

Do Audit Partner Tenure and Provision of Non-Audit Services by External Auditor Reduce Audit Report Lags?: Post MFRS Implementation

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Abstract

This paper aims to investigate the relationships between (i) non-audit services fees and audit report lag and (ii) audit partner tenure and audit report lag during post MFRS implementation. The study used 855 firm-year data that have implemented MFRS in the main market of Bursa Malaysia from 2012 to 2016 and employed multivariate regression analyses. The results revealed that there are inverse relationships between audit partner tenure and audit report lag. Longer audit partner tenure will result in greater audit efficiency. Mandatory audit partner in charge rotation could limit an audit firm in achieving optimum audit efficiency and sustainability. This study found that there is no significant association between non-audit service fees and audit report lag, which indicates there is no knowledge spillover from non-audit to audit services. The Malaysian Institute of Accountants could reduce the limitations imposed on external auditors in providing non-audit services to their clients in promoting knowledge spillover to audit services.

Keywords: Audit Report Lag, Auditor Tenure, Non-Audit Services, Audit Efficiency, Auditing

Introduction

The timeliness of financial information is one of the fundamental elements in financial reporting (MASB, 2011). Given the timeliness of interest to existing and potential investors, lenders, regulators, investors, and other creditors, the understanding of audit report lag (ARL) is particularly important. Further, the timeliness of financial information provision can affect the proper functioning of the capital market. One of them is allowing companies to announce their earnings, and most securities regulators will allow financial information disclosure based on the audited financial statements (Abernathy et al., 2017). If audited financial statements are made available late, it can have negative consequences for the operation of the capital market and widen the information asymmetry. Besides the delivery of financial information, Abdillah et al. in 2019 viewed ARL as representing the efficiency of carrying out the auditing process. The issuance of new accounting standards in Malaysia such as MFRS 18 'Presentation

and Disclosure in Financial Statements' in 2024 have greatly increased the quantity and content of financial reporting, and bring changes in auditor responsibilities to do the financial reporting in terms of new presentation of financial statements and disclosure. Hence, this would increase time for auditor to prepare the financial statements. Consequently, it will bring changes to the audit report lag in the in context of Malaysia.

Although the economic impact of an ARL is a global phenomenon, most research has focused on the United States (US) context (Rusmin & Evans, 2017; Bhuiyan et al., 2024; Li et al., 2025). There is limited research conducted outside the US, for example, Malaysia (Mohamad-Nor et al., 2010; Hashim & Rahman, 2011; Apadore & Noor, 2013; Salleh et al., 2017; Hussin et al., 2018; Kusin & Kadri, 2020), Indonesia (Rusmin & Evans, 2017; Abdillah et al., 2019), Oman (Raweh et al., 2019), United Arab Emirates [UAE] (Al-Muzaiqer et al., 2018), Korea (Lee et al., 2009), New Zealand (Habib & Bhuiyan, 2011; Knechel et al., 2012) and Egypt (Ismail et al., 2022). Rusmin & Evans in 2017 studied the relationship between audit quality and ARL among Indonesian companies, whereas Abdillah et al. in 2019 conducted research on the effect of company characteristics (including audit committee) and auditor characteristics (including audit firm tenure) on ARL. Raweh et al. (2019) and Al-Muzaiqer et al. (2018) investigate the impact of the audit committee on ARL in the contexts of Oman and the UAE respectively. Habib & Bhuiyan (2011) explored the association between audit firm industry specialization and the ARL among New Zealand firms. On the other hand, Knechel et al. (2012) research on the relationship between non-audit fees (NAS) and audit lag among New Zealand companies. Lee et al. (2009) investigate the relationships between auditor firm tenure and NAS on ARL in the context of Korean corporations. Three Malaysian studies investigate the relationship between corporate governance and ARL (Mohamad-Nor et al., 2010; Apadore & Noor, 2013; Kusin & Kadri, 2020). Another two Malaysian research explored the association between the audit committee and ARL (Hashim & Rahman, 2011; Salleh et al., 2017; Ghani & Che-Azmi, 2022). Hussin et al. in 2018 conducted a Malaysian study on the impact of audit partner workload and partner-client tenure on ARL.

The regulatory framework of financial reporting in Malaysia is the convergence with International Financial Reporting Standards (IFRS) effective from 2012. This year, the Malaysian Accounting Standards Board (MASB) set Malaysian accounting standards to be fully convergent with IFRS [known as Malaysian Financial Reporting Standards, MFRS]. One of the changes in the new MFRS is the fair value measurement, where it has been incorporated into financial instruments, investment properties, business combinations, share-based transaction payments, and, property, plant and equipment (Tan, 2012). Ahmad et al. (2016) suggest that auditing with new accounting standards, MFRS, can challenge the auditor to issue audited financial statements on time. In other words, companies implementing MFRS might have a longer ARL in comparison with companies who have yet to apply MFRS. Hence, this study focused on companies that are implementing new accounting standards in 2012, MFRS, to have a greater perspective of ARL among them. Malaysian research has yet to study the impact of NAS on ARL and audit partner tenure on ARL during post MFRS implementation. Hence, it is timely to study the impact of NAS and audit partner tenure on ARL in the context of post MFRS implementation.

The objectives of this study are to examine the relationships between: i) NAS and ARL; and ii) audit partner tenure and ARL, during post MFRS implementation.

This study extends current research in several ways. First, this study uses the data collected post MFRS implementation, where the data is based on new accounting standards, MFRS, and differs from past studies conducted in Malaysia, which are based on pre MFRS implementation (e.g. Hashim & Rahman, 2011; Apadore & Noor, 2013; Salleh et al., 2017). This could provide a different perspective on ARL. Although Ahmad et al. (2016) and Hussin et al. (2018) examined ARL in the post MFRS period, their studies looked at the issues of industry specialized auditor and audit partner workload, respectively. We extend the work by Ahmad et al. (2016) and Hussin et al. (2018) in examining the associations between NAS and audit partner tenure with ARL. This will add to the literature on the relationships between NAS and audit partner tenure with ARL during the post MFRS period, which is limited in Malaysia.

Development of Hypothesis

Based on the background described in Section 1, the hypotheses for this study are as follows.

External auditor tenure is longer, which means that the auditor is getting more familiar with the client's operating environment, where it will provide them some advantage in bringing forward the past financial information, which could reduce the ARL. Hence, the first hypothesis is:

H₁ : External audit partner tenure has a negative relationship with ARL.

Lee et al. (2009) discovered that NAS fees have an inverse relationship with ARL among Korean corporations. Similarly, Knechel et al. in 2012 found that non-audit fees relate to shorter ARL in the context of New Zealand companies. Based on the current literature, the second hypothesis is:

H₂ : Non-audit fees have a negative relationship with ARL.

The rest of the paper is organized as follows: Section 2 is reviewing the literature review, followed by Section 3 with research methodology. Section 4 is results and discussion of findings, and Section 5 is the conclusions.

Prior Literature

Audit Report Lag, Auditor Fees, and Auditor Tenure

ARL is defined as the length of time from a firm's financial year end to the date of the auditor's signing the report (Abernathy et al., 2017; Abdillah et al., 2019). ARL is an important component in financial reporting as one qualitative attribute articulated within the Conceptual Framework for Financial Reporting is timeliness (MASB, 2011). In order for the audited report to have relevant economic value, it should be made available in a timely manner where it should be delivered to the users as soon as practicable after the accounting year end (Rusmin & Evans, 2017).

Regulators and academics around the world have deliberated extensively on the pros and cons of external auditors providing NAS to their audit clients. There are few empirical studies that support the regulator's view that paying NAS fees to an external auditor contributes towards diminishing audit quality (e.g. Kanagaretnam et al., 2010; Bamahros & Wan-Hussin, 2015; Cassell et al., 2016; Haji-Abdullah et al., 2017). On the other hand, there are few empirical research that proves NAS fees do not affect the audit quality (e.g., Ahmad, et al.,

2006; Knechel et al., 2012; Abdul Wahab et al., 2014; Zhang et al., 2016). Abernathy et al. (2017) synthesize the relationship between ARL and audit fees and non-audit services have mixed results.

Regulators in various jurisdictions such as Australia, China, Finland, Germany, Japan, Malaysia, Sweden, Taiwan, and the United Kingdom have made compulsory for an audit report to disclose the audit partner in-charge's name (Hussin et al., 2018). This will allow the users of the audited financial statements to access the audit partner tenure. Few literatures suggest longer audit partner tenure is associated with higher financial reporting quality (e.g. Carcello & Nagy, 2004; Shafie et al., 2009; Su et al., 2016; Lai & Liu, 2018). In contrast, a few empirical studies suggest longer audit partner tenure has an inverse relationship with financial reporting quality (e.g. Ghosh et al., 2006; Gul et al., 2007; Ping et al., 2011).

Corporate Governance and Audit Committee

Corporate governance aims to protect and create business value while also ensuring that corporations are accountable to all stakeholders, including shareholders, employees, customers, suppliers, and the wider community. Corporate governance and audit report lag are related where effective corporate governance promotes better internal controls, more accurate financial reporting, and more timely disclosures, which can make the audit process more efficient and reduce auditor's time to issue the report (Kusin & Kadri, 2020). Corporate governance includes board of directors, auditors and audit committee. A Malaysian study demonstrated that corporate governance, board size and board diversity has an impact on ARL (Kusin & Kadri, 2020). In contrast, Ghani & Che-Azmi (2022) found that board independence, CEO duality, audit committee competence and audit committee diligence have insignificant relationships with financial reporting timeliness among public listed companies in Malaysia.

Mohamad-Nor et al. (2010) discovered that Malaysian firms with larger audit committees and more frequent audit committee meetings are more likely to have shorter ARL. Similarly, Apadore & Noor (2013) have found that there is significant association between audit committee size and reducing audit report lag in the context of Malaysia. On the contrary, Salleh et al. (2017) discovered that Malaysian listed firms' audit committee financial expertise has no significant association with audit report lag.

Company Characteristics

Company characteristics include financial status, audit committee, company size, leverage, and total inventories and receivables to total asset ratio. The financial status of the companies is important as it might affect the auditing process, especially if the companies are in a loss situation where the auditor needs to have reasonable assurance to confirm about the reporting loss for the companies. The members of the audit committee are part of the board of directors and have been selected to assist the board with regard to financial reporting. The Companies Act specifies that the board has the duty to act in the best interest of the corporation and its shareholders. On the same notion, the Malaysian Code on Corporate Governance (MCCG), 2012 requires the board to provide reliable financial information (Securities Commission of Malaysia, 2012). Company size, leverage, and total inventories and receivables to total asset ratio are factors that influence the intensity of the external auditor's work, which can affect the ARL.

Auditor Firms' Characteristics

There is well-established literature on whether the big-4 provide timelier financial reports in the United States (US) and shorter ARL outside the US, like Canada, Bangladesh, and Greece (Abernathy et al., 2017). The same study synthesized that big-4 auditors have shorter ARL.

Methodology*Sample Selection*

This study conducted quantitative research based on the population of the main market of Bursa Malaysia from 2012 to 2016, consisting of 855 firm-year observations. The Malaysian Accounting Standards Board (MASB) has set an accounting period starting 1 January 2012 to implement new Malaysian accounting standards, MFRS, and it is applicable to all non-private companies. This research used the top 250 companies in terms of market capitalization as at 31 December 2016 from the Obris database except: i] banking, insurance, and finance industries; ii] agriculture and construction industries due to the fact that these industries are entities allowed to defer full adoption of MFRS until the accounting period commencing 1 January 2017 (Malaysian Accounting Standard Board, 2014) to avoid any mixture of data in compliance and non-compliance of MFRS in their financial statements; and iii] incomplete/unavailable firms' data. The sample selection is depicted in Table I.

Table I

Sample selection

Top 250 firms in term of market capitalization as at 31 December 2016	250
Banking, insurance and finance firms	(7)
Firms deferred adoption of MFRS (including agriculture and construction industries)	(53)
Incomplete/unavailable firms' data	(19)
Final sample firms	171
Total firm-year observations for 2012 to 2016	855

Source(s): Created by authors

Table II presents the details of the 855 sample firm-year according to their sector classifications based on the Obris database. The largest industry is property services, comprising 165 companies, representing 19.30% of the sample. The second largest industries are business services, and chemicals, petroleum, rubber and plastic, where both of them have 70 companies, representing 8.19% of the sample. The remaining companies are listed in Table II.

Table II
Sample composition by sector based on Obris database

Industry group	Total firm-year	%
Property Services	165	19.30
Business Services	70	8.19
Chemicals, Petroleum, Rubber & Plastic	70	8.19
Food & Tobacco Manufacturing	60	7.02
Metals & Metal Products	60	7.02
Industrial, Electric & Electronic Machinery	50	5.85
Transport, Freight & Storage	50	5.85
Travel, Personal & Leisure	50	5.85
Leather, Stone, Clay & Glass products	35	4.09
Wood, Furniture & Paper Manufacturing	35	4.09
Communications	30	3.51
Mining & Extraction	30	3.51
Wholesale	30	3.51
Retail	25	2.92
Transport Manufacturing	25	2.92
Utilities	25	2.92
Miscellaneous	45	5.26
Total	855	100

Source(s): Created by authors

Variable Measurements

Table III Depicts the operational definitions of dependent, independent, control, and corporate governance variables.

Table III

Operational definitions of variables

#	Variables	Definitions	Source(s)
1	ARL – Audit report lag (dependent variable)	The length of time from a firm's financial year end to the date of the auditor signing the report (Abernathy et al., 2017; Hussin, et al., 2018; Abdillah et al., 2019)	Annual report
2	APT – audit partner tenure (independent variables)	The number of years the audit partner is in-charge of the client for the audit engagement (Hussin, et al., 2018).	Annual report
3	NAS – non-audit services (independent variables)	i] NAF (non-audit fees) - the natural logarithm of the non-audit fee (Kanagaretnam et al., 2010; Hussin, et al., 2018); or ii] NAFR (non-audit fees ratio) – the ratio of non-audit fees to total fees (Kanagaretnam et al., 2010; Nik Abdul Majid et al., 2021)	Annual report
Control variables			
4	AFT – audit firm tenure (independent variables)	The length of audit firm tenure auditing the client for the audit engagement (Azizkhani et al., M., 2018)	Annual report

5	AF – audit fees (independent variables)	The natural logarithm of the audit fees (Hussin, et al., 2018)	Annual report
6	TF – Total fees (independent variables)	The natural logarithm of total fees - sum of audit and non-audit fees (Kanagaretnam et al., 2010)	Annual report
7	AFSIZE (external audit firm size)	Dummy variable, 1 = big 4, and 0 otherwise (Hussin, et al., 2018; Setiawan et al., 2020)	Annual report
8	FS (financial status)	Dummy variable, 1 = loss, and 0 otherwise (Hussin, et al., 2018)	Obris database
9	FSIZE (firm size)	The natural logarithm of total assets (Hussin, et al., 2018; Masmoudi, 2021)	Obris database
10	TIRTA (total inventories & receivables to total assets)	Total inventories & receivables to total assets ratio (Hussin, et al., 2018)	Obris database
11	LEV (Leverage)	Total liabilities divided by total assets (Setiawan et al., 2020)	Obris database
12	ACIND (audit committee independence)	The proportion of independent committee members to total audit committee members (Hussin, et al., 2018; Setiawan et al., 2020)	Annual report
13	ACFE (audit committee financial expertise)	The proportion of committee members with accounting and finance expertise to total audit committee members (Hussin, et al., 2018; Setiawan et al., 2020)	Annual report
14	ACSIZE (audit committee size)	Total number of audit committee members (Hussin, et al., 2018; Setiawan et al., 2020)	Annual report
15	ACFM (audit committee frequency of meetings)	The number of AC meetings held during the year (Hussin, et al., 2018; Setiawan et al., 2020)	Annual report

Note(s): Data from annual reports are hand collected. Annual reports are downloaded from Bursa Malaysia's website

Model Specification

This study used the random effect model to investigate the relationship between audit partner tenure and non-audit fees with ARL. The following models are run with the "robust cluster(firm) with time dummies" command to address the issues of heteroscedasticity, firm fixed effect, and time effect in the data. To test H₁ and H₂ using the following 3 equations.

Model 1 (audit and NAS fees) :

$$ARL = \beta_0 + \beta_1 APT_{it} + \beta_2 AFT_{it} + \beta_3 NAF_{it} + \beta_4 AF_{it} + \beta_5 AFSIZE_{it} + \beta_6 FS_{it} + \beta_7 ACIND_{it} + \beta_8 ACFE_{it} + \beta_9 ACSIZE_{it} + \beta_{10} ACFM_{it} + \beta_{11} FSIZE_{it} + \beta_{12} LEV_{it} + \beta_{13} TIRTA_{it} + \eta_i + \mu_{it} \quad [\text{Equation 1}]$$

Model 2 (total fees) :

$$ARL = \beta_0 + \beta_1 APT_{it} + \beta_2 AFT_{it} + \beta_3 TF_{it} + \beta_4 AFSIZE_{it} + \beta_5 FS_{it} + \beta_6 ACIND_{it} + \beta_7 ACFE_{it} + \beta_8 ACSIZE_{it} + \beta_9 ACFM_{it} + \beta_{10} FSIZE_{it} + \beta_{11} LEV_{it} + \beta_{12} TIRTA_{it} + \eta_i + \mu_{it} \quad [\text{Equation 2}]$$

Model 3 (audit fees and NAS ratio) :

$$\text{ARL} = \beta_0 + \beta_1\text{APT}_{it} + \beta_2\text{AFT}_{it} + \beta_3\text{NAFR}_{it} + \beta_4\text{AF}_{it} + \beta_5\text{AFSIZE}_{it} + \beta_6\text{FS}_{it} + \beta_7\text{ACIND}_{it} + \beta_8\text{ACFE}_{it} \\ + \beta_9\text{ACSIZE}_{it} + \beta_{10}\text{ACFM}_{it} + \beta_{11}\text{FSIZE}_{it} + \beta_{12}\text{LEV}_{it} + \beta_{13}\text{TIRTA}_{it} + \eta_j + \mu_{it}$$

[Equation 3]

Results and Discussion

Descriptive Statistics and Correlation Matrix

Table IV shows the descriptive statistics for the variables used in this study. The audit report lag ranges from 12 to 199 days, with an average of 91 days, which was lower than the average of 103 days reported by Hussin et al. (2018). The audit partner tenure ranged from 1 to 8 years, with an average of 2.31 years. The non-audit fees has an average value of RM330,520 and ranged from RM0 to RM13,500,000, indicating that the average for non-audit fees was higher than the average of RM147,752 reported by Hussin et al. (2018). The non-audit fees to total fees ratio had the minimum and maximum values of 0 and 0.88, respectively, with an average value of 0.15.

Table IV

Descriptive statistics

Panel A					
Variable	Mean	Min	Max	Median	Std Dev
Dependent variable					
ARL (days)	90.83	12	199	97	26.17
Independent variables					
ATP (years)	2.31	1	8	2	1.30
NAF (RM'000)	330.52	0	13,500	30	1,212.12
NAFR	0.15	0	0.88	0.10	0.16
Control variables					
AFT (years)	6.57	1	10	7	2.55
AF (RM'000)	1,007.65	20	27,500	329	2,712.81
TF (RM'000)	1,334.69	32	39,800	388	3,777.32
AFSIZE	0.73	0	1	1	0.44
FS	0.16	0	1	0	0.37
FSIZE (RM'000)	6,223,545	31,224	133,000,000	1,727,217	13,700,000
TIRTA	0.15	0	0.67	0.12	0.13
LEV	0.13	0	0.55	0.09	0.13
ACIND	0.87	0.40	1	1	0.15
ACFE	0.48	0.17	1	0.50	0.18
ACSIZE	3.51	3	7	3	0.72
ACFM	5.22	1	16	5	1.52

Panel B			
Variable	Dummy = 1	Dummy = 0	Total
AFSIZE no. of observations (%)	623 (72.87)	232 (27.13)	855 (100)
FS no. of observations (%)	135 (15.79)	720 (84.21)	855 (100)

Source(s): Created by authors

Note(s): Please refer to Table II for operational definitions

Table V depicts that the correlations amongst the dependent, independent, and control variables are fairly low. All values are well below 0.50, except for the correlation between

Regression Results

There are a total of 3 regressions were carried out according to 3 models specification outline in Section 3.4, as depicted in Table VI to test both hypotheses, H₁ and H₂.

Table VI

Regression results

Model	1	2	3
APT	-0.522* (0.308)	-0.499 (0.306)	-0.517* (0.306)
NAF	-0.198 (0.348)		
TF		1.306 (1.538)	
NAFR			-1.820 (4.213)
AFT	-0.349 (0.360)	-0.353 (0.367)	-0.360 (0.359)
AF	2.230 (1.572)		2.055 (1.627)
AFSIZE	-4.068 (2.825)	-4.164 (2.840)	-4.295 (2.802)
FS	0.398 (1.410)	0.448 (1.367)	0.407 (1.398)
FSIZE	-2.077 (1.395)	-1.710 (1.349)	-2.134 (1.401)
LEV	1.549 (7.225)	2.247 (7.267)	1.500 (7.174)
TIRTA	17.25** (8.047)	17.96** (8.057)	17.14** (7.995)
ACSIZE	6.217 (4.936)	6.852 (4.879)	6.886 (4.812)
ACFE	-6.835 (5.723)	-6.857 (5.705)	-6.618 (5.639)
ACIND	-0.572 (1.035)	-0.551 (1.029)	-0.549 (1.028)
ACFM	0.824* (0.446)	0.808* (0.434)	0.850* (0.435)
tdum2	1.369 (1.087)	1.414 (1.072)	1.361 (1.086)
tdum3	-0.0894 (1.410)	-0.00407 (1.406)	-0.0757 (1.408)
tdum4	-1.743 (1.638)	-1.788 (1.620)	-1.799 (1.634)
tdum5	-3.025 (1.847)	-2.904 (1.847)	-3.049* (1.847)
Constant	108.1*** (17.16)	106.8*** (16.81)	109.1*** (16.84)
Observations	843	855	843
R-squared	0.0431	0.0456	0.0442

Note(s): ***, **, * statistically significant at the <1%, <5%, <10% levels respectively; robust standard errors in parentheses; Time dummy (tdum). All other variables are defined in Table II.

Source(s): Created by authors

Table VI depicts the results for the relationships between NAS and audit partner tenure on ARL. In line with H₁, there are significant negative relationships between audit partner tenure and ARL under regression models 1 and 3. Lee et al. (2009) suggest that it takes at least two to three years for auditors to get familiar with their client's operation, and longer ARL is related to new clients due to start-up time, acquiring client's knowledge in terms of internal control, past audit working papers, and records. The audit partner tenure mean of this study is 2.31 years, which indicates the audit partner takes an average of 2.31 years to get a better understanding of their clients' business operations. The results of this study did not find a significant relationship between audit firm tenure and ARL under regression models 1 to 3. These results contradict Lee et al.'s (2009) findings where they found long audit firm tenure is associated with higher audit efficiency, which translates to shorter audit delays. In the context of Malaysia, the results of this study showed that where audit partner tenure rather than audit firm tenure could shorten the ARL.

However, there are no significant results between NAS and ARL under regression models 1 and 3, when NAS are measured using non-audit fees and non-audit fees ratio, respectively. These results do not support H₂ where it predicted a negative relationship. These results contradict the results studied by Lee et al. (2009) and Knechel et al. (2012), where they found NAS is associated with shorter audit delays. Knechel et al. (2012) further suggest that New Zealand does not have any restrictions imposed on external auditors in providing NAS services to their audit clients. The results of this study infers that the public listed companies in Malaysia do not benefit from spillover from non-audit services to audit services, which could be due to the limitations of providing NAS enforced by the Malaysian Institute of Accountants (MIA) on external auditors. MIA's by-Laws (on Professional Ethics, Conduct and Practice) subsections 601 to 610 prohibited non-audit services provided by public interest entities' external auditors if it threatened their independence, including accounting and bookkeeping services, preparation of tax calculations, internal audit services, design or implementation of information systems, etc (MIA, 2021). There are no significant results found between audit fees and ARL under regression models 1 and 3. Similarly, there is no significant relationship between total fees (audit and NAS fees) and ARL under Model 2. There are no significant results found for other control variables except for total inventories and receivables to total assets and audit committee frequency of meeting under the three regression models.

Conclusion

This study investigates the association between auditor partner tenure and non-audit fees with ARL. The findings of this study show that longer audit partner tenure is associated with an increase in audit efficiency, which takes the form of shorter ARL. There were no significant results found for the relationship between audit firm tenure and ARL. This paper reveals that Malaysian audit partners take an average of 2.31 years to get familiar with their clients' business operations in achieving greater audit efficiency. Effective from 15 December 2018, MIA made it compulsory for the partner in charge of a particular public interest entity audit to rotate every 7 years with a gap of a 3 year period before the auditor can take charge of the particular public interest entity audit (MIA, 2018). This requirement could limit an audit firm's ability to yield audit efficiency through longer audit partner tenure to seven years.

There were no significant results found between NAS and ARL, which implies that there is no knowledge spillover between audit and non-audit services among public listed companies in

Malaysia. This could be due to limitations imposed on external auditors in providing NAS to their clients by MIA. Based on Knechel et al. (2012)'s finding that NAS is associated with shorter ARL, MIA could expand the list of non-audit services that an auditor could provide to their clients in order to allow knowledge spillover and maximise audit efficiency. The collection of this study results pertaining to ARL suggests that limitations of auditor rotation at every 7 years and provision of non-audit services do not promote audit efficiency among Malaysian listed companies. The outcome of this study brings emphasis to the auditing industry that the 7 year rotation and restrictions provision of non-audit services can affect the auditor practice efficiency. This study further highlight to the regulator(s) and legislator(s) that the rules imposed on the practitioner auditor might requires some refinement.

One possible avenue for future research is to study the relationship between financial statement restatements and ARL. Financial statement restatement might require more audit effort due to many factors, such as the occurrence of errors and omissions. To our best knowledge, Malaysia's research covers the relationships between audit committee, audit partner workload, and partner-client tenure with ARL. Future research could look into variables like government ownership and politically connected firms, which could have an impact on ARL.

The paper has a few limitations that need to be considered before interpreting the results of this study. The sample populations were based on companies that have implemented MFRS listed on Bursa Malaysia's main market. Therefore, generalising the findings of this study to the companies that have yet to adopt MFRS, like agriculture and construction, and listed on non-Bursa Malaysia's main market may need further consideration.

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