						
(12) Inst_gdp	0.024	0.071***	-0.105***	0.009	0.255***	-0.013	0.366***	-0.080***	0.013	-0.001	-0.013	1.000					
(13) Inst_inflation	-0.076***	0.000	0.011	0.034*	-0.019	0.006	-0.082***	-0.011	0.015	0.026	0.015	-0.105***	1.000				
(14) H_PD_Cntr	-0.076***	0.062***	0.079***	0.085***	0.040*	-0.003	0.164***	0.012	0.053***	-0.007	0.038*	0.534***	0.169***	1.000			
(15) H_IDV_Cntr	0.079***	-0.081***	0.067***	-0.089***	-0.170***	0.016	-0.072***	0.024	-0.074***	0.026	-0.023	-0.776***	-0.069***	-0.786***	1.000		
(16) H_MAS_Cntr	0.074***	0.102***	0.096***	0.020	0.143***	-0.034*	0.532***	-0.040**	0.029	0.037*	-0.027	0.612***	0.002	0.413***	-0.554***	1.000	
(17) H_UAV_Cntr	-0.165***	0.038*	-0.160***	0.091***	0.065***	-0.007	-0.408***	-0.001	0.084***	-0.054***	0.041**	0.298***	0.105***	0.472***	-0.726***	-0.089***	1.000

**** p<0.01, ** p<0.05, * p<0.1*

Table 5: Regression analysis, endogeneity results and robustness check

	Panel A: Regression results					**Panel B:** Endogeneity test results		**Panel C:** Robustness check	
Model (1)	OLS kamNum	Tobit kamNum	Robust kamNum	Poisson kamNum	Fixed kamNum	2SLS kamNum	GMM kamNum	Small firms kamNum	Large firms kamNum
l. kamNum							0.003		
							(0.20)		
EA_partTen	0.078***	0.078***	0.078***	0.038**	0.048**	0.243***	0.127***	0.089***	0.078*
	(2.87)	(2.88)	(3.01)	(2.14)	(2.12)	(2.70)	(6.86)	(2.62)	(1.91)
EA_audLag	-0.006***	-0.006***	-0.006***	-0.005***	-0.002***	-0.006***	-0.005***	-0.005***	-0.006***
	(-9.81)	(-9.87)	(-8.21)	(-7.90)	(-3.73)	(-6.64)	(-10.67)	(-6.22)	(-6.64)
EA_partnFem	-0.610**	-0.610**	-0.610*	-0.479**	0.370	-0.815***	0.585*	-0.757***	-0.361
	(-2.26)	(-2.27)	(-1.86)	(-2.00)	(1.22)	(-2.84)	(1.86)	(-3.02)	(-0.50)
EA_audBig4	-0.602***	-0.602***	-0.602***	-0.305***	-0.386***	-0.585***	-0.186**	-0.578***	-0.644***
	(-11.30)	(-11.37)	(-11.49)	(-8.96)	(-4.88)	(-9.90)	(-2.49)	(-9.44)	(-7.22)
EA_GCO	0.113	0.113	0.113	0.074	0.101	0.181	0.312***	-0.041	0.420**
	(1.01)	(1.02)	(0.98)	(1.06)	(0.91)	(1.56)	(9.95)	(-0.34)	(2.13)
ln_firmSize	0.169***	0.169***	0.169***	0.085***	-0.213***	0.155***	-0.047*	0.127***	0.226***
	(13.69)	(13.77)	(12.74)	(10.76)	(-3.10)	(11.40)	(-1.89)	(5.07)	(7.29)
loss	0.325***	0.325***	0.325***	0.173***	0.199***	0.299***	0.306***	0.294***	0.269**
	(5.08)	(5.11)	(4.88)	(4.39)	(3.38)	(4.43)	(7.36)	(4.09)	(2.43)
liquid	-0.009	-0.009	-0.009*	-0.006	-0.002	-0.006	-0.012***	-0.007	-0.027
	(-1.58)	(-1.59)	(-1.89)	(-1.41)	(-0.26)	(-0.99)	(-4.95)	(-1.39)	(-1.37)
roa	-0.426***	-0.426***	-0.426*	-0.186**	-0.233*	-0.314**	0.135**	-0.070	-1.609***
	(-2.84)	(-2.86)	(-1.94)	(-2.37)	(-1.91)	(-2.07)	(2.50)	(-0.49)	(-4.56)
levg	-0.018**	-0.018***	-0.018**	-0.009**	-0.015**	-0.015**	-0.023***	0.001	-0.047***
	(-2.57)	(-2.58)	(-2.04)	(-2.18)	(-2.49)	(-2.06)	(-15.64)	(0.18)	(-3.93)
Inst_gdp	-0.000***	-0.000***	-0.000***	-0.000***	0.000	-0.000***	0.000***	-0.000***	-0.000***
	(-4.42)	(-4.44)	(-4.27)	(-3.46)	(0.76)	(-2.77)	(7.57)	(-2.99)	(-2.86)
Inst_inflation	-0.057***	-0.057***	-0.057***	-0.025**	-0.035***	-0.013	-0.001	-0.080***	-0.021
	(-3.54)	(-3.56)	(-3.39)	(-2.38)	(-2.71)	(-0.72)	(-0.11)	(-3.66)	(-0.82)
_cons	0.021	0.021	0.021	-0.257	6.487***				
	(0.08)	(0.08)	(0.08)	(-1.43)	(4.83)				
year	included	included	included	included	included	included	included	included	included
industry	included	included	included	included	included	included	included	included	included
var(e.kamNum)		1.206***							
		(33.21)							
N	2206	2206	2206	2206	2206	1749	1762	1096	1110
R-sq	0.20		0.20		0.09			0.21	0.22
adj. R-sq	0.19		0.19		-0.16			0.19	0.20

t statistics in parentheses ="* p<0.10 ** p<0.05 *** p<0.01"

Table 6: Hofstede dimensions

Main Model	**Panel A:** Hofstede dimensions as moderators [6 GCC countries]				**Panel B:** Hofstede dimensions as moderators [20 Partner countries]				**Panel C:** Hofstede dimensions as control [6 GCC countries]			
	Including PD kamNum	Including IDV kamNum	Including MAS kamNum	Including UAV kamNum	Including PD kamNum	Including IDV kamNum	Including MAS kamNum	Including UAV kamNum	Including PD kamNum	Including IDV kamNum	Including MAS kamNum	Including UAV kamNum
EA_partTen	-0.156	0.284***	-0.042	-0.430*	-0.058	0.233***	-0.075	0.071	0.081***	0.089***	0.077***	0.091***
	(-1.09)	(3.17)	(-0.44)	(-1.75)	(-0.43)	(3.03)	(-0.59)	(0.55)	(3.02)	(3.29)	(2.86)	(3.36)
H_PD	-0.015***				-0.004				-0.009***			
	(-3.40)				(-1.20)				(-3.40)			
c.	0.003*				0.002							
	(1.69)				(1.04)							
H_IDV		0.026***				0.006*				0.017***		
		(4.42)				(1.74)				(3.89)		
c.		-0.005**				-0.004**						
		(-2.29)				(-2.16)						
H_MAS			-0.004				0.006				0.000	
			(-0.95)				(1.12)				(0.12)	
c.			0.003				0.003					
			(1.30)				(1.25)					
H_UAV				-0.035***				-0.010***				-0.021***
				(-4.23)				(-2.71)				(-4.10)
c.				0.007**				0.000				
				(2.13)				(0.09)				
EA_audLag	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***	-0.006***
	(-9.29)	(-9.74)	(-9.68)	(-10.33)	(-9.75)	(-9.85)	(-9.58)	(-9.35)	(-9.30)	(-9.69)	(-9.71)	(-10.22)
EA_partnFem	-0.591**	-0.549**	-0.607**	-0.556**	-0.622**	-0.631**	-0.593**	-0.557**	-0.574**	-0.535**	-0.610**	-0.540**
	(-2.19)	(-2.04)	(-2.25)	(-2.07)	(-2.30)	(-2.34)	(-2.21)	(-2.07)	(-2.13)	(-1.98)	(-2.26)	(-2.00)
EA_audBig4	-0.625***	-0.593***	-0.606***	-0.564***	-0.609***	-0.605***	-0.628***	-0.593***	-0.622***	-0.590***	-0.601***	-0.566***
	(-11.68)	(-11.16)	(-11.28)	(-10.50)	(-11.32)	(-11.35)	(-11.77)	(-11.14)	(-11.63)	(-11.09)	(-11.21)	(-10.52)
EA_GCO	0.099	0.089	0.114	0.100	0.110	0.114	0.105	0.080	0.101	0.088	0.114	0.097
	(0.88)	(0.80)	(1.02)	(0.90)	(0.98)	(1.02)	(0.94)	(0.72)	(0.90)	(0.78)	(1.01)	(0.87)
ln_firmSize	0.170***	0.152***	0.169***	0.129***	0.169***	0.174***	0.169***	0.163***	0.169***	0.150***	0.169***	0.129***
	(13.78)	(11.38)	(12.10)	(8.14)	(13.61)	(13.26)	(13.72)	(13.14)	(13.73)	(11.25)	(12.09)	(8.11)
loss	0.334***	0.325***	0.324***	0.310***	0.326***	0.331***	0.341***	0.329***	0.330***	0.320***	0.324***	0.306***
	(5.23)	(5.10)	(5.07)	(4.86)	(5.10)	(5.18)	(5.35)	(5.18)	(5.17)	(5.02)	(5.07)	(4.79)
liquid	-0.008	-0.008	-0.009	-0.010*	-0.008	-0.008	-0.009	-0.008	-0.008	-0.008	-0.009	-0.010*
	(-1.50)	(-1.50)	(-1.58)	(-1.77)	(-1.54)	(-1.53)	(-1.64)	(-1.53)	(-1.54)	(-1.55)	(-1.59)	(-1.79)
roa	-0.422***	-0.419***	-0.436***	-0.401***	-0.430***	-0.437***	-0.380**	-0.409***	-0.415***	-0.413***	-0.425***	-0.406***
	(-2.82)	(-2.81)	(-2.91)	(-2.69)	(-2.86)	(-2.92)	(-2.54)	(-2.74)	(-2.78)	(-2.77)	(-2.84)	(-2.72)
levg	-0.017**	-0.016**	-0.017**	-0.015**	-0.017**	-0.018***	-0.017**	-0.016**	-0.016**	-0.015**	-0.017**	-0.015**
	(-2.43)	(-2.27)	(-2.55)	(-2.14)	(-2.55)	(-2.64)	(-2.45)	(-2.33)	(-2.42)	(-2.25)	(-2.56)	(-2.13)
Inst_gdp	-0.000*	0.000	-0.000***	-0.000*	-0.000***	-0.000***	-0.000***	-0.000***	-0.000*	0.000	-0.000***	-0.000
	(-1.82)	(0.59)	(-3.86)	(-1.67)	(-4.33)	(-4.42)	(-5.22)	(-4.95)	(-1.78)	(0.68)	(-3.80)	(-1.54)
Inst_inflation	-0.041**	-0.041**	-0.057***	-0.047***	-0.056***	-0.052***	-0.048***	-0.039**	-0.042**	-0.045***	-0.057***	-0.051***
	(-2.47)	(-2.48)	(-3.51)	(-2.89)	(-3.46)	(-3.23)	(-3.01)	(-2.42)	(-2.52)	(-2.74)	(-3.53)	(-3.19)
_cons	0.975**	-0.971***	0.220	3.177***	0.305	-0.277	-0.205	0.776**	0.541*	-0.601*	0.029	2.180***
	(2.41)	(-2.74)	(0.70)	(4.21)	(0.84)	(-0.90)	(-0.55)	(2.16)	(1.73)	(-1.91)	(0.10)	(3.68)
year	included	included	included	included	included	included	included	included	included	included	included	included
industry	included	included	included	included	included	included	included	included	included	included	included	included
N	2206	2206	2206	2206	2206	2206	2206	2206	2206	2206	2206	2206
R-sq	0.21	0.21	0.20	0.21	0.20	0.20	0.21	0.21	0.21	0.21	0.20	0.21
adj. R-sq	0.20	0.20	0.19	0.20	0.19	0.19	0.20	0.20	0.20	0.20	0.19	0.20

t statistics in parentheses ="* p<0.10 ** p<0.05 *** p<0.01"

Table 7: Alternative measure audit partner tenure

Main Model	**OLS**	**Tobit**	**Robust**	**Poisson**	**Fixed**
	kamNum	kamNum	kamNum	kamNum	kamNum
EA_firmTen	0.074***	0.074***	0.074***	0.038**	0.036*
	(3.27)	(3.29)	(3.49)	(2.50)	(1.72)
EA_audLag	-0.006***	-0.006***	-0.006***	-0.005***	-0.002***
	(-9.86)	(-9.92)	(-8.39)	(-7.92)	(-3.76)
EA_partnFem	-0.587**	-0.587**	-0.587*	-0.471**	0.347
	(-2.17)	(-2.19)	(-1.77)	(-1.96)	(1.15)
EA_audBig4	-0.627***	-0.627***	-0.627***	-0.317***	-0.401***
	(-11.56)	(-11.63)	(-11.75)	(-9.16)	(-5.00)
EA_GCO	0.116	0.116	0.116	0.076	0.100
	(1.04)	(1.04)	(1.00)	(1.09)	(0.90)
Firm control variables	included	included	included	included	included
Country level variables	included	included	included	included	included
_cons	-0.065	-0.065	-0.065	-0.303*	6.466***
	(-0.24)	(-0.24)	(-0.23)	(-1.68)	(4.81)
year	included	included	included	included	included
industry	included	included	included	included	included
var(e.kamNum)		1.204***			
		(33.21)			
N	2206	2206	2206	2206	2206
R-sq	0.20		0.20		0.09
adj. R-sq	0.19		0.19		-0.16

t statistics in parentheses ="* p<0.10 ** p<0.05 *** p<0.01"

Firm and country level variables have been included in all models but are not presented for purposes of brevity.

Table 8: Regression analysis for alternative measures of KAMs

	Panel A: Effect of partner tenure on KAMs length		**Panel B:** Effect of partner tenure on KAMs added, dropped or repeated			**Panel C:** Effect of partner tenure on readability		
Model (1)	**OLS** kamLeng_Tot	**OLS** kamLeng_Avg	**OLS** kamAdd	**OLS** kamDrop	**OLS** kamRecurr	**OLS** FleschRead	**OLS** FleschKincaid	**OLS** GunningFog
EA_partTen	8.381*	3.499**	-0.145***	-0.121***	0.207***	1.134***	0.314**	0.449***
	(1.84)	(2.04)	(-6.04)	(-6.21)	(8.80)	(3.64)	(2.51)	(2.98)
EA_audLag	-0.745***	-0.310***	-0.002***	-0.002***	-0.004***	-0.057***	-0.045***	-0.054***
	(-7.27)	(-8.03)	(-3.69)	(-3.88)	(-7.59)	(-8.02)	(-15.66)	(-15.73)
EA_partnFem	-72.735	-39.806**	0.102	-0.285	-0.737***	-6.480**	-4.814***	-6.367***
	(-1.60)	(-2.33)	(0.43)	(-1.47)	(-3.13)	(-2.13)	(-3.95)	(-4.33)
EA_audBig4	-14.201	30.273***	-0.375***	-0.077**	0.005	-1.675***	0.879***	0.828***
	(-1.58)	(8.97)	(-7.94)	(-2.01)	(0.10)	(-2.60)	(3.40)	(2.65)
EA_GCO	53.518***	22.712***	0.127	0.167**	-0.035	1.273	0.838	1.086*
	(2.84)	(3.20)	(1.28)	(2.07)	(-0.36)	(0.97)	(1.59)	(1.70)
ln_firmSize	41.452***	6.982***	0.172***	0.077***	-0.136***	-0.652***	-0.063	-0.104
	(19.92)	(8.91)	(15.72)	(8.68)	(-12.65)	(-4.46)	(-1.07)	(-1.47)
loss	62.443***	12.618***	0.158***	0.084*	-0.066	2.451***	0.154	0.283
	(5.81)	(3.12)	(2.80)	(1.82)	(-1.19)	(3.18)	(0.50)	(0.76)
liquid	-0.580	-0.003	-0.001	-0.001	-0.006	-0.119*	0.002	0.010
	(-0.63)	(-0.01)	(-0.14)	(-0.23)	(-1.21)	(-1.89)	(0.07)	(0.33)
roa	-80.958***	-17.860*	-0.401***	-0.124	-0.290**	-0.273	-2.135***	-2.538***
	(-3.22)	(-1.88)	(-3.03)	(-1.15)	(-2.22)	(-0.16)	(-3.12)	(-3.07)
levg	-2.573**	-0.349	-0.011*	-0.008	0.011*	-0.091	-0.015	-0.017
	(-2.24)	(-0.81)	(-1.74)	(-1.54)	(1.89)	(-1.18)	(-0.49)	(-0.45)
Inst_gdp	-0.003***	-0.001***	-0.000***	-0.000***	0.000***	0.000	0.000	0.000
	(-8.34)	(-4.70)	(-9.49)	(-2.61)	(7.82)	(1.43)	(1.65)	(1.35)
Inst_inflation	-7.878***	-1.009	-0.114***	0.076***	-0.039***	0.201	0.020	0.091
	(-2.92)	(-0.99)	(-7.99)	(6.60)	(-2.80)	(1.05)	(0.26)	(0.99)
_cons	-355.772***	7.140	0.547**	-1.051***	2.218***	38.926***	17.513***	21.798***
	(-7.75)	(0.41)	(2.26)	(-5.36)	(9.33)	(12.37)	(13.89)	(14.32)
year	included	included	included	included	included	included	included	included
industry	included	included	included	included	included	included	included	included
N	2206	2206	2206	2206	2206	1989	1989	1989
R-sq	0.21	0.15	0.34	0.17	0.44	0.10	0.18	0.19
adj. R-sq	0.20	0.14	0.33	0.16	0.43	0.09	0.17	0.18

t statistics in parentheses ="* p<0.10 ** p<0.05 *** p<0.01"

Table 9: Sensitivity analysis

Panel A: Per Industry

Model (1)	**Energy**	**Materials**	**Industrials**	**Consumer Staples**	**Consumer Discretionary**	**Health Care**	**Communication Services**	**Utilities**	**IT**	**Real Estate**
	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum
EA_firmTen	-0.102	0.046	0.140**	0.111	0.144**	0.190	0.190	0.006	-0.108	-0.065
	(-0.67)	(0.80)	(2.28)	(1.36)	(2.12)	(1.49)	(1.49)	(0.04)	(-0.61)	(-0.94)
Control variables	included	included	included	included	included	included	included	included	included	included
_cons	-1.664	1.870***	-0.908	2.217***	-2.102***	-1.731	-1.731	1.341	4.214**	-0.008
	(-1.15)	(4.13)	(-1.20)	(3.52)	(-3.67)	(-0.86)	(-0.86)	(1.58)	(2.67)	(-0.01)
Year	included	included	included	included	included	included	included	included	included	included
Industry	included	included	included	included	included	included	included	included	included	included
N	70	383	427	274	326	102	102	118	38	346
R-sq	0.33	0.25	0.19	0.34	0.31	0.43	0.43	0.16	0.87	0.20
adj. R-sq	0.14	0.22	0.16	0.30	0.28	0.32	0.32	0.02	0.77	0.16

Panel B: Partner region

Model (1)	**Asia**	**Europe**	**Africa**	**Oceania**	**Americas**	**Developing**	**Developed**
	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum	kamNum
EA_firmTen	0.074***	0.281	0.254	-0.461	0.471	0.075***	0.180
	(2.64)	(1.44)	(1.18)	(-1.38)	(.)	(2.70)	(1.20)
Control variables	included	included	included	included	included	included	included
_cons	0.082	1.900	1.369	3.437	16.924	0.007	2.399*
	(0.28)	(1.18)	(0.63)	(0.36)	(.)	(0.02)	(1.89)
Year	included	included	included	included	included	included	included
Industry	included	included	included	included	included	included	included
N	1956	132	72	31	15	2026	180
R-sq	0.21	0.46	0.52	0.73	1.00	0.20	0.49
adj. R-sq	0.20	0.33	0.29	0.46	.	0.19	0.40

t statistics in parentheses ="* p<0.10 ** p<0.05 *** p<0.01", Firm control and country level variables have been included in all models but are not presented for purposes of brevity.