

THE EFFECT OF EXTERNAL AUDIT QUALITY IN IMPROVING MANAGERIAL DECISIONS: A FIELD STUDY ON TELECOMMUNICATIONS COMPANIES, ZAIN, AND MOBILY IN THE KINGDOM OF SAUDI ARABIA

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Abstract

The aim of the current research is to identify the impact of the quality of external audit in improving administrative decisions among employees of telecommunications companies, Zain and Mobily in the Kingdom of Saudi Arabia, using the descriptive analytical approach, preparing a questionnaire by the researcher, and applying it to a sample of (150) workers in telecommunications companies, Zain and Mobily, and it reached The results indicate the effectiveness of the quality of external audit in improving administrative decisions.

Keywords: quality of external audit, administrative decisions.

Introduction

External auditing is one of the purposes aimed at improving financial business and accounting audits, and it is compatible with the modern technological nature that surrounds our current era and provides it with transactional facilities for various financial statements and financial service providers in various parties. (Wong, 2014, p. 23)

The quality factors of external audit affect the parties involved in the financial statements, whether within the same organization or to external parties, and with the emergence of Standard No. (220) for external audits, which emphasized the governance of organizations in financial audits, which in turn seeks to improve services and their availability, and also seeks to regulate access to On information with objective evidence regarding various activities and documents in order to obtain accurate standards. (Reisch, 2010, p5)

External audits also have a role that does not differ from the administrative decisions regulating the institution or the various companies, as administrative decisions are among the most important privileges of companies because of their individual management, which can distinguish the company or institution by the individuality of that decision, and with the emergence of the International Standard on Auditing (220), which obligated administrative leaders to choose... Efficient and high-quality external reviews that lead to the establishment of rights while imposing obligations. (Krishnan, 2021, p. 19)

Hence our interest in the topic of our current research, which is the impact of the quality of external audit on improving administrative decisions. We address this through a group of topics and elements explained for our

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research, along with the importance of the chosen topic.

Search elements

First: the research problem

Researchers have had multiple views on the quality of external auditing, which they considered to be a type of effort in following up on various financial statements, which they found to be a valuable factor in improving various administrative decisions that strengthen the relationship between the various auditing parties, which enabled the disappearance of audit risk factors. External auditing is a source of interest for various researchers and scholars, as a study (Hafsa, 2023) indicated that external auditing and the quality that must be characterized by it have a role in organizing financial and administrative transactions, as it is a regulator of documents and accounting controls, and that it deals with numbers in the form of reviews, since the number is the true proof of quality, which is not It carries an argument or discussion

The study (Abdel Fattah, 2022) also considered that the quality of external audit must depend on follow-up using modern means and keep pace with its speed, as the study considered that the quality of external audit was unable to follow various developments.

The subject of our research was not the result of a moment, but rather the result of a continuous effort in research in various theoretical and scientific frameworks that were concerned with the quality of external reviews and their impact on administrative decisions. Our research also focused on a group of telecommunications companies in the Kingdom of Saudi Arabia, so the problem of our research lies in an attempt to answer the question. Next main:

What is the impact of the quality of external audit in improving administrative decisions, with telecommunications companies, Mobily and Zain in the Kingdom of Saudi Arabia as a model?

Sub research questions

Is there a statistically significant relationship between the quality of external audit and the improvement of administrative decisions of companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the gender variable?

Is there a statistically significant relationship between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the practical

experience variable?

Is there a statistically significant relationship between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the job grade variable?

Research assumes

The research was based on a basic hypothesis:

There is a statistically significant relationship between the quality of external audit and the improvement of administrative decisions.

From that hypothesis, the following group of hypotheses emerged.

– There is a statistically significant relationship between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily and Zain) in the Kingdom of Saudi Arabia due to the gender variable.

–There is a statistically significant relationship between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily and Zain) in the Kingdom of Saudi Arabia due to the practical experience variable.

There is a statistically significant relationship between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia, attributed to the job grade variable.

Research aims

The research objectives are focused on knowing the following:

Identify the quality of external audit.

Identify the role played by the quality of external audit in improving the administrative decisions of a group of Saudi telecommunications companies.

Reaching a statistically significant relationship between the quality of external audit and improving administrative decisions

The importance of the research

lies in the topics it addresses, which are the impact of the quality of external

audit on improving administrative decisions. This aspect may have great importance, whether from a theoretical or practical perspective, which is represented in the following points:

First: From a theoretical standpoint

1. The research is considered an extension of the studies of some previous researchers who studied the quality of external auditing.

2. There is a correlation between the quality of external audit and the improvement of administrative decisions.

Importance of this research is that it is considered the first, according to the researcher's knowledge, that dealt with the impact of the quality of external audit and improving administrative decisions in the telecommunications companies, Zain and Mobily Saudi Arabia.

3. This research may provide indications of the extent to which the quality of external audit affects improving administrative decisions

4. The research results enrich accounting science from a cognitive standpoint.

In practical terms

1. This research may provide scope for developing effective programs in the field of external audits.

2. Directing the role of company heads towards the quality of external audit.

3. Researchers at universities and researchers in the field of commerce in general may benefit from the research.

Search terms

External review

External audit is the outcome of various activities within the organization, which in turn serve the parties to the audit. (Knapp, 2021, p. 321)

The external audit is also the observer and critic of the institutional system through a set of numbers recorded in the institution's books. (Grant, 2016, p. 3)

The researcher defines it procedurally

It is a type of supervisory quality that acts as a factor influencing administrative decisions within the telecommunications companies, Mobily, and Zain in the Kingdom of Saudi Arabia.

Administrative decisions

A set of administrative privileges that characterize the leadership of bodies that work to advance those bodies, taking into account legal authorities. (Copley, 2013, p. 90)

We can define it as a decision-making process taken by leaders towards a group of employees regarding improving workflow. (Abu-musa, 2016, p56)

But the researcher can define it operationally

As a group of decisions that affect the quality of external referrals at telecommunications companies, Zain and Mobily in the Kingdom of Saudi Arabia.

Search limits

Objectively border

The research was based on knowing the impact of the quality of external audit on the administrative decisions of telecommunications companies, Mobily and Zain in the Kingdom of Saudi Arabia.

Human limits

The research was based on a sample of (150) workers from telecommunications companies, Mobily and Zain, with (50) workers for each company.

Spatial boundaries

The application was implemented in telecommunications companies, Mobily and Zain in the Kingdom of Saudi Arabia.

Time limits

It was implemented in the period between 2023 and 2024.

Second: Previous studies

The researcher dealt with a group of studies that dealt with the quality of external auditing, as the study (Bou Diab, 2021) directed attention towards

external auditing and its role in improving the quality of financial statements, relying on the descriptive approach, and by applying a questionnaire distributed to (38) governors and accountants. Algerian, and the results demonstrated the effectiveness of external audit in improving the financial statements. The study (Al-Arki, 2021) also aimed the same as the previous study in identifying the impact of external audit on the quality of financial statement information by following the descriptive analytical approach and by preparing a questionnaire applied to a group of accountants and auditors. In Sudanese banks, the results concluded that external audit has an important role in improving the financial statements.

The study (Al-Jamhoudi, 2019) aimed to identify the role of external audit in improving the governance of Egyptian companies, through the descriptive approach, relying on (100) survey lists and arriving at the following results, which are the availability of a statistical relationship between the quality of external audit represented by the office Auditing and the audit team and strengthening the governance of Egyptian companies. The study (Al-Shenaifi, 2018) also indicated the importance of technology in improving the quality of external audit, by the Saudi auditor, using the inductive and deductive approach, and preparing a questionnaire distributed to the Saudi auditors. The study concluded the necessity of relying on technology to improve Quality for review

Comments on previous studies

Studies that talk about external audits have varied, but we did not find anything in the studies that mentions their role with administrative decisions, which confirms the importance of the research we are talking about.

The samples used varied, but they were not similar to our research sample in terms of type or size.

The methods used were similar to our own, which supports the role that the method used plays within our research.

We can use the findings of previous studies to support the role played by external audits.

Third: The theoretical framework

Here we discuss the variables of our research (external audit and administrative decisions) through the following group of investigations:

First: Quality of external audit

Theories explaining external audit

Screening Theory

This theory is concerned with numbers and their quality in order to achieve the examination process, by relying on the arrangement recorded and coordinated within the set of constitutions and books of organizations and companies, with the aim of ensuring the accuracy of their data.

Investigation theory

This theory believes that the product of work is the success factor for organizations and operations carried out by workers, and through it, judgment can be established regarding the validity of the financial statement.

Paper theory

This theory is based on a set of reports written by the organization and institution towards review and proof in the report. (Hamdouna, 2020, p. 66)

Factors for achieving external audit quality

There are many factors associated with audit quality, and we can represent them as follows:

Factors related to the organization or company, including the volume of audits, the structure of the organization with the allocation of auditors, audit fees, and the extent of compliance with the financial statements and reports.

There are also factors related to the audit team in terms of the auditor's own experience with supervision and communication between clients and the audit team.

Factors related to the size of the audit office, including the volume of work, the reputation of that office, the quality of workers, and the wage requested by the office. (Al-Amiri, 2017, p. 134)

The importance of external audit

The importance of external audit is to serve the various parties to the audit process, whether the auditor, the institution being audited, or the client. This can be explained in the following points:

- Clarifying the most important problems of companies that can thus be avoided.

- Workers acquire a competitive spirit that increases the quality of work.

Providing appropriate services to customers

- Igniting the spirit of competition, which leads to corporate governance. (Al-Jalal, 2020, p. 55)

Second: Administrative decisions

Theories explaining administrative decisions

Disclosure theory

In it, the leadership discloses the type of decision and appropriate action for the institution, and it has the exclusive right to make that decision in accordance with regulations and laws, and its goal is the public interest.

Privilege theory

Here, the administrative decision is in a competitive position that distinguishes it from various departments and various competing companies, and here the leader must impose various decisions that aim to advance the practical process and provide full rights to help implement the decisions.

Legal theory

This theory believes that administrative decisions are a set of orders implementing the legal regulations under various administrative constitutions, which are regulated by various executive or legislative authorities. (Al-Jadani and Hussam, 1430, p. 78)

Administrative decisions vary in terms of their impact, whether they are related to the nature of the law and have new legal effects, or in terms of their being revealing of various legal decisions that were issued previously. (Al-Shatri, 2016, p. 66)

There are administrative decisions in terms of content, whether they are purposeful organizational decisions for a group of workers or entrepreneurs, or deceptive over sight of the decisions of the Constitutional Court. (Ahmed, 2019, p. 34)

The importance of administrative decisions

The importance of administrative decisions may be attributed to many over sight parties, both to the controller himself and to the administrative decision maker in improving the level of administrative expertise, and for every decision he takes, a new administrative factor represents for him, whether from an organizational or executive perspective.

The employee's administrative decision is also important in improving the level of practical effort, improving the material, or improving the working experience.

The importance of administrative decisions towards the organization lies in improving production and empowering workers while improving quality. (Al-Ahdal, 2018, p. 15)

Third: The relationship between the quality of external audit and improving administrative decisions:

The relationship lies in using the role of supervisor, which is characterized by creating motivation towards work, as the human nature is characterized by the need for oversight and review in order to improve performance levels at work, and when there is a need to improve performance, the administrative decision must be improved, and here lies the role of external audit in its role that it plays towards management. The external audit looks at the performance and from it gains the company's privileges, which are controlled by the appropriate administrative decision. (Taylor, 2017, p100)

Fourth: Practical framework

Research Methodology

The current research has relied on the use of the descriptive approach as it suits the backgrounds and variables of our current research.

The research sample

The research sample consisted of (150) employees of telecommunications companies, Mobily and Zain in the Kingdom of Saudi Arabia, through random selection, through the distributions shown in the following table (Table 1)

Based on a set of cognitive theories and research literature, the researcher designed a questionnaire entitled (Quality of external audit and improvement

Table 1. Illustrative of the distribution of sample members.

Percentage	Repetition	Category	Variable
44.40%	80	Male	Sex
55.60%	70	Female	
25%	55	Less than 10 years	Practical experience
75%	95	More than 10 years	
65.30%	85	accountant	Functional class
34.70%	65	Head of the Department	
	The total	150	100%

Table 2. Reliability coefficient of the questionnaire using Cronbach's alpha.

	Interviewer	Degree of stability
1	The concept of external audit	86
2	Quality of external audit	70
3	Administrative decisions	90
4	The role of external audit in improving administrative decisions	78
	The stability of the questionnaire as a whole	96

of administrative decisions). The questionnaire consisted of two closely related parts, based on the following variables (gender, practical experience, job grade) and came as follows:

Part One: Primary data based on the variables mentioned above

The second part: It includes the questionnaire paragraphs according to their dimensions. They numbered (26) paragraphs distributed over four areas: the concept of external audit (8) paragraphs, the quality of external audit (8) paragraphs, administrative decisions (7) paragraphs, and the role of external audit in improving administrative decisions (3) paragraphs.

Validity of the search tool

The validity of the tool was confirmed after it was presented to a group of (7) experienced female arbitrators, and their opinions were clarified with a set of addition and deletions to some paragraphs.

Stability of the search tool

The reliability of the tool was expressed in the value shown by the Crombach alpha equation, where the numerical value of the six axes ranged between 70: 93. This is as explained in the following (Table 2).

Research results and discussion

The clear goal in that research was to identify the impact of the quality of external audit in improving administrative decisions, and this prompted us to design a questionnaire to collect information. To achieve the goal of the research, a questionnaire was developed and its validity and reliability coefficient were confirmed, which contributed to achieving the results related to the research questions, which we ask. Through

First: Results related to the first research question

What is the impact of the quality of external audit on improving administrative decisions? To verify this question, a set of percentages for the research items was calculated, and it was designed according to the sum of the following estimates:

(30% or less) is a very low degree.

(31% and even less than 50%) is a low degree.

(51% and even less than 70%) average grade.

(71% and even less than 90%) is a high score.

(91% or more) a very high score. (Table 3)

The degree expressing the impact of the quality of external audits in improving administrative decisions was average at (60%). The lowest percentage in the percentage equivalent to (54%) was the use of various applications during the external audit by the audit office.

Results related to the second study question: Is there a statistical significance between the quality of external audits and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the gender variable? The results are explained according to the following (Table 4).

Table 3. Averages and percentages according to each paragraph of the research on measuring the quality of external audit and improving administrative decisions.

percentage	deviation	Average	Paragraph	Its number is in the questionnaire
63%	1.09	3.14	The quality of external audit lies in its role as a watchdog for various organizations and companies	1
63%	1.02	3.17	External audit is the role that audit firms play in organizing financial statements	2
64%	1.06	3.2	Digital review is used to create appropriate labor plans	3
62%	1.12	3.11	The financial statements are prepared for external audit	4
64%	1.09	3.2	External audit is used to identify material misstatements in the financial statements	5
62%	0.95	3.1	External audit expresses organizational outcomes using a set of financial numbers.	6
64%	1	3.2	External audit is used to provide realistic examples of resources produced within institutions and companies	7
66%	1.04	3.28	External audits employ a variety of assistive technologies to serve audit parties.	8
66%	1.2	3.28	The second area	
59%	1.11	2.96	External audits provide a set of techniques to help develop financial controls.	9
54%	1.14	2.77	Various applications are used during external audit by the audit firm	10
60%	1.06	3.01	External auditing and its quality play a role in organizing financial statements	11
62%	0.86	3.11	Relying on the quality of the external audit enables the auditor to use the best methods in auditing.	12
62%	1.09	3.11	Digital technology applications are integrated into external assessment and review systems	13
66%	1.12	3.32	Review offices offer clients a variety of review packages	14
64%	1.13	3.2	External reviews and their quality facilitated the promotion of review parties	15
65%	1.1	3.24	The quality of external control has the ability to regulate financial matters within companies	16
61%	1.08	3.03	The quality of external audit contributed to reducing risks	17
76%	1.17	3.8	The third area	
63%	0.89	3.15	Administrative leadership is responsible for improving workflow	18
64%	1.12	3.2	The leadership in its management possesses multiple types of administrative intelligence	19
72%	1.24	3.62	Managerial leadership facilitated different types of developments within various organizations	20
69%	1.23	3.43	Departments provide oversight means to ensure the progress of work	21
61%	1.09	3.03	The administration obliges employees to write various supervisory reports	22
71%	1.39	3.55	Administrative leadership is the primary source of concern for external reviews	23
64%	1.24	3.22	There are periodicals by the administrative leadership to follow up on the financial statements	24
68%	0.83	3.42	Fourth area: The role of external audit in improving administrative decisions	
62%	1.03	3.1	The quality of external audits enhances the role of administrative decision-making	25
62%	1.24	3.1	Administrative leaders always strive to improve services to ensure the quality of external reviews	26
60%	1.25	2.99	There is always an impact on administrative decisions from the quality of external audits	27
60%	0.52	3.01	General arithmetic average	

It is evident from Table No. (3) Above:

Table 4. T-test results for two independent groups regarding the significance of the differences in the degree of significance of the quality of external audits and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the gender variable.

Sex	The number	Average	deviation	value (t)	indication
Male	80	2.29	0.73	0.924	0.358
Feminine	70	3.17	0.89		

Statistically significant at the level ($\alpha=0.05$)

The previous table showed that the answer to the specific research question was negative and that there was a statistical significance between the quality of external reviews and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia according to the gender variable

The results of examining the second question: It states: Is there a statistical significance between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the practical experience variable? , using the t-test (Table 5, 6).

Table 5. T-test results for two independent groups to indicate the differences in the degree of significance of the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the practical experience variable

Years of Experience	Average
Less than 5	3.11
5-10	3.33
More than 10	2.95
the total	3.10

The previous table showed the negative response to the specific research question and the presence of statistical significance between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily and Zain) in the Kingdom of Saudi Arabia according to the practical experience variable.

We can explain this by saying that administrative decisions may be understood by any worker without the need for practical experience

Results of examining the third question: Is there a statistical significance

Table 6. Results of one-way analysis of variance for the variable years of experience.

indication	value (f)	Average deviation	Degrees of freedom	Sum of squares of deviation	Source of variance
0.196	1.668	1.121	2	2.242	Between groups
		0.672	69	46.38	Within groups
			71	48.622	The total

Statistically significant at the level ($\alpha=0.05$)

Table 7. T-test results for two independent groups indicating differences in the quality of external auditing and improving administrative decisions due to the job grade variable.

Indication	Value (t)	Deviation	Average	the number	Functional class
0.688	0.403	0.85	3.1	85	Accountant
		0.78	3.14	65	Boss

Statistically significant at the level ($\alpha=0.05$)

between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia due to the job grade variable? By achieving a t-test. The results are shown in the following (Table 7).

The previous table showed the negative answer to the research question regarding the presence of statistical significance between the quality of external audit and the improvement of administrative decisions for companies (Telecom, Mobily, and Zain) in the Kingdom of Saudi Arabia according to the job grade variable.

This may explain the fact that awareness of administrative decisions does not differ if the worker is an accountant or head of a department, and this is consistent with the study of Al-Awadhi and Abu Latifa (2020), which believes that lower-ranking people are aware of administrative decisions in succession with their colleagues in order to advance companies.

The result of this study is consistent with the study of Al-Farajat (2019), which found that there are no statistically significant differences at the level of significance for the role of practical experience in employing administrative decisions due to the job grade variable

Recommendations

In light of the research results, the researcher recommends the following:

- Raising information awareness of the quality of external audits by organizing meetings and workshops with the aim of educating individuals and society about the importance of these audits.
- Departments provide incentives for workers who employ audits and financial statements in their work.
- The need to develop the environment for telecommunications companies to interact with external audit applications.

The need to develop skills in using artificial intelligence techniques for external reviews, and to benefit from electronic libraries and data bases.

The importance of preparing training programs and courses for leaders and departments to track external reviews.

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