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# THE IMPACT OF NEGOTIATING STRATEGIES ON DELAYING THE AUDIT REPORT AND ITS IMPACT ON THE QUALITY OF IRAQI FINANCIAL REPORTS

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## Abstract

The main objective of the research is to study and analyse the impact of negotiating strategies on the delay in the issuance of the audit report and their impact on the quality of Iraq's financial reports and research has found a moral impact of negotiating strategies on the delay in the references' report, contributing to the reduction of substantive misrepresentations and the references' personal judgement, which contributes to the lack of delay in the audit report; There is also a moral impact of the late audit report as an intermediate variable between negotiating strategies and the quality of Iraq's financial reports and the research recommends that training courses be needed for auditors and financial managers in Iraq on what negotiating strategies are and how they can be used to resolve differences.

**Keywords:** negotiating strategies - late audit report - quality of financial reports.

## Introduction

Verifying the fairness of the information contained in companies' financial statements and reporting it to various users in a timely manner for making decisions and drawing up policies is an important requirement in the business environment in different countries. Therefore, regulatory bodies and researchers in the field of auditing have sought to understand the factors that could negatively affect... The timing of issuing the audit report, especially after the financial scandals that the world witnessed recently as a result of publishing financial information at the wrong time to achieve personal interests (Kong, et al. 2014; Chan. et al., 2016; Sharma et al., 2017)

The negotiation process is one of the most important determinants of the timing of the audit report, as the financial statements represent the product of negotiation between the auditor and the client regarding some controversial matters between them, which involve many matters and issues that depend on the use of personal judgment and discretion on a large scale on the one hand, or flexibility in accounting standards on the other hand. (Maresch et al., 2020). Thus, the external audit represents a joint product of negotiation between the auditor and the client. Therefore, it is important for each party to convince the other of the validity

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and fairness of its preferred solution regarding controversial matters between them and to reach consensus decisions. (Svanberg et al., 2019)

Recently, financial scandals in a number of major American companies, such as Enron for energy, WorldCom for communications, and others, have undermined public confidence in the independence of the accounting profession and the quality of audit services in the quality of financial reports, which is a joint product of the negotiation process between the client and the auditor to resolve issues related to (Hatfield 2010), regarding which there is no agreement between the two parties, which leads to a delay in issuing the report, with the management of these companies tending to show financial information, especially profits, in a way that serves their interests through earnings management practices, despite the degree of supervision and control in the audit environment after Issuance of the Sarbanes Oxley Act of 2002. With the increasing interest in accounting profits for investors, creditors, financial analysts, financial managers, suppliers, and others, it is important for the company's financial reports to be able to communicate financial information in an effective, reliable, and timely manner. However, the company's management may take advantage of the available opportunities. Before it manipulates profit values to achieve its own goals (Bergstressera and Philippon, 2006), the net profit numbers will be misleading and will not reflect the actual situation of the company, which is reflected in the decisions of users of the financial statements, especially shareholders, creditors, and potential investors, and thus is negatively reflected in the financial statements.

The auditor's choice of the initial negotiation strategy is important because it may have an impact on the content of those negotiations and subsequent interactions between him and the client, as the results of the negotiation may lead to the continuation or cessation of the relationship between them in future years (MacTavish, 2018), as both legislators and standard setters face Several issues include the lack of visibility of the review process to third parties; The auditor's connection with management, which is due to the advisory nature of the services other than the audit provided by the auditor; In addition to the corresponding fees that may increase the auditor's economic dependence on the client (Awadallah, 2018), which constitutes a dilemma for the auditor and greatly affects the strategy he adopts when negotiating with the client. From the above it is clear to the researchers that choosing the appropriate negotiating strategy leads to not Delaying the issuance of the report thus leads to increased confidence among investors and decision makers The information contained in the financial reports is provided to them in a timely manner. Here, the researchers can formulate the following questions:

- 1) What are the factors influencing negotiation strategies between the auditor and the client?
- 2) The impact of delaying the issuance of the audit report on the quality of financial reports?
- 3) The impact of negotiating strategies on delaying the issuance of the audit report and its impact on the quality of financial reports?

### **Research Problem:**

To date, financial reports are the primary means known among all stakeholders to evaluate the performance of companies, through the historical information they provide related to their financial performance during the previous fiscal year, and comparing it to the performance

of a number of previous years, despite the fact that many... Companies in recent years whose reports include non-financial information through the board of directors report, sustainability report, social and environmental responsibility, governance structure, etc., and a small number of researchers still believe that these reports need further development so that they provide an integrated vision of the companies' overall performance and explain the causal relationship. Between the financial and non-financial aspects and the impact of this on present and future performance in order to achieve a balance between the needs of all stakeholders interested in identifying the true performance of those companies (Busco et al., 2013, (Slotta et al., 2013).

The issuance of the Financial Reporting Initiative has played a prominent role in spreading awareness among companies around the world about the necessity of paying attention to reporting on non-financial performance, and that it is no less important than their financial performance. However, until now there are still large differences between companies in terms of the content and type of these reports, so I Most companies provide information on environmental, social and governance performance in a separate report, which hinders parties using these reports from improving their ability to make decisions. Non-financial information is dealt with in isolation from financial information, and from here the need emerged to prepare integrated reports through which a single report is issued about the company that combines financial and non-financial information and clarifies the relationship between them with the aim of meeting the needs of all stakeholders for information related to performance. The overall definition of the company, in a clear, specific, consistent, coherent and comparable manner, achieves a balance between different performance measures without focusing only on short-term financial performance, which helps improve the ability of investors and other stakeholders to make decisions.

Consequently, the need emerged for greater disclosure and transparency of financial and non-financial information, whether quantitative or qualitative, about corporate governance, risk management and social performance, with the aim of measuring the extent of the facility's success in achieving its economic and social objectives, and thus assessing its ability to achieve sustainability. Therefore, other types of reports emerged that Companies provide them, such as the social responsibility report and sustainability reports, but they are prepared separately from the financial reports, and this did not meet the information needs of investors, so they demanded their integration. Therefore, the integrated thinking approach and the company's comprehensive performance in all aspects was adopted, which gives a clearer picture of the facility and value creation (Al-Hawari (2015, p. 635).

Through reviewing the integrated business reports and investors' information requirements and quality, it becomes clear to the researchers that the most important benefits provided by the integrated reports are: raising operating efficiency, increasing the facility's competitive ability, meeting the needs of stakeholders, especially investors, improving the level of transparency and disclosure, and improving the reputation and image of the facility. And minimizing the risks to which the facility is exposed, and the research problem can be identified in answering the following question: "Do integrated business reports help in reducing the gap between the request and supply of accounting information to meet the information needs of investors"? The following questions arise from it:

- 1) What are the advantages of preparing integrated reports for stakeholders, especially investors?
- 2) What are the factors that reduce the gap in the supply and demand of accounting information for investors?
- 3) What is the role of integrated reports in reducing the gap in the supply and demand of accounting information to meet the needs of investors?

### **Previous Studies:**

The study (Chabon, Al-Tiri, 2023) aimed to know the nature of the relationship between the negotiation processes, objectives, strategies and factors between the audit firm and the audit client in Libya and the level of quality of professional performance of these offices. The study reached acceptance of the hypothesis that there is no strong relationship between the audit negotiation factors related to the audit client and the audit client. "The quality of the professional performance of audit offices in Libya" has a very weak explanatory power between the negotiating audit factors associated with the audit office and the quality of professional performance. We also accept the hypothesis that there is a strong relationship between the negotiating audit factors related to the external audit environment and the quality of the professional performance of audit offices in Libya.

The study (Mohamed, Mohamed, 2023) aimed to clarify the concepts of negotiation and internal auditing skills, and then clarify the extent of the application and effects of these skills in the work of the internal auditor. The study concluded with several conclusions, the most important of which are: The most important reasons and justifications for negotiation between the internal auditor and management are: the internal auditor's endeavor to maintain his primary goal, which is to discover errors and fraud without being affected by management's interventions, while maintaining a good relationship with it at the same time, and confronting cases of accountability that may expose him to It is the internal auditor's attempt to adhere to internal audit ethics.

The study (Hafez, 2021) aimed to determine the relationship between negotiation strategies in auditing and earnings management practices in companies listed on the Egyptian Stock Exchange, by identifying the negotiating strategies between the auditor and the client represented by the financial manager and the extent of the impact of these strategies on earnings management practices in light of the difference in the number of Among the factors affecting the auditor's choice of negotiating strategies in the Egyptian environment, the researchers relied on the experimental approach to achieve the objectives of the study by designing two experiments. The study concluded that there is a significant difference between the opinions of both auditors and financial managers about choosing a specific negotiation strategy. In the event that practices exist In profit management, auditors resort to a greater extent to resolution strategies, followed by problem-solving strategies, then settlement strategies and expanding the agenda to a lesser extent, while financial managers, in the case of profit management practices, resort to the settlement strategy in the first place, followed by the problem-solving strategy. In the case of In the absence of profit management practices, auditors also resort primarily to the decisiveness strategy, and their appreciation is equal to both the settlement and agenda expansion strategies.

The study (Svanberga et al., 2018) examined the relationship between the auditor's self-efficacy in negotiation and the auditor's objectivity through a survey of 146 Swedish auditors out of 800 references (18.3%). The study found that the auditor's self-efficacy in negotiation increased the more capable he was. To make decisions on issues related to accounting estimation compared to auditors with low competence, I also found that the auditor's professional identity does not moderate the auditor's self-efficacy in negotiating and the objectivity of the audit. I also found that appointing and training auditors to increase self-efficacy for negotiation may also be an effective way to enhance objectivity. References without being exposed to other matters such as the periodic succession of references.

While the study (Jaber, 2017) dealt with an attempt to reach the role of the external auditor's negotiating strategies in improving the quality of the audit, It was based on an experimental study by testing a sample that included 128 subjects, divided into two teams: the audit team and the client team, and by distributing the participants into groups randomly, with 32 participants for each group and two groups for each team. The study concluded that negotiation is considered one of the basic tasks during the implementation of audit tasks and the primary means of resolving... Disagreements between the auditor and the client. Systematic negotiation using one of the negotiating strategies also leads to positive results and thus improves the quality of the audit process. The settlement strategy, as one of the distributive strategies, is considered one of the best negotiating strategies that can be used in the field of auditing, followed by the strategy of expanding the amendments agenda as one of the integrative strategies.

#### **Comment on previous studies:**

The researchers believe that all previous studies did not address the impact of negotiating strategies on delaying the audit report and the extent to which it reflects on the quality of Iraqi financial reports, as choosing the appropriate negotiating strategy leads to the auditor not compromising and the client not putting pressure on him, which leads to the loss of the auditor's independence, and thus the audit report is not issued. The nature of the facility, and therefore the audit report is not delayed as a result of choosing the appropriate negotiating strategy, and the auditor and the client do not take time to negotiate, and therefore the report is issued on time and reflects the nature of the facility and leads to improving the quality of the audit and thus leads to increasing the quality of Iraqi financial reports and increasing investor confidence in Iraq.

#### **Research objectives:**

In this research, the researchers aim to identify the following objectives:

1. Identify negotiation strategies between the auditor and the client.
2. Identify the factors that lead to the delay of the audit report and their impact on the quality of financial reports.
3. Identify the impact of negotiating strategies on delaying the audit report and its impact on the quality of financial reports.

**Research hypotheses:**

In light of the problem and objectives of the research, the researchers can test the following research hypotheses:

**The first hypothesis (H01):** “There is no significant effect of negotiating strategies on the quality of financial reports.”

**Second Opportunities (H02):** “There is no significant effect of negotiating strategies on the delay in the audit report.”)

**Third Opportunity (H03):** “There is no significant effect of delaying the audit report as a mediating variable between negotiating strategies and the quality of financial reports.”

research importance

The importance of the research arises from the interest in the negotiation process between the auditor and the client, and determining the extent of the relationship between the negotiating strategies that the auditor relies on in the negotiation processes and the factors affecting them on the one hand, and the delay in issuing the audit report on the other hand and its reflection on the quality of financial reports, especially with the collapse of many major American companies. In 2001, which cast a shadow on management practices in manipulating profits and the loss of confidence of various stakeholders in the auditor’s report, thus negatively affecting financial reports, which would prompt many studies to pay attention to the quality of the audit, work to reduce the delay in the audit report, and focus on resolving matters. The dispute between the auditor and the client before issuing the audit report, and with the limited number of research in determining the type of negotiation strategies needed and identifying the factors that affect these strategies in reducing the delay in the audit report that would affect the quality of the financial report, especially in light of the accelerating competitive environment, which prompted the researchers to Exposure to this research point.

**1. Research Methodology:**

To achieve the research objectives, the research will rely on two approaches: deductive and inductive. It uses the deductive approach in the stage of reviewing, studying and analyzing accounting thought through previous studies related to the subject of the study in the areas of applying negotiation strategies and their impact on delaying the audit report and its impact on the Iraqi financial report.

The inductive approach is used to complete the applied aspect of the study to verify the validity of the hypotheses reached through the applied study.

Theoretical framework:

*1.1. The relationship between negotiation strategies between the auditor and the client’s management and the factors affecting them:*

Conducting negotiation processes in order to present an honest and true picture of the client’s financial situation is a common goal for the auditor and client management, which is based on the auditor choosing the appropriate negotiating strategy in resolving controversial matters between him and the client, due to its impact on the content of the negotiations and

subsequent interactions between them. (Svanberg et al., 2018; Awadallah 2018), where the auditor tends to submit a report that expresses the fairness of the financial statements in light of generally accepted standards, and therefore he must have the ability to negotiate with the client and convince him of the preferred solution regarding discretionary accounting issues and flexibility in Accounting standards and not responding to management pressures. On the other hand, management tries in various ways to reach a clean report. It may resort to pressuring the auditor and threatening him with dismissal, which is called internal opinion shopping. After the failure of attempts to pressure the auditor, management may resort to removing the auditor and appointing another who is more lenient. Thus, failure to issue a qualified audit opinion represents a common goal for both the auditor and the client because of the harm it causes to both the auditor and the client. This increases the risk of the auditor not renewing the contract in the coming period, and not contracting with the client to provide services other than the audit, and it also harms the client by restricting his ability to obtain the necessary financing.

At the same time, both the client and the auditor have different goals, represented by the auditor's attempt to reduce the risks to which he may be exposed, such as the risk of litigation. The client also attempts to exploit the flexibility in accounting standards to achieve personal interests as well as the interests of the facility. Due to this, the client does not respond to all the amendments requested by the auditor. ; Which requires them to enter into negotiation processes to reach a joint solution (Mares et al. 2020), and since every dispute includes certain circumstances, the negotiation process can be affected by multiple factors that affect the negotiating power of each party, and therefore the apparent and real independence of the auditor is the essence of the process. Negotiation and then the review process (Rannie et al., 2014).

### *1.2. Delay in issuing the audit report and its impact on the quality of financial reports:*

The delay in the audit report expresses the period from the end of the company's fiscal year until the date of issuing the audit report, and is seen as the most important determinant of the appropriate timing of financial reports, which in turn is one of the concerns of investors, management, and auditors alike, and leads to improving decision-making and reducing information asymmetry in The financial market and improving its efficiency. Therefore, understanding the determinants of delay in the auditor's report and the importance of the appropriate timing of the report, and then the appropriate timing of companies' financial statements and its various effects, is considered important for studying, measuring, and improving the quality of the audit and its reflection on the financial reports (Abernathy et al., 2017).

The financial reporting delay period is defined as the period between the end date of the fiscal year and the date the auditor signs the audit report (Rusmin and Evans, 2017).

It is also defined as the length of the period from the date of completion of the review of the financial statements until the date of disclosure of the financial reports (Abu Jabal, 2020).

The study (Suryanto, 2016) confirmed that the benefit of the information disclosed in the annual reports will decrease or be less important if the time taken to complete the various audit tasks increases. Therefore, the delay in the timing of the audit reports affects the credibility and suitability of the information in the reports. Most previous studies (Sultana et

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al-Alabari, 2017, 2015) focused on measuring the period of delay in issuing the auditor's report by the number of days (the difference between the date of completion of the preparation of the financial position statement and the date of the auditor's signing of the audit report), as a study found. (2014, Asthana) indicated that there is an inverse relationship between the delay in issuing the audit report and the quality of accounting profits, meaning that the longer the period of delay in issuing the audit report, the lower the quality of financial reports.

The importance of reducing the delay period in financial reports is due to the need of the various relevant parties for information in a timely manner, as reducing the delay period leads to a decrease in information asymmetry between preparers and users of financial reports, reducing cases of uncertainty when making decisions, improving stock prices, reducing rumors, and thus increasing the quality of financial reports. Financial reports (2018, Oussii. and Taktak).

It is clear to the researchers from the above that the delay period for the audit report is the period between the end of the financial year of the audit client facility and the date the auditor signs the audit report. By reviewing the actual practices within the Iraqi Stock Exchange, there is no control on the part of the administration during that period, as companies are obligated to submit the financial statements with the audit report attached to them in the first trading session immediately after the auditor approves the financial statements and signs the audit report, and therefore there is no period Delay between the date of the auditor's signature on the audit report and the date of publication of the financial statements. The responsibility for delaying the issuance of financial reports falls on the auditor alone, without the company's management.

### *1.3. The impact of negotiating strategies on delaying the audit report and its impact on the quality of financial reports:*

The negotiating strategies relied upon by the auditor can be divided into two groups of strategies, namely distribution strategies and integration strategies (Svanberg et al., 2018):

#### *1.3.1. Distribution strategies:*

Under these strategies, the amount of available resources, which is assumed to be fixed, is divided between the two negotiating parties. That is, increasing the benefit for one party means decreasing it for the other party, and these strategies are linked to two important types: concession or transition completely to the position of the other party, or insistence and decisiveness on the part of one of the parties on his position, and thus we are exposed to both the strategy of decisiveness (control), and the strategy of concession, as well as The compromise strategy is as follows: 2018). (Svanberg et al

A- Contending Strategy: This strategy is called the strategy of decisiveness, competition, control, and sometimes argumentation or resistance. When one party adopts this strategy, it seeks to force the other party to make concessions, or to resist the efforts of argumentation practiced by this party, as The auditor or management insist on the position of each of them without trying to approach the other point of view. The auditor's issuance of the audit report may depend on the necessity of making certain accounting changes or threaten to issue a modified opinion. Here the client may sincerely defend his point of view or he may also threaten to replace the auditor and rely Each party must use a persuasive argument. For



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example, the auditor may try to persuade the client to change his position by clarifying the complications of the current situation. The decisive strategy is considered the strategy that can most harm the relationship between the auditor and the client (Perreault and Kid, 2011).

B- Concessionary strategy: The concessionary strategy includes providing greater benefits to the other party and fewer benefits to the party using it, as one of the contracting parties adjusts his negotiating position in response to some of the desires of the other party, which makes the final results of the negotiation processes come in the interest of the other party ( Svanberg et al., 2018). With this strategy, the auditor may resort to satisfying the client's management by making some concessions. The auditor may also compromise on a topic that he deems relatively unimportant in the hope that the client will compromise on a more important topic.

(Svanberg et al., 2018) found that empathy with the client increases the likelihood of the auditor adopting concession and compromise strategies regarding the initial negotiations between them. This has been interpreted in multiple ways, the first of which is that social connection theory predicts that the auditor who relates or sympathizes with the client will He appreciates the value and importance of the relationship, and this empathy motivates the auditor to accept the client's point of view. The auditor is biased toward the client, which reduces the possibility of him criticizing the client's point of view. Secondly, in this case, the auditor trusts management to a great degree compared to any other auditor, and therefore sees it as fair and impartial. In this case Interpretation: The auditor loses his objectivity and independence, and the audit process loses its meaning. Therefore, the auditor will issue a positive report even if the company's financial statements do not deserve it.

In light of the above, the two researchers believe that the auditor may resort to using the concession strategy if he is economically dependent on the client and wants to continue the relationship between them, but not because the client threatens him. Likewise, the auditor may be forced to use this strategy as a result of the auditor using the previously explained decisive strategy, and not His ability to defend his point of view, Consequently, the objectivity and independence of the auditor is affected, which consequently affects the quality of the financial reports, and the client succeeds in arriving at the desired opinion even if the financial statements do not deserve it. That is, if this strategy is used by the auditor only and the client continues to use the decisiveness (control) strategy, it can be considered This situation is considered one of the forms of internal shopping for opinions, because it results from the presence of pressure on the auditor and his desire to continue the contract.

### *1.3.2. Integrative Strategies*

Under these strategies, the benefit is not fixed between the two parties, but it can be expanded. Here, increasing the benefit for one party does not necessarily require its decrease for the other party, and thus it ends with achieving mutual benefits between the two parties, as Each party to the contract will achieve at least some benefits, and these strategies include both the problem-solving strategy and the negotiation agenda-expansion strategy (Gibbins et al., 2010; McCracken et al. 2011; Schmidt and Cross, 2014) and are addressed as follows:

A) Problem solving strategy: This strategy requires knowing a lot about the interests of the other party in order to find alternatives that will satisfy both parties, and it depends on each party being keen to make the necessary effort to know the other party's interests more and

search for new solutions. To confront these interests in a way that makes each party feel that it has been able to achieve its goals, and it is one of the preferred strategies for achieving the interests of both parties and strengthening the relations between them through sharing information about interests, interests, goals and boundaries and trying to formulate new, unfamiliar alternatives or solutions (Sanberg et al., 2018). al).

B) Expanding the Agenda Strategy: This strategy depends on adding new topics to be negotiated to achieve the desires of both parties, because adding such topics will help the two negotiating parties to close the less important topics and focus on the basic negotiation topics so that a solution can be reached. In the end, the desired results are achieved. For example, the auditor may modify his negotiating agenda to add to it some unimportant topics that he had previously planned to postpone consideration of. This strategy ends up achieving benefits for both the client and the auditor, so it is considered the most widely used in practice (Svanberg and Ohman, 2018).

## **2. Field study:**

### *2.1.1. Study population:*

The study population identified by the researchers consists of accountants, external and internal auditors, and faculty members.

### *2.1.2. Manage your survey list:*

The researchers managed and implemented the survey list through electronic and personal distribution, and in accordance with the use of the principle of equal distribution to ensure obtaining an appropriate rate of responses. (350) survey lists were distributed to a group of members of the study population, based on their different functional levels. The response rate was (84%), equivalent to (293) lists, and this is evident in the following table:

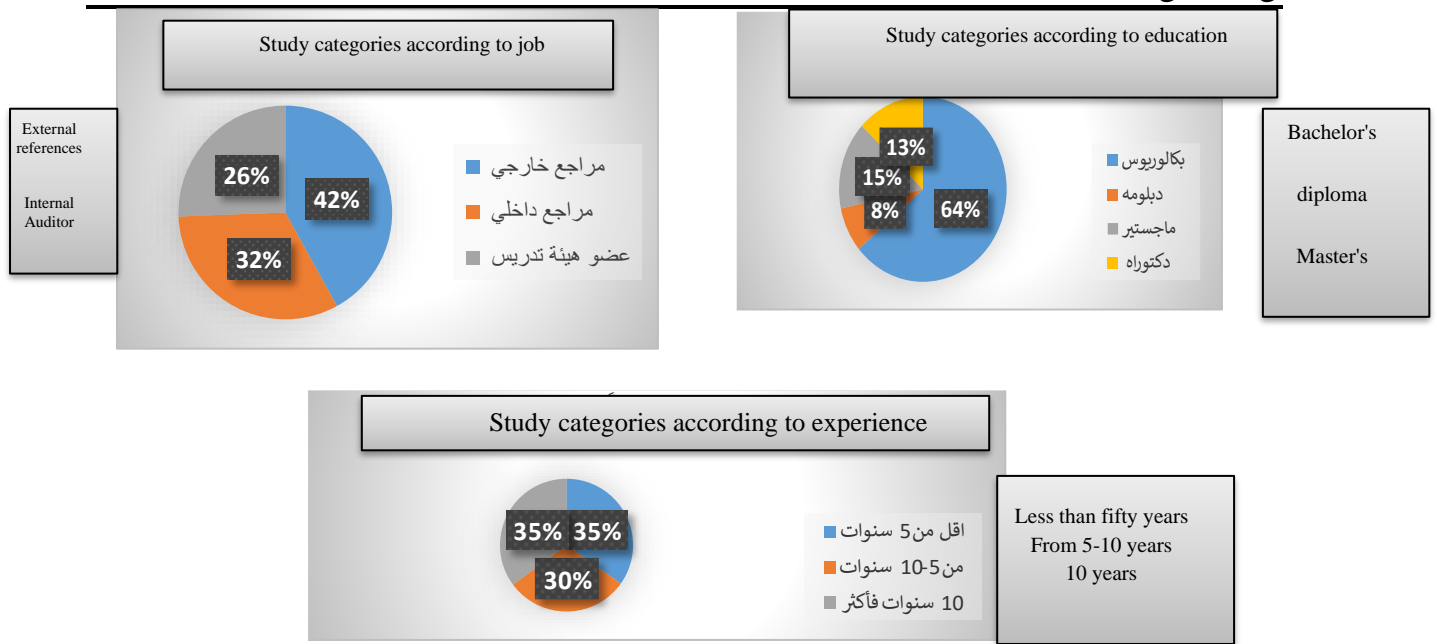
Table (1): Survey lists distributed among the sample categories

Response % rate	Analyzed lists	Rejected Lists	Received Lists	Missing Lists	Distribute d lists	Sample categories
<b>%84</b>	<b>293</b>	<b>30</b>	<b>323</b>	<b>27</b>	<b>350</b>	<b>Collection form</b>

Statistical analysis of inspection list items:

A- The proportional distribution of the personal data of the respondents:

In light of the correct responses obtained, the researchers were able to describe the items of the study sample, according to the following forms:



B- The degree of reliability and validity (Cronbach’s Alpha) for the survey list as a whole:

The degree of reliability and validity of the survey list as a whole can be measured as it represents the tool used to measure and analyze the results, using the Cronbach’s alpha coefficient, which is shown in the following table.

Table (2) Degree of reliability and validity of the survey list

Self-honesty coefficient	(Alpha Cronbach)	Number of questions	The number of statements for the inspection list as a whole
0.943	0.890	15	Survey list

It is clear from the previous table that the reliability coefficient (Cronbach Alpha) for each of the study variables is greater than (0.5), which indicates the stability of the statements for each of these variables.

Through the reliability coefficient (Alpha Cronbach), the researchers can arrive at the self-honesty coefficient for each variable, as:

It is clear from the previous table that the reliability coefficient (Cronbach Alpha) for each of the study variables is greater than (0.5), which indicates the stability of the statements for each of these variables.

Through the reliability coefficient (Alpha Cronbach), the researchers can arrive at the self-honesty coefficient for each variable, as:

Order of importance	standard deviation	SMA	M paragraphs	No
2	0.543	4.50	Negotiating strategies aim to solve problems related to board discretion	1
3	0.650	4.33	Negotiating strategies aim to explain the personal judgment points used by the audit client.	2
4	0.760	4.15	Negotiating strategies aim to address the ambiguity of the Iraqi financial statements.	3
5	0.850	4.02	Negotiating strategies aim to address some of the problems and challenges that help provide distorted financial information.	
1	0.420	4.55	Negotiating strategies aim to address and resolve some issues related to the audit client.	
—	0.644	4.31	<b>total</b>	

From the results of SPSS outputs

It is clear from the previous table that the average of all statements is greater than (3), and this indicates that there is a general trend towards approval of the “objectives of negotiating strategies,” with an arithmetic mean of (4.31). It is also noted that the standard deviation for all statements is less than one, and this indicates Low dispersion in sample responses to these statements.

2- Descriptive analysis of the mediator variable:

The researchers will present the results of describing opinions on questions related to the mediating variable, delay in the audit report

Table (4) Descriptive statistics for variables related to the delay in the audit report

Order of importance	standard deviation	SMA	M paragraphs	No
4	0.560	4.23	A qualified opinion affects the auditor's timing, as the auditor needs more time in the audit, which increases the period of delay in the report.	1
3	0.530	4.33	Misstatements lead to re-issuing the financial statements and consequently delaying the auditor's report.	2
2	0.480	4.50	The presence of some administrative problems leads to a delay in the auditor's report.	3
1	0.440	4.52	Low scientific and practical qualification of the audit team leads to delay in the audit report.	
5	0.620	4.15	Failure to adhere to accounting principles and auditing standards leads to a delay in issuing the auditor's report.	
—	0.526	4.34	<b>total</b>	

From the results of SPSS outputs

It is clear from the previous table that the average of all statements is greater than (3), and this indicates that there is a general trend towards approval of “delay in the audit report,”

with an arithmetic mean of (4.34). It is also noted that the standard deviation for all statements is less than one, and this indicates Low dispersion in sample responses to these statements.

**3- Descriptive analysis of the dependent variable:**

The researchers will present the results of describing opinions on the questions related to the independent variable, the quality of financial reports

**Table (5): Descriptive statistics on the quality of financial reports**

Order of importance	standard deviation	SMA	M paragraphs	No
3	0.650	4.55	Reducing material misstatements in the financial statements leads to the quality of Iraqi financial reports.	1
4	0.610	4.53	Adherence to accounting principles and auditing standards leads to the quality of Iraqi financial reports.	2
2	0.520	4.60	The scientific and practical qualification of auditors leads to the quality of Iraqi financial reports.	3
1	0.490	4.65	Reliability and suitability of accounting information.	4
5	0.750	4.49	The appropriate timing of accounting information.	5
—	0.604	4.56	<b>total</b>	

It is clear from the previous table that the average of all statements is greater than (3), and this indicates that there is a general trend towards approval of the “quality of financial reports,” with an arithmetic mean of (4.56). It is also noted that the standard deviation for all statements is less than one, and this indicates Low dispersion in sample responses to these statements.

**B- Hypothesis testing**

**Testing the first hypothesis:**

The validity of the first hypothesis (H01), which is “There is no significant effect of negotiating strategies on the quality of financial reports,” is tested. This hypothesis was tested at the sample and category levels as follows:

The variables of this hypothesis are as follows: -

- Independent variable (X): Negotiating strategies - Dependent variable (Y): Quality of financial reports

A simple linear regression analysis method was used to measure the effect of the relationship between the two variables, by applying the correlation matrix, and this is evident in the following table:

Table No. (6) Pearson correlation matrix to identify the extent to which there is an impact of negotiating strategies on the quality of financial reports

The independent variable is a significant (Pearson) correlation coefficient

Negotiating strategies 0.565\*\* 0.000

\*A function at a significance level less than (0.05)

Source: From the results of the SPSS program outputs

It is clear from the previous table that there is a positive (direct) significant correlation between the independent variable and the dependent variable, as the correlation coefficient reached (0.565) at a significance level less than (0.05). Accordingly, the null hypothesis is rejected and the alternative hypothesis is accepted, which says, “There is a significant effect of negotiating strategies on Quality of financial reports.

As a result of the existence of a relationship between the independent and dependent variables, a simple linear regression model can be applied to determine the relationship between negotiation strategies on the quality of financial reports.

Table No. (7) Using a simple linear regression model to determine the extent to which there is an impact of negotiating strategies on the quality of financial reports

R <sup>2</sup>	F. Test		T. Test		Estimated information (B)	Independent variables
	the value	the value	the value	the value		
%57	0.000	180.215	0.000	2.665	2.670	Gradient constant
			0.000	5.090		0.718

\*A function at a significance level less than (0.05)

Source: From the results of the SPSS program outputs

It is clear from the previous table that the simple regression model is significant at a level less than (5%) and a degree of confidence greater than (95%), and that the coefficient of variation is (180.215), where the coefficient of determination shows that the influential power of the independent variables (negotiating strategies) on the dependent variable (The quality of financial reports) is estimated at (57%), which is considered a high level of influence. Therefore, the model equation is:

$$Y = 2.670 + 0.718 X$$

**Testing the second hypothesis:**

The researchers review the results of testing the second hypothesis (H02), which states: “There is no significant effect of negotiation strategies on the delay of the audit report.”

The variables of this hypothesis are as follows: -

Independent variable (X): Negotiating strategies  
 Dependent variable (Y): Delay of the auditor’s report

A simple linear regression analysis method was used to measure the effect of the relationship between the two variables, by applying the correlation matrix, and this is evident in the following table:

Table No. (8) Pearson correlation matrix to identify the extent to which there is an impact of negotiating strategies on the delay in the auditor’s report

المعنوية	(Pearson)	Independent variable
0.000	**0.750	Negotiating strategies

A function at a significance level less than (0.05)

Source: From the results of the SPSS program outputs

It is clear from the previous table that there is a positive (direct) significant correlation between the independent variable and the dependent variable, as the correlation coefficient reached (0.750) at a significance level less than (0.05). Accordingly, the null hypothesis is rejected and the alternative hypothesis is accepted, which says, “There is a significant effect of negotiating strategies on Auditor’s report delayed.”

As a result of the existence of a relationship between the independent and dependent variables, a simple linear regression model can be applied to determine the relationship between negotiation strategies on the delay in the auditor’s report.

Table No. (9) Using a simple linear regression model to determine the extent of a relationship between negotiating strategies and the delay in the audit report

R <sup>2</sup>	F. Test		T. Test		Estimated information (B)	Independent variables
	Morale level	the value	Morale level	the value		
%64	0.000	202.510	0.000	2.350	1.480	Gradient constant
			0.000	6.764	0.917	Negotiating strategies

A function at a significance level less than (0.05)

Source: From the results of the SPSS program outputs

It is clear from the previous table that the simple regression model is significant at a level less than (5%) and a degree of confidence greater than (95%), and that the coefficient of variation is (202.510), where the coefficient of determination shows that the influential power of the independent variables (negotiating strategies) on the dependent variable (Delayed auditor’s report) is estimated at (64%), which is considered a high degree of influence.

Therefore, the model equation is:

$$Y = 1.480 + 0.917 X$$

**Testing the third hypothesis:**

The researchers review the results of testing the second sub-hypothesis, which states: “There is no significant effect of the delay in the audit report as a mediating variable between negotiating strategies and the quality of Iraqi financial reports.”

The researchers review the results of testing the second sub-hypothesis, which states: “There is no significant effect of the delay in the audit report as a mediating variable between negotiating strategies and the quality of Iraqi financial reports.”

The researchers can test the validity of this hypothesis through the (AMOS) program by building a unilateral model through which the study hypothesis can be tested. The construction of the structural model is based on the variables that the model resulted in:

Figure No. (1) Structural model to measure the impact of negotiating strategies on delaying the audit report and its impact on the quality of Iraqi financial reports.

	0.023	0.035
<b>Quality of financial reports</b>	<b>Audit report delayed</b>	<b>Negotiating strategies</b>

It is clear from the previous figure that there is a significant effect of the negotiating strategies on the quality of financial reports when averaging the delay of the audit report, as all correlation coefficients were significant at the level of significance (0.05), which means that there is a direct relationship between the negotiating strategies on the quality of financial reports when averaging the delay. In the review report, the model was also good, as the value of the quality of the model (GFI) was 1.00, while the goodness of fit of the model (CFI) was 1.00, and the value of (NFI) of the model was 1.00, which means that all values are equal to the correct one, and therefore the quality of judgment on the model was High, which means accepting the hypothesis: “There is a significant effect of the delay in the audit report as a mediating variable between negotiating strategies and the quality of Iraqi financial reports.”

#### **Search results:**

1. There is a significant impact of negotiating strategies on the quality of Iraqi financial reports, as they contribute to improving the quality of financial reports by improving the credibility, suitability, and timeliness of accounting information.
2. There is a significant impact of negotiation strategies on the delay of the auditor’s report, as they contribute to reducing material misstatements and the auditor’s personal judgment, which contributes to not delaying the audit report.
3. A significant effect was found for the delay in the audit report as a mediating variable between negotiating strategies and the quality of Iraqi financial reports.

#### **□ Research recommendations:**

1. The existence of declared policies regarding negotiating strategies that can be relied upon in resolving disputes between the auditor and the client for Iraqi companies.
2. Holding training courses for auditors and financial managers in Iraq on what negotiation strategies are and how to use them in resolving disputes.
3. The importance of holding training courses for auditors registered with the Iraqi Oversight Unit on the quality of auditors’ work to make them aware of the importance of changing the auditor periodically, because of its impact on the quality of external audit work and reducing the auditor’s delay period and thus increasing the quality of financial reports.

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