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The effect of CEO tenure and specialization on timely audit reports of Iranian listed companies

Effect of
CEO tenure

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Abstract

Purpose – The purpose of this paper is to examine whether the characteristics of a CEO, that is, tenure and financial expertise, could affect the timeliness of an audit report.

Design/methodology/approach – Research data gathered from listed companies on the Tehran Stock Exchange during the four-year period 2013-2016.

Findings – The results obtained from model fittings indicated that there is only a negative and significant relationship between CEO financial expertise and natural logarithm of audit report lag and no significant relationship observed between the former and two other indices of timely audit report. Moreover, no significant relationship was found between the CEO tenure and other three indices of timely audit report.

Originality/value – This paper is the first study, which developed the literature of timely audit report using CEO tenure effect and financial expertise tests for timely audit reports in Iran.

Keywords Audit committee, CEO tenure, CEO expertise, Timely audit report

Paper type Research paper

1. Introduction

Financial reporting efficiency is considered as one of the leading factors for the quality of annual reporting. Such efficiency is typically implicit in well-timed information, which is a component of qualitative feature of information. As delay increases, the usefulness of disclosed information by companies will decline (Binti Hashimi and Binti Abdol Rahman, 2011). Financial reporting should be regarded as a part of responding process to inform the shareholders immediately of important updated information derived as a result of economic events during the previous fiscal year (Marziana *et al.*, 2012). Furthermore, it is declared that timelier audit reports have several advantages. For example, it may cause higher public trust on audited financial statements, lower information asymmetry, favorable content of audit report, and higher audit output in companies with timelier audit reports (Mande and Son, 2011). Given the numerous advantages of timely audit report, the factors contribute to such phenomenon have gained more importance. However, the length of time spent by auditors may affect the timeliness of audited financial statements. It is also well confirmed that the demographic characteristics of managers have no significant effect on the objective of financial reporting (Francis *et al.*, 2008; Bamber *et al.*, 2010). Moreover, such characteristics could help the prediction of such objectives. Recent and limited studies on accounting found that such characteristics have remarkable effect on the process of financial reporting (Bamber *et al.*, 2010; Jiang *et al.*, 2013). Bamber *et al.* (2010) argued that CEOs could even have more influence on financial reporting disclosure style. On the other hand, Cheng and Lo (2006) declared that CEOs have the maximum power on a broad spectrum of decisions and they could specify what/when information could be disclosed. Hence, it is expected that such characteristics could affect the timeliness of audit report and in this case, the regulatory bodies, shareholders, investors, board of directors, and auditors should consider these features



for the evaluation of manager. The focus is on the characteristics of CEO, in that it is the most important position in the management hierarchy. The relationship between CEO characteristics and the timeliness of audit report is based on the fact that financial reporting is the result of an interaction between managers and independent auditors (Baatwah *et al.*, 2015). The managing director is finally the person in charge of supervision on accounting policies, records, and estimates that were provided by management throughout the year. If the CEOs were knowledgeable enough about the calendar of such a process, then using a timely method and by the auditor's effort, the annual audit would be shorter because there are less required errors and modifications (Jiang *et al.*, 2013). The experimental observations backed such claims (Demerjian *et al.*, 2013; Bamber *et al.*, 2010) and indicated that the influence of managers is not a monotonic factor and it could be different regarding their characteristics (Bamber *et al.*, 2010).

2. Review of related literature and hypotheses development

A public theory, which is supported by the previous accounting studies and the notion of corporate governance, is that CEOs are the profit, which in turn encourages them to exploit and manage company resources for their own benefit instead of maximizing the wealth of shareholders (Jensen and Meckling, 1976). They also argued that CEOs by concealing their self-centered behaviors and by adopting and executing more comprehensive accounting policies, or by exerting the negative effect of control mechanisms could deliver biased financial reports. However, the context of management, especially strategic management, will detect the incongruity among CEOs. Hambrick and Mason (1984) declared that the characteristics of CEOs should be used for predicting their behaviors and their role in corporate success. Similarly, accounting research studies claim recently that the characteristics of CEOs could be used for predicting the impact of a CEO on financial reporting, in that they have a significant role in forming managers' behaviors (Bamber *et al.*, 2010). Francis *et al.* (2008) maintained that CEO characteristics are important, because they could affect the achievements of accounting in companies. Zhang and Wiersema (2009) stated that the quality of financial statements could be signaled to the market participants by CEOs. Moreover, the recent literature of financial reporting quality is indicative of the significance of personal characteristics of a CEO in preventing false accounting reporting and preserving the interests of shareholders. As reported, when chief financial officers (CFOs) have higher incentive stock, they are more encouraged to manipulate the income (Feng *et al.*, 2011). Provided that such manipulation is in process, a person with no accounting expertise is unlikely to realize such behavior (Baatwah *et al.*, 2015). Cullinan and Roush (2011) reported that after the enactment of the Sarbanes-Oxley Act the American board of directors takes the characteristics of CEOs into account prior to their appointment and is seeking for CEOs, which reduce the risk of misconduct in their financial reporting. Some CEO characteristics, including age, experience, education, tenure, professional background, and dichotomy of being CEO or shareholder are discovered in the literature, which affect the COE behavior. Baatwah *et al.* (2015), however, given the following considerations, concentrated on two CEO characteristics, that is, CEO tenure and financial expertise. These two variables are more observable and have more reliably measurable features (Bamber *et al.* 2010; Hambrick and Mason, 1984). Furthermore, recent limited accounting studies found that such characteristics have significant effect on the process of financial reporting (Hazarika *et al.*, 2012; Bamber *et al.*, 2010; Jiang *et al.*, 2013). Second, it is believed that these two variables contribute significantly to the regulation and implementation of accounting policies, supervision on financial reporting process, signaling employer's audit risk, and discussion on accounting issues. Third, CEO's experience, education, and his/her professional expertise could be reflected by these two factors. Fourth, CEO's financial expertise is measured by the amount of related education in accounting. Accordingly, the upcoming

sections provide a short summary on related literature and will develop the hypotheses to examine the relationship between two CEO's characteristics, that is, tenure, financial expertise, and timeliness of audit report.

2.1 CEO tenure

Both knowledge and experience could significantly help the effectiveness and efficiency of a duty. However, the literature of corporate governance indicates that the CEO tenure should be short, because entrenchment is a function of time the CEO is in charge and the stabilization of CEO would debilitate the wealth of shareholders (Lee *et al.*, 2012). It is reported that there is a positive relationship between tenure and market understanding of CEO capabilities (Milbourn, 2003). Francis *et al.* (2008) expressed that the quality of financial reporting has positive relationship with CEO tenure, because CEO's reputation is realized and enhanced with tenure and such reputation encourages the CEO for preserving high quality financial reporting. Hazarika *et al.* (2012) reported a negative relationship between tenure and profit management. Ali and Zhang (2013) indicated that lack of timely realization and lower discretionary accruals are experienced with CEO with longer tenure. Such literature declares that CEO's acquaintance with the process of financial reporting could increase the quality, because it shows that concerning their main duties in the process of monitoring the preparation of financial reports, inspector, and CFO are the starting point for accounting manipulation (Feng *et al.*, 2011). Such executive managers are more self-interested than CEOs (Jiang *et al.*, 2013). Therefore, tenure will enhance CEO's experience and knowledge on accounting methods and, more exclusively, on areas with false report and this will increase the capabilities of executive managers for discovering and preventing any type of misconduct (Baatwah *et al.*, 2015). Baatwah *et al.* (2015) stated that although it is shown that CEO tenure is related to CEO's entrenchment, the prolongation of CEO's tenure would increase the timeliness of audit report due to the following reasons: first, previous studies substantiated the timeliness of audit report, in which handling and closing annual reports or the time of preparation for clients would affect a point of time, when independent auditors are able to commence the annual report. Tenure could make the CEO more familiar with a firm process of financial reporting and allow the independent auditor to start earlier as much as possible to end the audit in an appropriate time (Baatwah *et al.*, 2015). As stated by Zhang and Wiersema (2009), another supportive possibility is that the CEO's tenure is a signal of financial reporting quality to the external electors, because it has a positive relationship with CEO's reputation and a well-known CEO is less likely to report or confirm fraudulent financial statements. Although the number of studies, which evaluated the effect of CEO's tenure on financial reporting indices within the emerging markets, is not too many, some of the recent ones with related topics are mentioned as follows: Al-Najjar (2017) within a study on the effect of the Board and CEO characteristics on CEO fee in tourism companies of England reported the presence of positive non-linear relationship between CEO's tenure and firm performance. Salehi *et al.* (2017) revealed that there is a significant relationship between corporate governance and the quality of financial statement disclosure. Fakhfakh Sakka *et al.* (2016) indicated that the coherent structure of corporate governance plays an important role in improving the timeliness quality of financial reporting. Kamalluarifin (2016) illustrated that there is no significant relationship between managers' tenure and the firm size and the timeliness of internet reporting of companies. Nevertheless, given the above said factors, research hypothesis is developed as follows:

H1. There is a positive and significant relationship between CEO's tenure and the timeliness of audit report.

The literature of strategic management proposed the theory that CEOs assign their own leanings and priorities in their organization and mostly concentrates on those aspects which

are in line with their own attitude and primacies (Baatwah *et al.*, 2015). According to such a belief, we have seen that the percentage of CEOs, who are employed recently with financial background in the USA, is growing significantly (Cullinan and Roush, 2011). Jiang *et al.* (2013) found that the percentage of CEOs with financial experience in Chinese companies has increased from 0.9 percent in 1995 to 5 percent in 2002 and then remained on more than 5 percent from 2003 to 2010. Several recently conducted studies in accounting put emphasis on the significance of CEO's financial expertise. In general, the effect of financial accounting experience is approved experimentally at the level of senior management team. Bamber *et al.* (2010) revealed that CEOs with financial-accounting background will adopt a conservative strategy for performing their duties. They noticed that senior financial managers with accounting or financial experience have followed a conservative disclosure style. Schrand and Zechman (2012) maintained that opinionated CEOs commit accounting fraud, but if the CEO has accounting expertise, we would have less such cases. Jiang *et al.* (2013) substantiated that financially experienced CEOs, who are seeking for the concept of accounting conservatism regularly, would develop a constant working style. As mentioned previously, since management affects the accounting performance, it is expected that a manager with financial expertise could have a positive effect on the timeliness of audit report, because financial expertise will increase the value of CEOs' work, especially their role in financial reporting and internal control. Such knowledge, in particular, may empower the CEO to face complicated accounting issues and to reduce the percentage of committed errors or inappropriate judgments and estimates. Besides, the manager is more convenient in discussions, meaningful negotiations, and in talk with independent auditor on accounting issue in financial statements. Such circumstances have considerable effect on the time of customer preparation, audit test, and the date of audit report signature. Conducted studies showed that a CEO with financial expertise could oblige other managers, including senior manager, inspector, and treasurer, who commit fraud or false report to regulation (Jiang *et al.*, 2013). Such a capability could bring about the reduction of time of customer preparation and auditing, in that the required time for concealing a fraud or correcting errors is omitted in financial reports and evaluating audit risk related to the quality of financial reporting and internal control system is positive (Baatwah *et al.*, 2015). Moreover, financial expertise helps a CEO to easily convince or being convinced by the independent auditor in the process of annual auditing negotiation. We could find a positive perception of auditor among people with financial expertise in the process of audit negotiations in the literature (Salleh and Stewart, 2012). However, earlier termination of negotiation sessions is possible through the presentation of a timely audit report (Salterio, 2012). Although few studies have evaluated the effect of CEO's financial expertise on the indices of financial reporting, some of the recent related topics will be elucidated in the following: Baatwah *et al.* (2015) studied the relationship between CEO's characteristics and timeliness of audit report in the capital market of Oman and discovered that CEO tenure and CEO financial expertise are related to the timeliness of audit report. Jiang *et al.* (2013) indicated that financially experienced CEOs are less inclined toward actual earnings management. Moreover, their findings also showed that CEOs with financial experience will present more accurate information and high quality financial statements. Therefore, given the above-mentioned factors, the following hypothesis is proposed:

H2. There is a positive and significant relationship between financially experienced CEO and the timeliness audit report.

3. Research methodology

3.1 Data collection method

The information required for companies were collected via official websites Securities and Exchange Organization.

3.2 Research population and sample

Research population comprises listed companies on the Tehran Stock Exchange during the four-year period 2013-2016. The following conditions were specified for selecting companies:

- (1) being listed on the Tehran Stock Exchange as of February 2013;
- (2) did not change their financial cycle during the time domain;
- (3) being active consistently and their shares being traded during the research period;
- (4) having presented the required financial information for carrying out the research during the period 2013-2016; and
- (5) not being affiliated with investing, banking, financial intermediation, holding, and leasing companies, because their information disclosure and corporate governance systems is different.

A total of 82 companies were selected as the research statistical sample. Since each company has four extractable financial information sets in its financial statement, the total number of observations is 238 firm-years.

Data panel and data panel regression model were employed in this study and data were analyzed using the R Software.

4. Research models and analyses

To test the hypotheses, the following two regression models were used for estimating (if available) the effect of CEO tenure, CEO financial expertise, and a set of control variables on audit report timeliness criteria.

Model No. 1: this model was employed for all companies with/out audit committee. Using the control variable of audit committee existence (AC), the effect of availability of audit committee was also studied in this model for all sample companies. This variable is 1 when a company has an audit committee and 0 for those with no such committee:

$$\begin{aligned} ARL_{it} = & B_0 + B_1 CEOT_{it} + B_2 CEOFEX_{it} + B_3 AC_{it} + B_4 OPINION_{it} + B_5 ADFSZ_{it} \\ & + B_6 ADFT_{it} + B_7 LNADFEE_{it} + B_8 LNCOSZ_{it} + B_9 PROF_{it} + B_{10} LEV \\ & + B_{11} OWCO_{it} + B_{12} YEAREND_{it} + B_{13} BRDSZ_{it} + B_{14} BRDIND_{it} + B_{15} DUAL_{it} \\ & + B_{16-19} YEARDUMS_{kt} + \epsilon_{it} \end{aligned}$$

Model No. 2: this model was used only for companies which have audit committee (AC = 1) and compared with Model No. 1, the AC variable is omitted and control variables of composition (ACID), size (ACSZ), and financial expertise (ACFEX) were added to this model:

$$\begin{aligned} ARL_{it} = & B_0 + B_1 CEOT_{it} + B_2 CEOFEX_{it} + B_3 ACID_{it} + B_4 ACSZ_{it} \\ & + B_5 ACFEX_{it} + B_6 OPINION_{it} + B_7 ADFSZ_{IT} + B_8 ADFT_{it} \\ & + B_9 LNADFEE_{it} + B_{10} LNCOSZ_{it} + B_{11} PROF_{it} + B_{12} LEV \\ & + B_{13} OWCO_{it} + B_{14} YEAREND_{it} + B_{15} BRDSZ_{it} + B_{16} BRDIND_{it} \\ & + B_{17} DUAL_{it} + B_{18-21} YEARDUMS_{kt} + \epsilon_{it} \end{aligned}$$

Both models were used for all research hypotheses (Table I).

Name	Symbol	Type	Variable operational definition
Audit report lag	ARL	Dependent	Number of days between financial yearend and audit report date
The logarithm of audit report lag	LNARL	Dependent	Natural logarithm of audit report lag
Average industry audit report lag	IAARL	Dependent	Subtracting average industry audit report lag from audit report lag in a certain industry
CEO tenure	CEOT	Independent	Number of years a current CEO holds the position (regarding the description in the context)
CEO financial expertise	CEOFEX	Independent	1 if a CEO is qualified for financial expertise, otherwise 0
Audit committee	AC	Control	1 if a firm has an audit committee, otherwise 0
Audit committee size	ACSZ	Control	Number of audit committee members
Audit committee composition	ACID	Control	The proportion of independent members of audit committee to total members
Audit committee financial expertise	ACFEX	Control	The proportion of members with audit committee financial expertise to total members
Auditor opinion	OPINION	Control	1 if firm receive qualified statement, otherwise 0
Audit firm size	ADFSZ	Control	1 if the audit firm is the audit organization, otherwise 0
Audit firm tenure	ADFT	Control	Number of consecutive years an independent auditor is appointed as a firm independent auditor (regarding the description in the context)
Audit fee	LNADFEE	Control	Natural logarithm of audit fee
Firm size	LNCOSZ	Control	Natural logarithm of total assets
Profitability	PROF	Control	Net income to total assets
Financial leverage	LEV	Control	Total liabilities to total assets
Ownership concentration	OWCO	Control	The proportion of stored shares by major shareholders (equal to 5%)
Financial yearend	YEAREND	Control	1 if the financial yearend is March, otherwise 0
Board size	BRDSZ	Control	The number of board members
Board independence	BRDIND	Control	The proportion of outside board members to total members
CEO duality	DUAL	Control	1 if a CEO is the head or deputy of a board, otherwise 0
Year dummy variable	YEAREUMS	Virtual	Virtual variable of year

Table I.
Definition of variables

4.1 Descriptive statistics of observations

Table II displays a summary from descriptive statistics of model variables.

In this research, in addition to presented quantitative variables in Tables II, six qualitative variables, including CEO financial expertise, audit committee, auditor opinion, audit firm size, financial yearend, and CEO duality were also defined and have nominal scale, which is analyzed based on year in Tables III-VIII.

4.2 Testing research hypotheses

After calculating the variables and in order to assess the research questions and to test the research hypotheses, several tests were carried out to estimate the best model fitting method of multiple regression using the R Statistical Software. Given that, probable models, including integrative and panel regression with random and fixed effects were fitted.

The following hypotheses were regulated to assess the impact of CEO tenure and financial expertise on the timeliness of the audit report:

- H1. There is a positive and significant relationship between CEO tenure and audit report timeliness.
- H2. There is a positive and significant relationship between CEO financial expertise and audit report timeliness.

Effect of
CEO tenure

Name	Symbol	Max.	Min.	SD	Mean	Median
Audit report lag	ARL	140	15	27.07	71	72.91
The logarithm of audit report lag	LNARL	4.94	2.71	0.41	4.26	4.21
Average industry audit report lag	IAARL	61.5	-57.5	24.95	0	1.26
CEO tenure	CEOT	15	1	2.91	2	3.39
Audit firm tenure	ADFT	15	1	4.20	3	4.23
Audit fee (fee logarithm)	LNADFEE	8.60	3.37	0.81	6.60	6.58
Firm size (assets logarithm)	LNCOSZ	16.36	10.53	1.15	13.59	13.49
Profitability	PROF	0.63	-0.79	0.15	0.11	0.13
Financial leverage	LEV	1.57	0.02	0.22	0.58	0.59
Ownership concentration	OWCO	99.93	0	19.37	79.54	74.56
Board size	BRDSZ	9	4	0.27	5	5.01
Board independence	BRDIND	1	0	0.21	0.8	0.69
Audit committee size	ACSZ	5	3	0.36	3	3.07
Audit committee composition	ACID	1	0.33	0.14	0.67	0.73
Audit committee financial expertise	ACFEX	1	0.33	0.21	1	0.84

Table II.
Descriptive statistic of
research quantitative
variables

Name	Value	Year				Total	Percentage
		2013	2014	2015	2016		
CEO financial expertise (CEOFEX)	0	58	60	59	57	234	7.34
	1	24	22	23	25	94	28.66
Total		82	82	82	82	328	100

Table III.
CEO financial
expertise based
on year

Name	Value	Year				Total	Percentage
		2013	2014	2015	2016		
Audit committee (AC)	0	61	33	26	24	144	43.9
	1	21	49	56	58	184	56.1
Total		82	82	82	82	328	100

Table IV.
Audit committee
based on year

Name	Value	Year				Total	Percentage
		2013	2014	2015	2016		
Auditor opinion (OPINION)	0	40	50	51	43	184	56.1
	1	42	32	31	39	144	43.9
Total		82	82	82	82	328	100

Table V.
Auditor opinion
based on year

Name	Value	Year				Total	Percentage
		2013	2014	2015	2016		
Audit firm size (ADFSZ)	0	62	62	62	63	249	75.91
	1	20	20	20	19	79	24.09
Total		82	82	82	82	328	100

Table VI.
Audit firm size
based on year

Two general methods were proposed for hypotheses testing. Since the dependent variable is measure through three indices of audit report lag, the logarithm of audit report lag, and average industry audit report lag, six models were used, in total. Models 1-3 were used for all companies and models 4-6 were employed only for companies with audit committee.

Chao or F-Limer test is used to select an appropriate model between panel data model and regression model. Chao test was performed for this purpose between panel model with fixed effects and OLS regression model. Table IX shows the results of these tests.

As can be seen, the p -value of these tests is less than 0.05 at the 5 percent level of significance. Therefore, the H_0 hypothesis (OLS model) is rejected and $H1$ (panel model with fixed effects) is accepted. This shows that panel data can be used.

Currently, we use Hausman test to select the appropriate model between panel model with fixed effects and panel model with random effects. Table IX illustrates the results obtained from this test.

The results of Hausman test indicate that except the third model, in which the p -value is larger than 0.05 and its H_0 is not rejected, in all other models the p -value is smaller than 0.05 and H_0 is rejected. Therefore, in all models, except the third one, fixed effects panel model

Table VII.
Financial yearend size based on year

Name	Value	Year				Total	Percentage
		2013	2014	2015	2016		
Financial yearend (YEAREND)	0	18	18	18	18	72	21.95
	1	64	64	64	64	256	78.05
Total		82	82	82	82	328	100

Table VIII.
CEO duality based on year

Name	Value	Year				Total	Percentage
		2013	2014	2015	2016		
CEO duality (DUAL)	0	65	65	65	63	258	78.66
	1	17	17	17	19	70	21.34
Total		82	82	82	82	328	100

Table IX.
The results of Chao, Hausman, Breusch-Pagan, and Breusch-Godfrey tests

Test	Chao		Hausman		Breusch-Pagan		Breusch-Godfrey	
	Priority of integrated data methods to panel model		Random effects model is more appropriate		Integrated data method is more appropriate		Existence of no autocorrelation	
	Statistic	Significance level	Statistic	Significance level	Statistic	Significance level	Statistic	Significance level
Model 1	9.3477	0.001 >	76.3091	0.001 >	0.4863	0.9977	80.5076	0.001 >
Model 2	10.6933	0.001 >	83.2234	0.001 >	0.5207	0.9952	90.215	0.001 >
Model 3	10.2258	0.001 >	17.5637	0.2274	-0.1336	0.8937	93.1738	0.001 >
Model 4	9.309	0.001 >	27.0516	0.02832	0.8329	0.7604	26.6029	0.001 >
Model 5	9.2692	0.001 >	53.41149	0.001 >	0.9653	0.5442	32.636	0.001 >
Model 6	6.8601	0.001 >	40.1268	0.001 >	0.5913	0.9793	27.2326	0.001 >

Notes: First, we fitted the general model for each model (not reported tables), then reached a final model for each hypothesis, such that we excluded insignificant dependent variables based on maximum p -value, then fit the model and based on the final model decided whether to accept or reject the hypotheses

has to be estimated. In case of the third model, random effects panel model is required. In both cases, after defining random/fixed effects panel model, the integration test is used to assess the importance of temporal and spatial integration against two-way fixed effects, the results of which is shown in Table IX.

Accordingly, given the test results, it can be observed that temporal effects integration is existed in the model and panel model with integrated effects is an appropriate model for estimating coefficients. One of the basic postulates of panel models is that no serial autocorrelation should be existed among model errors. The Breusch-Godfrey test was used to evaluate serial autocorrelation, the result of which is shown in Table IX.

Since the p -value is less than 5 percent, the H_0 is rejected and the results of Breusch-Godfrey test in this research indicate that there is an autocorrelation in model residuals. Hence, a generalized panel model of integrate data should be employed.

Since the basic postulates of all models are running using the conducted tests, model fitting results, based on generalized panel regression of integrated data is shown in Table IX.

Model 1: evaluating the effect of CEO tenure and financial expertise on audit report lag in all sample companies (Table X):

$$\begin{aligned} ARL_{it} = & B_0 + B_1 CEOT_{it} + B_2 CEOFEX_{it} + B_3 AC_{it} + B_4 OPINION_{it} \\ & + B_5 ADFSZ_{it} + B_6 ADFT_{it} + B_7 LNADFEE_{it} + B_8 LNCOSZ_{it} \\ & + B_9 PROF_{it} + B_{10} LEV + B_{11} OWCO_{it} + B_{12} YEAREND_{it} \\ & + B_{13} BRDSZ_{it} + B_{14} BRDIND_{it} + B_{15} DUAL_{it} \\ & + B_{16-19} YEARDUMS_{kt} + \epsilon_{it} \end{aligned}$$

As shown in Table X, the p -value of CEO financial expertise is (0.0512) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO financial expertise and audit report lag. There is a positive and significant relationship between auditor opinion and audit report lag and there is also a negative and significant relationship between variables of profitability and ownership concentration, and financial yearend and audit report lag (Table XI).

As shown in Table XI, the p -value of CEO tenure is (0.5653) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO tenure and

Index	Symbol	Coefficient	SD	t -test statistic	p -value
Intercept	B0	125.562	29.942	4.193	< 0.001
CEO financial expertise	CEOFEX	-6.188	3.174	-1.950	0.0512
Audit committee	AC	-0.863	2.394	-0.360	0.7186
Auditor opinion	OPINION	9.474	2.458	3.854	0.0001
Audit firm size	ADFSZ	0.558	6.194	0.090	0.9282
Audit firm tenure	ADFT	0.185	0.542	0.342	0.7324
Audit fee	LNADFEE	2.254	2.018	1.117	0.2640
Audit firm size	LNCOSZ	-2.213	1.930	-1.147	0.2516
profitability	PROF	-19.881	8.814	-2.256	0.0241
Financial leverage	LEV	-4.652	6.628	-0.702	0.4827
Ownership concentration	OWCO	-0.249	0.093	-2.683	0.0073
Financial yearend	YEAREND	-14.223	5.873	-2.422	0.0155
Board size	BRDSZ	-0.444	3.120	-0.142	0.8869
Board independence	BRDIND	-5.442	7.119	-0.765	0.4446
CEO duality	DUAL	2.337	2.856	0.818	0.4132

Table X.
The results of test of
significance for CEO
financial expertise

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Index	Symbol	Coefficient	SD	<i>t</i> -test statistic	<i>p</i> -value
Intercept	B0	114.836	29.497	3.893	< 0.001
CEO tenure	CEOT	0.266	0.462	0.575	0.5653
Audit committee	AC	-0.964	2.405	-0.401	0.6886
Auditor opinion	OPINION	9.447	2.477	3.813	0.0001
Audit firm size	ADFSZ	0.506	6.217	0.081	0.9352
Audit firm tenure	ADFT	0.241	0.544	0.442	0.6585
Audit fee	LNADFEE	2.290	2.031	1.127	0.2597
Audit firm size	LNCOSZ	-1.850	1.923	-0.962	0.3362
profitability	PROF	-17.996	8.822	-2.040	0.0413
Financial leverage	LEV	-4.140	6.724	-0.616	0.5381
Ownership concentration	OWCO	-0.231	0.093	-2.483	0.0130
Financial yearend	YEAREND	-12.571	5.813	-2.163	0.0306
Board size	BRDSZ	-0.411	3.155	-0.130	0.8963
Board independence	BRDIND	-6.041	7.171	-0.842	0.3996
CEO duality	DUAL	1.617	2.858	0.566	0.5715

Table XI.

The results of test of significance for CEO tenure

audit report lag. There is a positive and significant relationship between auditor opinion and audit report lag and there is also a negative and significant relationship between variables of profitability and ownership concentration, and financial yearend and audit report lag.

Model 2: evaluating the effect of CEO tenure and financial expertise on logarithm of audit report lag in all sample companies (Table XII):

$$\begin{aligned} \text{LNARL}_{it} = & B_0 + B_1 \text{CEOT}_{it} + B_2 \text{CEOFEX}_{it} + B_3 \text{AC}_{it} + B_4 \text{OPINION}_{it} \\ & + B_5 \text{ADFSZ}_{it} + B_6 \text{ADFT}_{it} + B_7 \text{LNADFEE}_{it} + B_8 \text{LNCOSZ}_{it} \\ & + B_9 \text{PROF}_{it} + B_{10} \text{LEV} + B_{11} \text{OWCO}_{it} + B_{12} \text{YEAREND}_{it} \\ & + B_{13} \text{BRDSZ}_{it} + B_{14} \text{BRDIND}_{it} + B_{15} \text{DUAL}_{it} \\ & + B_{16-19} \text{YEARDUMS}_{kt} + \epsilon_{it} \end{aligned}$$

As shown in Table XII, the *p*-value of CEO financial expertise is (0.0079) less than 5 percent, besides, the related coefficient is negative, so the hypothesis is accepted, that is, there is a

Index	Symbol	Coefficient	SD	<i>t</i> -test statistic	<i>p</i> -value
Intercept	B0	4.958	0.451	11.001	0.001 >
CEO financial expertise	CEOFEX	-0.125	0.047	-2.658	0.0079
Audit committee	AC	-0.008	0.035	-0.214	0.8308
Auditor opinion	OPINION	0.137	0.036	3.799	0.0001
Audit firm size	ADFSZ	-0.029	0.092	-0.310	0.7564
Audit firm tenure	ADFT	0.007	0.008	0.830	0.4064
Audit fee	LNADFEE	0.051	0.030	1.726	0.0844
Audit firm size	LNCOSZ	-0.045	0.029	-1.556	0.1197
profitability	PROF	-0.315	0.129	-2.431	0.0151
Financial leverage	LEV	-0.061	0.098	-0.623	0.5332
Ownership concentration	OWCO	-0.004	0.001	-2.674	0.0075
Financial yearend	YEAREND	-0.201	0.092	-2.201	0.0278
Board size	BRDSZ	0.011	0.046	0.249	0.8034
Board independence	BRDIND	-0.093	0.105	-0.884	0.3768
CEO duality	DUAL	0.036	0.042	0.864	0.3874

Table XII.

The results of test of significance for CEO financial expertise

negative and significant relationship between CEO financial expertise and the logarithm of audit report lag. There is a positive and significant relationship between auditor opinion and the logarithm of audit report lag and there is also a negative and significant relationship between variables of profitability and ownership concentration, and financial yearend and the logarithm of audit report lag (Table XIII).

As shown in Table XIII, the p -value of CEO tenure is (0.8257) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO tenure and the logarithm of audit report lag. There is a positive and significant relationship between auditor opinion and the logarithm of audit report lag and there is also a negative and significant relationship between variables of profitability and ownership concentration and the logarithm of audit report lag.

Model 3: evaluating the effect of CEO tenure and financial expertise on average industry audit report lag in all sample companies (Table XIV):

$$IAARL_{it} = B_0 + B_1 CEOT_{it} + B_2 CEOFEX_{it} + B_3 AC_{it} + B_4 OPINION_{it} + B_5 ADFSZ_{it} + B_6 ADFT_{it} + B_7 LNADFEE_{it} + B_8 LNCOSZ_{it} + B_9 PROF_{it}$$

Index	Symbol	Coefficient	SD	t -test statistic	p -value
Intercept	B0	4.745	0.447	10.624	< 0.001
CEO tenure	CEOT	0.002	0.007	0.220	0.8257
Audit committee	ACID	-0.010	0.035	-0.281	0.7785
Auditor opinion	ACSZ	0.136	0.037	3.710	0.0002
Audit firm size	ACFEX	-0.031	0.093	-0.330	0.7413
Audit firm tenure	OPINION	0.008	0.008	0.990	0.3224
Audit fee	ADFSZ	0.053	0.030	1.755	0.0793
Audit firm size	ADFT	-0.038	0.029	-1.286	0.1986
profitability	LANDFEE	-0.275	0.130	-2.113	0.0346
Financial leverage	LNCOSZ	-0.058	0.100	-0.578	0.5630
Ownership concentration	PROF	-0.003	0.001	-2.440	0.0147
Financial yearend	LEV	-0.169	0.091	-1.861	0.0627
Board size	OWCO	0.014	0.046	0.308	0.7579
Board independence	YEAREND	-0.112	0.107	-1.053	0.2923
CEO duality	BRDIND	0.023	0.042	0.542	0.5881

Table XIII.
The results of test
of significance for
CEO tenure

Index	Symbol	Coefficient	SD	t -test statistic	p -value
Intercept	B0	23.777	29.710	0.800	0.4235
CEO financial expertise	CEOFEF	-5.429	3.159	-1.719	0.0857
Audit committee	AC	-0.884	2.380	-0.372	0.7103
Auditor opinion	OPINION	7.131	2.399	2.973	0.0029
Audit firm size	ADFSZ	4.442	6.090	0.729	0.4657
Audit firm tenure	ADFT	-0.442	0.541	-0.817	0.4139
Audit fee	LNADFEE	1.521	2.003	0.759	0.4477
Audit firm size	LNCOSZ	-0.021	1.910	-0.011	0.9914
profitability	PROF	-15.207	8.714	-1.745	0.0810
Financial leverage	LEV	-5.093	6.590	-0.773	0.4396
Ownership concentration	OWCO	-0.242	0.092	-2.627	0.0086
Financial yearend	YEAREND	-2.837	5.827	-0.487	0.6263
Board size	BRDSZ	-1.440	3.098	-0.465	0.6420
Board independence	BRDIND	-0.539	6.990	-0.077	0.9386
CEO duality	DUAL	1.315	2.851	0.461	0.6447

Table XIV.
The results of test of
significance for CEO
financial expertise

$$+B_{10} \text{LEV} + B_{11} \text{OWCO}_{it} + B_{12} \text{YEAREND}_{it} + B_{13} \text{BRDSZ}_{it} + B_{14} \text{BRDIND}_{it} \\ + B_{15} \text{DUAL}_{it} + B_{16-19} \text{YEARDUMS}_{kt} + \epsilon_{it}$$

As shown in Table XIV, the p -value of CEO financial expertise is (0.0857) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO financial expertise and average industry audit report lag. There is a positive and significant relationship between auditor opinion and average industry audit report lag and there is also a negative and significant relationship between ownership concentration and average industry audit report lag (Table XV).

As shown in Table XV, the p -value of CEO tenure is (0.9407) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO tenure and average industry audit report lag. There is a positive and significant relationship between auditor opinion and average industry audit report lag and there is also a negative and significant relationship between ownership concentration and average industry audit report lag.

Model 4: evaluating the effect of CEO tenure and financial expertise on audit report lag only in year companies with audit committee (AC = 1):

$$\text{ARL}_{it} = B_0 + B_1 \text{CEOT}_{it} + B_2 \text{CEOFEX}_{it} + B_3 \text{ACID}_{it} + B_4 \text{ACSZ}_{it} \\ + B_5 \text{ACFEX}_{it} + B_6 \text{OPINION}_{it} + B_7 \text{ADFSZ}_{IT} + B_8 \text{ADFT}_{it} \\ + B_9 \text{LNADFEE}_{it} + B_{10} \text{LNCOSZ}_{it} + B_{11} \text{PROF}_{it} + B_{12} \text{LEV} \\ + B_{13} \text{OWCO}_{it} + B_{14} \text{YEAREND}_{it} + B_{15} \text{BRDSZ}_{it} + B_{16} \text{BRDIND}_{it} \\ + B_{17} \text{DUAL}_{it} + B_{18-21} \text{YEARDUMS}_{kt} + \epsilon_{it}$$

Note: the value of the board size (BRDSZ) for all companies with audit committee was equal to 5, so the value was omitted in model 4, 5, and 6 fitting (Table XVI).

As shown in Table XVI, the p -value of CEO financial expertise is (0.3121) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO financial expertise and audit report lag. There is also a negative and significant relationship between ownership concentration and audit report lag (Table XVII).

Index	Symbol	Coefficients	SD	t -test statistic	p -value
Intercept	B0	14.195	29.264	0.485	0.6276
CEO tenure	CEOT	-0.034	0.456	-0.074	0.9407
Audit committee	AC	-0.991	2.390	-0.415	0.6785
Auditor opinion	OPINION	7.039	2.412	2.918	0.0035
Audit firm size	ADFSZ	4.293	6.112	0.702	0.4824
Audit firm tenure	ADFT	-0.380	0.543	-0.699	0.4844
Audit fee	LNADFEE	1.602	2.016	0.795	0.4267
Audit firm size profitability	LNCOSZ	0.356	1.903	0.187	0.8516
Financial leverage	PROF	-13.460	8.704	-1.547	0.1220
Ownership concentration	LEV	-5.163	6.680	-0.773	0.4396
Financial yearend	OWCO	-0.230	0.092	-2.489	0.0128
Board size	YEAREND	-1.453	5.766	-0.252	0.8011
Board independence	BRDSZ	-1.243	3.130	-0.397	0.6913
CEO duality	BRDIND	-1.484	7.044	-0.211	0.8332
	DUAL	0.735	2.848	0.258	0.7963

Table XV.
The results of test of significance for CEO tenure

Effect of
CEO tenure

Index	Symbol	Coefficient	SD	<i>t</i> -test statistic	<i>p</i> -value
Intercept	B0	98.594	43.904	2.246	0.0247
CEO financial expertise	CEOFEX	-4.669	4.619	-1.011	0.3121
Audit committee composition	ACID	-5.377	11.167	-0.482	0.6301
Audit committee size	ACSZ	0.411	5.285	0.078	0.9380
Audit committee financial expertise	ACFEX	-2.880	8.823	-0.327	0.7441
Auditor opinion	OPINION	4.697	3.247	1.447	0.1480
Audit firm size	ADFSZ	5.912	6.912	0.855	0.3924
Audit firm tenure	ADFT	0.701	0.624	1.124	0.2610
Audit fee	LNADFEE	1.611	2.581	0.624	0.5324
Firm size (assets logarithm)	LNCOSZ	0.830	2.703	0.307	0.7588
Profitability	PROF	-14.365	11.466	-1.253	0.2103
Financial leverage	LEV	-3.194	9.864	-0.324	0.7461
Ownership concentration	OWCO	-0.482	0.163	-2.958	0.0031
Financial yearend	YEAREND	-15.178	8.799	-1.725	0.0845
Board independence	BRDIND	0.751	9.313	0.081	0.9358
CEO duality	DUAL	0.481	3.826	0.126	0.8999

Table XVI.
The results of test of
significance for CEO
financial expertise

Index	Symbol	Coefficient	SD	<i>t</i> -test statistic	<i>p</i> -value
Intercept	B0	89.027	44.395	2.005	0.0449
CEO tenure	CEOT	0.406	0.535	0.759	0.4481
Audit committee composition	ACID	-7.698	10.842	-0.710	0.4777
Audit committee size	ACSZ	0.357	5.339	0.067	0.9467
Audit committee financial expertise	ACFEX	-1.234	8.681	-0.142	0.8870
Auditor opinion	OPINION	5.271	3.269	1.612	0.1069
Audit firm size	ADFSZ	6.214	6.906	0.900	0.3682
Audit firm tenure	ADFT	0.726	0.624	1.163	0.2449
Audit fee	LANDFEE	1.553	2.594	0.599	0.5492
Firm size (assets logarithm)	LNCOSZ	1.056	2.693	0.392	0.6950
Profitability	PROF	-13.052	11.382	-1.147	0.2515
Financial leverage	LEV	-2.733	9.923	-0.275	0.7830
Ownership concentration	OWCO	-0.438	0.165	-2.652	0.0080
Financial yearend	YEAREND	-14.424	8.700	-1.658	0.0973
Board independence	BRDIND	0.890	9.338	0.095	0.9240
CEO duality	DUAL	0.243	3.823	0.064	0.9492

Table XVII.
The results of test
of significance for
CEO tenure

As shown in Table XVII, the *p*-value of CEO financial expertise is (0.4481) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO tenure and audit report lag. There is also a negative and significant relationship between ownership concentration and audit report lag.

Model 5: evaluating the effect of CEO tenure and financial expertise on the logarithm of audit report lag only in year companies with audit committee (AC = 1) Table XVIII):

$$\begin{aligned}
 \text{LNARL}_{it} = & B_0 + B_1 \text{CEOT}_{it} + B_2 \text{CEOFEX}_{it} + B_3 \text{ACID}_{it} + B_4 \text{ACSZ}_{it} \\
 & + B_5 \text{ACFEX}_{it} + B_6 \text{OPINION}_{it} + B_7 \text{ADFSZ}_{it} + B_8 \text{ADFT}_{it} + B_9 \text{LNADFEE}_{it} \\
 & + B_{10} \text{LNCOSZ}_{it} + B_{11} \text{PROF}_{it} + B_{12} \text{LEV}_{it} + B_{13} \text{OWCO}_{it} + B_{14} \text{YEAREND}_{it} \\
 & + B_{15} \text{BRDSZ}_{it} + B_{16} \text{BRDIND}_{it} + B_{17} \text{DUAL}_{it} + B_{18-21} \text{YEARDUMS}_{ikt} + \epsilon_{it}
 \end{aligned}$$

As shown in Table XVIII, the *p*-value of CEO financial expertise is (0.0982) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO financial

Table XVIII.
The results of test of significance for CEO financial expertise

Index	Symbol	Coefficient	SD	t-test statistic	p-value
Intercept	B0	4.848	0.681	7.121	< 0.001
CEO financial expertise	CEOFEX	-0.120	0.072	-1.654	0.0982
Audit committee composition	ACID	-0.190	0.176	-1.083	0.2789
Audit committee size	ACSZ	0.022	0.083	0.268	0.7884
Audit committee financial expertise	ACFEX	-0.142	0.138	-1.026	0.3048
Auditor opinion	OPINION	0.073	0.051	1.425	0.1540
Audit firm size	ADFSZ	0.054	0.107	0.502	0.6159
Audit firm tenure	ADFT	0.011	0.010	1.158	0.2469
Audit fee	LNADFEE	0.030	0.041	0.728	0.4666
Firm size (assets logarithm)	LNCOSZ	0.002	0.042	0.053	0.9578
Profitability	PROF	-0.290	0.180	-1.607	0.1080
Financial leverage	LEV	-0.073	0.155	-0.471	0.6377
Ownership concentration	OWCO	-0.007	0.003	-2.732	0.0063
Financial yearend	YEAREND	-0.212	0.135	-1.566	0.1173
Board independence	BRDIND	-0.038	0.146	-0.263	0.7925
CEO duality	DUAL	0.007	0.060	0.114	0.9097

expertise and the logarithm of audit report lag. There is also a negative and significant relationship between ownership concentration and the logarithm of audit report lag (Table XIX).

As shown in Table XIX, the *p*-value of CEO tenure is (0.7276) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO tenure and the logarithm of audit report lag. There is also a negative and significant relationship between ownership concentration and the logarithm of audit report lag.

Model 6: evaluating the effect of CEO tenure and financial expertise on average industry audit report lag only in year companies with audit committee (*AC* = 1) (Table XX):

$$\begin{aligned}
 IAARL_{it} = & B_0 + B_1 CEOT_{it} + B_2 CEOFEX_{it} + B_3 ACID_{it} + B_4 ACSZ_{it} + B_5 ACFEX_{it} \\
 & + B_6 OPINION_{it} + B_7 ADFSZ_{it} + B_8 ADFT_{it} + B_9 LNADFEE_{it} + B_{10} LNCOSZ_{it} \\
 & + B_{11} PROF_{it} + B_{12} LEV + B_{13} OWCO_{it} + B_{14} YEAREND_{it} + B_{15} BRDSZ_{it} \\
 & + B_{16} BRDIND_{it} + B_{17} DUAL_{it} + B_{18-21} YEARDUMS_{it} + \epsilon_{it}
 \end{aligned}$$

Table XIX.
The results of test of significance for CEO tenure

Index	Symbol	Coefficients	SD	t-test statistic	p-value
Intercept	B0	4.716	0.693	6.807	< 0.001
CEO tenure	CEOT	0.003	0.009	0.348	0.7276
Audit committee composition	ACID	-0.262	0.173	-1.513	0.1303
Audit committee size	ACSZ	0.004	0.084	0.053	0.9578
Audit committee financial expertise	ACFEX	-0.100	0.137	-0.731	0.4648
Auditor opinion	OPINION	0.083	0.052	1.600	0.1095
Audit firm size	ADFSZ	0.061	0.108	0.570	0.5687
Audit firm tenure	ADFT	0.012	0.010	1.206	0.2277
Audit fee	LANDFEE	0.031	0.041	0.744	0.4571
Firm size (assets logarithm)	LNCOSZ	0.008	0.042	0.182	0.8556
Profitability	PROF	-0.249	0.180	-1.382	0.1669
Financial leverage	LEV	-0.075	0.157	-0.476	0.6342
Ownership concentration	OWCO	-0.006	0.003	-2.409	0.0160
Financial yearend	YEAREND	-0.189	0.135	-1.405	0.1602
Board independence	BRDIND	-0.034	0.147	-0.232	0.8168
CEO duality	DUAL	-0.001	0.061	-0.017	0.9861

Effect of
CEO tenure

Index	Symbol	Coefficients	SD	<i>t</i> -test statistic	<i>p</i> -value
Intercept	B0	-54.111	38.171	-1.418	0.1563
CEO financial expertise	CEOFEX	-1.292	4.290	-0.301	0.7633
Audit committee composition	ACID	-4.942	10.736	-0.460	0.6454
Audit committee size	ACSZ	2.141	4.931	0.434	0.6641
Audit committee financial expertise	ACFEX	-5.286	8.223	-0.643	0.5204
Auditor opinion	OPINION	1.716	3.095	0.554	0.5794
Audit firm size	ADFSZ	8.552	6.266	1.365	0.1723
Audit firm tenure	ADFT	-0.115	0.584	-0.196	0.8444
Audit fee	LNADFEE	1.560	2.508	0.622	0.5340
Firm size (assets logarithm)	LNCOSZ	4.423	2.338	1.892	0.0585
Profitability	PROF	-10.478	11.055	-0.948	0.3433
Financial leverage	LEV	-6.440	9.471	-0.680	0.4965
Ownership concentration	OWCO	-0.199	0.142	-1.396	0.1627
Financial yearend	YEAREND	0.042	7.093	0.006	0.9953
Board independence	BRDIND	-1.078	8.764	-0.123	0.9021
CEO duality	DUAL	-1.843	3.647	-0.506	0.6132

Table XX.
The results of test of
significance for CEO
financial expertise

As shown in Table XX, the *p*-value of CEO financial expertise is (0.7633) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO financial expertise and average industry audit report lag (Table XXI).

As shown in Table XXI, the *p*-value of CEO tenure is (0.8459) more than 5 percent, so the hypothesis is rejected, that is, there is no significant relationship between CEO tenure and average industry audit report lag.

5. Conclusion

The results indicated that there is a negative and significant relationship between CEO financial expertise and the logarithm of audit report lag. The result is in line with that of Baatwah *et al.* (2015). On the other hand, there was no relationship between CEO financial expertise and two other indices of audit report timeliness, namely audit report lag and average industry audit report lag. The result is in contrast with that of Baatwah *et al.* (2015). Such contrast may be due to difference in rules and regulation of countries and the way they

Index	Symbol	Coefficients	SD	<i>t</i> -test statistic	<i>p</i> -value
Intercept	B0	-56.251	38.604	0.1451	-1.457
CEO tenure	CEOT	0.096	0.494	0.8459	0.194
Audit committee composition	ACID	-5.470	10.542	0.6038	-0.519
Audit committee size	ACSZ	2.015	4.909	0.411	0.6814
Audit committee financial expertise	ACFEX	-4.900	8.117	-0.604	0.5461
Auditor opinion	OPINION	1.844	3.089	0.597	0.5506
Audit firm size	ADFSZ	8.645	6.261	1.381	0.1673
Audit firm tenure	ADFT	-1.114	0.585	-0.195	0.8457
Audit fee	LANDFEE	1.557	2.515	0.619	0.5358
Firm size (assets logarithm)	LNCOSZ	4.474	2.331	1.919	0.0549
Profitability	PROF	-10.072	10.947	-0.920	0.3575
Financial leverage	LEV	-6.304	9.507	-0.663	0.5073
Ownership concentration	OWCO	-0.187	0.144	-1.296	0.1949
Financial yearend	YEAREND	0.251	7.026	0.036	0.9715
Board independence	BRDIND	-1.087	8.773	-0.124	0.9014
CEO duality	DUAL	-1.922	3.636	-0.529	0.5971

Table XXI.
The results of test
of significance for
CEO tenure

classify their industries. It is worth mentioning that the lack of significant relationship between CEO financial expertise and audit report lag on the one hand, and the existence of negative and significant relation between CEO financial expertise and the logarithm of audit report lag on the other hand shows that after controlling the outlier and non-linear effect by the logarithm a CEO with financial expertise could reduce the duration of audit report. Baatwah *et al.* (2015) found a negative and significant relationship between CEO financial expertise and audit report timeliness. Furthermore, no other study has shown the same result between CEO financial expertise and audit report timeliness. The results of models 1-3 fitting also revealed that there is no relationship between CEO tenure with any other three indices of audit report timeliness. Such result is in line with that of Kamalluarifin (2016) and Baatwah *et al.* (2015). The results of Kamalluarifin (2016) illustrated that there is not relationship between managers' terms of service and the timeliness of internet reporting. On the other hand, Baatwah *et al.* (2015) noticed a negative and significant relationship between tenure and audit report lag.

In the next stage, the relationship between independent variables and dependent one was studied only in companies with audit committee. It is obvious that in this stage only the control variable of audit committee (AC) is omitted and feature of audit committee, including size (ACSZ), composition (ACID), and financial expertise (ACFEX) were added. Like the previous model, the threefold indices of audit report lag, logarithm of audit report lag, and average industry audit report lag were used in this model to assess the timeliness of audit report. The results of models 4-6 fitting substantiated no significant relationship between CEO tenure and financial expertise and the threefold indices. According to the aforesaid issues, this result is in line with that of Kamalluarifin (2016) and in contrast Baatwah *et al.* (2015).

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