Audit Reporting Quality and Client Satisfaction: Evidence from SMEs in Oyo State

Mary Abosede ADEOYE
Department of Accounting, LAUTECH Ogbomoso
maadeoye@lautech.edu.ng
+2348038082029

Folasade Kelekun PETERS
Department of Accounting, LAUTECH Ogbomoso
ffpeters@lautech.edu.ng
+2348032386068

ABSTRACT

In today's competitive business landscape, small and medium sized enterprises (SMEs) play a critical role in driving economic growth, fostering innovation and creating jobs. However, despite their significant contributions, SMEs often face challenges such as limited resources, intense competition and complexities of complying with regulatory requirements. This study investigates the relationship between the quality of audit reporting and client satisfaction among SMEs in Oyo state. The study is guided by agency theory and stakeholder theory. Purposive sampling technique was adopted for this research. The study population consists of 325 registered SMEs in Oyo North senatorial district in Oyo state which consists of 13 LGAs and being the one with the highest number of LGAs among the three senatorial districts in Oyo state. A sample size of 179, approximately 180 respondents was determined using Taro Yamane's formula. 150 out of the 180 respondents that were intended for the study returned their questionnaires. The ANOVA results indicated significant variation in the variables as follows; Clarity ($F=302.0672$, $p < .000$), Communication and Timeliness ($F=346.9107$, $p < .000$) at 5% significant level. The findings show that the clarity of audit reports, respondents expressed moderate satisfaction, with an average mean score of 3.38. In terms of communication, respondents generally rated auditors' communication as satisfactory, with highest satisfaction score of 3.40. Timeliness recorded an average mean among the three dimensions, with an average mean score of 3.39.The study concluded that audit reporting quality significantly influences client satisfaction. It is therefore recommended that audit firms should prioritize clear information delivery, effective communication practices, and timely service provision to enhance client experiences and satisfaction.

Key words: Audit Reporting Quality, Client satisfaction, SMEs, Nigeria.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

1. Background to the study

In today's business landscape, small and medium-sized enterprises (SMEs) are pivotal to driving economic growth, fostering innovation, and generating employment (Gudic et al., 2020). SMEs contribute significantly to the Gross Domestic Product (GDP) of many countries and serve as the backbone of numerous industries globally (Bolton and Thompson, 2021).

Despite their critical role, SMEs face various challenges, including limited resources, intense competition, and complex regulatory obligations (Barringer and Ireland, 2019). Among these, effective financial management and compliance with auditing standards are especially crucial for SMEs.

Audit reporting is central to this process, serving as the primary method for communicating audit findings and conclusions to stakeholders (Louwers et al., 2018). High-quality audit reporting promotes transparency, accountability, and trust in financial information, enabling stakeholders to make informed decisions (IFAC, 2020). However, while the importance of audit reporting quality is widely recognized, its specific effect on Client satisfaction within SMEs remains relatively underexplored.

Client satisfaction is vital for the success and sustainability of auditing firms, particularly in the competitive SME sector (Gholami et al., 2021). Satisfied clients are more likely to remain loyal, provide positive referrals, and enhance the firm's reputation and growth potential (Jain and Khandelwal, 2019). On the other hand, dissatisfied clients can lead to turn over negative word-of-mouth, and reputational harm undermining profitability (Alzeban and Gwilliam, 2020).

Given these potential outcomes, it is essential to understand the factors that influence Client satisfaction particularly regarding audit reporting quality. SMEs, with their unique challenges and resource constraints, provide a distinct context in which audit services must be carefully customized (Simionescuet al., 2021). Auditing firms that understand how audit reporting impacts client satisfaction can better tailor their services to meet the specific needs of SMEs.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Additionally, the regulatory framework for auditing continues to evolve, with an increasing emphasis on enhancing audit quality, transparency, and accountability (lASB, 2021l). Regulatory bodies have introduced reforms and standards aimed at improving the relevance and reliability of audit reports (PCAOB, 2019). In this evolving context, exploring the relationship between audit reporting quality and Client satisfaction can offer valuable insights for both policymakers and auditing firms.

The COVID-19 pandemic has further underscored the importance of robust auditing practices and reliable financial reporting, especially for SMEs facing unprecedented challenges (KPMG, 2020). The pandemic's disruptions have highlighted the need for auditors to adapt, enhance risk assessments and provide insightful support to help SMEs navigate the crisis (Deloitte, 2021). Understanding the impact of audit reporting quality on client satisfaction in such circumstances can equip auditing firms to deliver value-added services that strengthen SME resilience.

Statement of the Problem

The quality of audit reporting is crucial to the financial health and operational success of small and medium-sized enterprises (SMEs). Audit reports offer key insights into a company's financial standing, internal controls, and compliance with regulatory standards (DeFond and Zhang, 2014). However, there is increasing concern that many SMEs are dissatisfied with the audit reports they receive, often citing issues such as lack of clarity, insufficient detail, and poor communication from auditors (Spence, 2016). This dissatisfaction can undermine trust in the audit process, leading to poor financial decision-making and weakened organizational performance (Behn et al., 1997). It is therefore, imperative to understand the factors that influence the perceived quality of audit reports and their impact on client satisfaction (Carcelo et al., 1992).

While significant research has examined audit quality and client satisfaction in large corporations, there is a noticeable gap when it comes to SMEs. Furthermore, existing research often overlooks critical aspects of audit reporting quality that SME clients value most, such as auditors' technical expertise, industry-specific knowledge, and communication effectiveness (Homburg and Giering, 2001).

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Addressing these concerns is essential to making audit reports more relevant and valuable to SMEs, thereby supporting their financial stability and long-term sustainability (Anderson, Fornell, and Lehmann, 1994). This study aims to fill this gap by investigating the specific elements of audit reporting quality that impact Client satisfaction among SMEs and offering practical recommendations for auditors, regulators, and policymakers (Spence, 2016).

In the Nigerian context, it is particularly important to examine these factors within the unique economic and regulatory environment (Ojo, 2006; Nwaobia, 2015). Therefore, this research investigates the impact of audit reporting quality on client satisfaction among SMEs in Oyo State, Nigeria, addressing a critical gap in the literature.

Considering the problems identified above, the following research questions were used to guide the study.

i. What impact does clarity have on clients' satisfaction?
ii. How does communication influence clients' satisfaction?
iii. Does timeliness have impact on clients' satisfaction?

Research Hypothesis

H_o: Audit reporting quality does not influence client satisfaction

2. Conceptual Review

Audit Reporting Quality

Audit reporting quality refers to the degree to which audit reports are accurate, reliable, and informative. It encompasses various attributes such as relevance, timeliness, comprehensiveness, and clarity of the audit information provided. High-quality audit reports are crucial for stakeholders to make informed decisions, as they enhance the transparency and accountability of the audited entity (DeFond and Zhang, 2014).

The relevance of an audit report is determined by the extent to which it provides useful and pertinent information to the stakeholders. Relevance ensures that the audit findings are applicable to the current financial context of the business and can be used to assess the

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

company's financial health and performance (Botosan, 1997). An audit report that addresses the significant financial aspects of an enterprise will be considered relevant and valuable to the users (Deegan, 2002).

Timeliness is another critical attribute of audit reporting quality. Timely audit reports ensure that the information is available to stakeholders when needed, thereby enhancing its utility in decision-making processes. Delayed reports can diminish their usefulness, as the financial context might have changed by the time the report is reviewed (Ashton et al., 1987). Comprehensiveness refers to the extent to which an audit report covers all relevant aspects of the audited entity's financial status and operations. A comprehensive report provides a detailed and holistic view of the company's financial performance, helping stakeholders to understand the complete picture (Behn et al., 1997).

Clarity in audit reporting quality ensures that the information is presented in a clear, understandable, and unambiguous manner. Clear reports help to avoid misunderstandings and misinterpretations, making it easier for stakeholders to grasp the essential information without difficulty (Hirst and Hopkins, 1998). The use of straightforward language and well-organized content contributes to the overall clarity of the audit report (Libby et al., 2002).

High-quality audit reports contribute significantly to the credibility of the financial statements and the trustworthiness of the auditing process. They serve as a critical tool for enhancing the confidence of investors, regulators, and other stakeholders in the financial disclosures made by the company (Francis, 2011). Audit reporting quality, therefore, plays a fundamental role in the financial ecosystem by ensuring that stakeholders have access to reliable and useful information (Knechel et al., 2013).

Client Satisfaction

Client satisfaction refers to the degree to which clients are happy with the products or services they receive from a business. It is a critical measure of a company's performance, reflecting how well it meets or exceeds client expectations (Kotler and Kelier, 2006). High levels of client satisfaction are associated with client loyalty, repeat business, and positive word of mouth referrals (Anderson, et al., 1994).

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Several factors influence client satisfaction, including the quality of the product or service, the level of client service provided, and the overall client experience. Product quality ensures that the goods or services meet client needs and perform as expected, thereby contributing significantly to client satisfaction (Parasuraman et al., 1985). Superior client service, characterized by responsiveness, empathy, and professionalism, can also enhance client satisfaction (Zeithaml et al., 1996).

The overall client experience encompasses all interactions a client has with a company from the initial contact to post-purchase support. A positive client experience involves seamless and enjoyable interactions across all touch points, leading to higher satisfaction levels (Meyer and Schwager, 2007). Companies that prioritize the client experience often see better satisfaction ratings and stronger client relationships (Verhoef et al., 2009).

Measuring client satisfaction typically involves surveys and feedback forms, where clients rate their satisfaction on various aspects of the product or service. These measurements help businesses identify areas for improvement and develop strategies to enhance client satisfaction. Continuous monitoring and assessment of client satisfaction are essential for maintaining high levels of service quality and client loyalty (Fornell, 1992).

High client satisfaction has several benefits for businesses, including increased market share, higher profitability, and reduced client churn (Reichheld, 1996). Satisfied clients are more likely to make repeat purchases, recommend the company to others, and become long term loyal clients (Heskett et al., 1997). Therefore, understanding and improving client satisfaction is crucial for business success (Rust et al., 1995).

Agency Theory

Agency theory, proposed by Jensen and Meckling (1976), examines the relationship between principals (owners) and agents (managers). The theory suggests that in a business context, there is a potential conflict of interest between the principals, who delegate authority, and the agents, who perform tasks on behalf of the principals. This conflict arises because agents may pursue their own goals, which may not align with the objectives of the principals (Jensen and Meckling, 1976). One of the fundamental issues addressed by agency theory is the agency

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

problem, which occurs when agents act in their own self-interest rather than in the best interest of the principals. This problem can lead to inefficiencies and increased costs for the principals, as they need to monitor and incentivize the agents to ensure their actions align with the principals' goals (Eisenhardt, 1989). Agency costs include monitoring costs, bonding costs, and residual loss, which arise due to the divergence in interests between the principals and agents.

Audit reporting quality plays a crucial role in agency theory by providing principals with reliable and accurate information about the agents' performance and the organization's financial status. High-quality audit reports can reduce information asymmetry between principals and agents, thereby decreasing agency costs and increasing trust in the agents' actions. By ensuring transparency and accountability, audit reports help principals make informed decisions and effectively oversee the agents' activities (DeFond and Zhang, 2014).

In small and medium-scale enterprises (SMEs), the agency theory is particularly relevant because the separation between ownership and management is often less pronounced than in larger corporations. However, the potential for agency problems still exists, especially as SMEs grow and ownership becomes more dispersed (Daily et al., 2003). Effective audit practices and high-quality reporting can help mitigate these issues by ensuring that managers act in the best interest of the owners, even as the Organization expands and evolves (Nicholson and Kiel, 2007).

Stakeholder Theory

Stakeholder theory, developed by Freeman (1984), posits that organizations should consider the interests of all stakeholders, not just shareholders, in their decision-making processes. Stakeholders include any group or individual who can affect or is affected by the achievement of the organization's objectives, such as employees, clients, suppliers, community members, and investors. This approach contrasts with the traditional shareholder-centric view, which prioritizes maximizing shareholder value above all else (Jensen, 2001).

The theory suggests that by addressing the needs and concerns of all stakeholders, organizations can create more sustainable and ethical business practices, leading to long-term

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

success. Engaging with stakeholders can enhance corporate reputation, foster loyalty, and improve overall performance (Clarkson, 1995). For instance, companies that consider environmental and social impacts are more likely to gain public trust and achieve regulatory compliance, which can translate into competitive advantages (Donaldson and Preston, 1995).

Stakeholder theory also emphasizes the importance of ethical considerations in business operations. It argues that organizations have moral responsibilities to all stakeholders, not just economic obligations to shareholders (Evan and Freeman, 1988). By incorporating ethical principles into decision-making, businesses can build stronger, more positive relationships with stakeholders, which can lead to increased cooperation and reduced conflict (Jones, 1995).

In the context of small and medium-scale enterprises (SMEs), stakeholder theory is particularly relevant. SMEs often have closer relationships with their stakeholders due to their smaller size and local presence. By actively engaging with stakeholders, SMEs can better understand their needs and expectations, which can lead to improved products and services, as well as enhanced community support (Spence, 2016).

Audit reporting quality is integral to stakeholder theory, as transparent and accurate reporting ensures that all stakeholders have access to reliable information about the organization's performance and activities. High-quality audit reports can help build trust and credibility with stakeholders, as they demonstrate the organization's commitment to accountability and transparency (Deegan, 2002). This trust is crucial for maintaining positive stakeholder relationships and achieving long-term business sustainability (Mitchell et al., 1997).

Empirical Review

Audit reporting quality has been a critical area of research in accounting and finance, focusing on the accuracy, reliability and usefulness of audit reports. High-quality audit reports are essential for maintaining investor confidence and ensuring the integrity of financial markets. Studies have consistently shown that audit reporting quality significantly impacts financial statement users' perceptions and decision-making processes (DeFond and Zhang, 2014).

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

The timeliness of audit reports is also a critical factor in audit reporting quality. Ashton et al. (1987) found that timely audit reports are more valuable to users because they provide relevant information when it is most needed. Delays in audit reporting can reduce the usefulness of the information and may lead to inefficiencies in financial markets. Therefore, ensuring the prompt completion and dissemination of audit reports is essential for maintaining high audit reporting quality.

Recent studies have also examined the role of audit committee effectiveness in improving audit reporting quality. Research by Cohen, Krishnamoorthy, and Wright (2004) indicated that effective audit committees, composed of independent and financially literate members, are associated with higher audit quality. These committees play a crucial role in overseeing the audit process, ensuring that auditors adhere to high standards and produce high quality audit reports.

Research by Anderson et al. (1994) examined the relationship between client satisfaction, market share, and profitability. Their study found that higher levels of client satisfaction are associated with increased client loyalty, leading to a larger market share and greater profitability. This relationship underscores the importance of client satisfaction as a critical driver of business success and competitive advantage.

Another important study by Parasuraman et al. (1985) introduced the SERVQUAL model, which identifies five key dimensions of service quality that influence client satisfaction: tangibles, reliability, responsiveness, assurance, and empathy. Their research demonstrated that these dimensions are critical for understanding how clients perceive service quality and, consequently, their satisfaction levels. The SERVQUAL model has been widely used and validated in various service industries to measure and improve client satisfaction.

Further research by Homburg and Giering (2001) explored the moderating effects of client characteristics on the relationship between satisfaction and loyalty. Their study found that factors such as age, income, and prior experience with the service can influence how satisfaction translates into loyalty. For instance, older clients or those with higher incomes may exhibit stronger loyalty when satisfied, compared to younger or lower-income clients.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

This highlights the need for businesses to consider client demographics when designing strategies to enhance satisfaction and loyalty.

In the context of small and medium-scale enterprises (SMEs), Spence (2016) investigated how SMEs can achieve high client satisfaction despite limited resources. The study found that SMEs can leverage their close relationships with clients to provide personalized services and quickly respond to client needs. This personalized approach often results in higher client satisfaction and loyalty compared to larger firms that may not offer the same level of individualized attention.

The relationship between audit reporting qualities on client satisfaction has been extensively explored in academic research, highlighting the significant impact that high-quality audit reports can have on client perceptions and overall satisfaction. High-quality audit reports, characterized by accuracy, clarity, timeliness, and completeness, are essential in fostering trust and confidence among clients, thereby enhancing their satisfaction levels (DeFond and Zhang, 2014).

In another study, Francis and Yu (2009) explored the impact of auditor industry specialization on audit quality and client satisfaction. They found that clients of industry specialized auditors reported higher satisfaction due to the specialized knowledge and expertise these auditors bring to the audit process. Industry-specific insights enhance the quality of audit reports, making them more relevant and useful to clients, thereby improving client satisfaction.

The timeliness of audit reports is also a critical factor influencing client satisfaction. Ashton et al. (1987) emphasized that timely audit reports are more valuable to clients, as they provide relevant information when it is most needed. Delays in audit reporting can reduce the usefulness of the information and lead to client dissatisfaction. Therefore, ensuring the prompt completion and dissemination of audit reports is essential for maintaining high levels of client satisfaction.

The relationship between audit reporting quality and client satisfaction is also evident in small and medium-sized enterprises (SMEs). Research by Spence (2016) found that SMEs

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

that receive high-quality, personalized audit services report higher levels of satisfaction. The close relationships and personalized attention that SMEs often receive from their auditors contribute to the perceived quality of the audit reports, enhancing client satisfaction.

3. Methodology

This study adopts a descriptive survey research design to explore the impact of audit reporting quality on client satisfaction among small and medium-sized enterprises (SMEs) in Oyo State, Nigeria.

The study utilized a structured questionnaire to gather data from SME owners and managers who have undergone recent audit exercise. The questionnaire addressed their perceptions of audit reporting quality, including aspects such as clarity, timeliness and auditors' communication, as well as their overall satisfaction with the audit process. Data were analyzed using quantitative methods, including descriptive statistics and regression analysis, to identify the key factors influencing client satisfaction and the extent of their impact.

The population for this study comprises all Small and Medium-Sized Enterprises (SMEs) operating in Oyo North senatorial district in Oyo state with 13 LGAs. This consists of 325 registered SMEs in the selected senatorial district in Oyo state (NASME, 2026). The selection of Oyo North senatorial district is due to its significant number of SMEs compared to the other two senatorial districts in Oyo state. The Taro Yamane (1967) formula was used to determine the sample size from the overall population, which resulted in 180 sample size.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- "n = Sample size"
- "$N = 325$ (study population)"
- "$e = 0.05$ (5% level of significance)"

Substituting the values:

$$n = \frac{325}{1 + 325(0.05)^2}$$

$$n = \frac{325}{1 + 325(0.0025)}$$

$$n = \frac{325}{1 + 0.8125}$$

$$n = \frac{325}{1.8125}$$

$$n = 179.31 \approx 179$$

Hence, the sample size is approximately, 180

The study was targeted at SMEs that have recently undergone an audit process, ensuring that respondents have recent and relevant experiences with audit reporting to share. This focus on audited SMEs provided insights into how the quality of audit reports affects their satisfaction and trust in financial reporting processes.

Purposive sampling technique was adopted for this research. This method is chosen to ensure that various industries the SME sector are proportionately represented in the study. Oyo State's SME sector includes diverse industries such as manufacturing, retail, services, and agriculture. Hence, the SMEs were purposively selected to participate in the study.

The study population consists of 325 registered SMEs in Oyo North senatorial district in Oyo state. Oyo North with 13 LGAs was purposively selected among the three (3) senatorial districts in Oyo state, the other two are; Oyo South (with 9 LGAs) and Oyo Central (with 11 LGAs). Oyo North senatorial district being the one with the highest number of LGAs. The Oyo North senatorial district covers the local government areas of Atisbo, Irepo, Iseyin, Itesiwaju, Iwajowa, Kajola, Ogbomosho North, Ogbomosho South, Olorunsogo, Orelope, Ori Ire, Saki East and Saki West.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Questionnaire Design

The questionnaire included both closed-ended and Likert scale questions. The close-ended questions were used gather demographic information and specific details about the respondents, while Likert scale questions measured the respondents' perceptions and satisfaction levels on a scale from I (strongly disagree) to 5 (strongly agree). Based on the calculated sample size, a total of 180 questionnaires were distributed to the SMEs owners and managers, out of which 150 were successfully completed and returned.

Model Specification

The multiple regression model can be specified as follows:

$CSi = β0+βlCLii+β2TMi+β3ACi+ϵi$

Where:

CSi = Client Satisfaction score for SME i

β0 = Intercept term

β1, β2, β3, = Coefficients representing the effect of each independent client

CLi, TMi, ACi = Scores for Clarity, Timeliness, and Auditors' Communication for SME ϵi=error term representing other factors affecting clients satisfaction not captured by the independent variables.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

4. Results and Discussion

This section presents the analysis and findings of the study as outlined in the methodology.

Table 4.1: Demographic Characteristics of Respondents

Variable	Distributions	Frequency	Percentage (%)	Cumulative
Gender	Male	102	68	68
	Female	48	32	100
	Total	**150**	**100**	
Age range	18-29	10	6.7	6.7
	30 -39	85	56.7	63.3
	40 -49	37	24.7	88.0
	50 and above	18	12.0	100
	Total	**150**	**100**	
Marital Status	Married	64	42.7	73.7
	Single	46	30.7	30.7
	Divorced	40	20.4	100
	Total	**150**	**100**	
Year of Experience	5-10	23	15.3	15.3
	10 -15	63	42.0	57.3
	Above 15	64	42.7	100
	Total	**150**	**100**	

Source: Researcher's findings (2026)

The survey results show that 68% of the respondents are male, while 32% are female, indicating a higher male participation. In terms of age, the majority of respondents (56.7%) are aged between 30 and 39, followed by 24.7% who are between 40 and 49 years old. A smaller group (12%) are aged 50 and above, and 6.7% are under the age of 30. Regarding marital status, most respondents are married (42.7%), 30.7% are singles and 20.4% are divorcee. As for years of experience, 42.7% of respondents have over 15 years of experience, 42% have between 10 and 15 years, while only 15.3% have between 5 and 10 years of

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

experience. The respondents are mostly experienced professionals in the 30-49 age range, with a significant proportion having over 10 years of experience. The sample is male-dominated, with a mix of religious backgrounds, predominantly Muslim.

Table 4.2: Research Question One (What impact does clarity have on clients' satisfaction?)

S/N	Item	SD	D	U	A	SA	mean	SD
1	The audit report was easy to understand	15(10%)	13(8.7%)	40(37.7%)	44(29.3%)	38(25.3%)	3.30	1.24
2	The information provided in the audit report was clear and unambiguous	16(30.7%)	21(14%)	38(25%)	46(3.1%)	29(19.3%)	3.34	1.29
3	The audit findings were presented in a logical and organized manner	22(14.7%)	21(14%)	38(29.36%)	37(24.7%)	32(21.3%)	3.24	1.34
4	The audit report provided a clear explanation of the financial statements	12(8%)	20(13.3%)	41(27.3%)	42(28%)	35(23.3%)	3.45	1.2
5	The audit report effectively highlighted the key issues and areas of concern	14(9.3%)	15(10%)	33(22%)	44(29.3%)	44(29.3%)	3.59	1.26

Grand mean score: 3.38

Source: Researcher's findings (2026)

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Approximately 54.6% of respondents indicated that the audit report was easy to understand, with a mean score of 3.3, reflecting moderate satisfaction. Additionally, 48.4% found the information in the audit report to be clear and unambiguous, resulting in a mean score of 3.34. However, only 46% felt the audit findings were logically presented, with a mean score of 3.24, suggesting potential for improvement in this area. On the other hand, 51.3% of respondents agreed that the financial statements were well explained, with a mean score of 3.45, indicating slightly higher satisfaction. Notably, 58.6% expressed stronger satisfaction with the report's emphasis on key issues, reflected by a mean of 3.59. Hence, the average mean score of 3.43 indicates moderate satisfaction with the clarity of the audit report.

Table 4.3: Research Question Two (How does communication influence clients' satisfaction?)

S/N	Items	SD	D	U	A	SA	Mean	SD
1	The communicated effectively throughout the audit process	19(12.7%)	16(10.7%)	49(32.7%)	37(24.7%)	29(19.3%)	3.27	1.26
2	The auditors were responsive to our queries and concerns	19(12.7%)	36(24%)	36(24%)	36(24%)	23(15%)	3.05	1.27
3	The auditors provided adequate explanations for their findings	11(7.4%)	18(12.1%)	46(28.2%)	42(28.2%))	32(21.5%))	3.41	1.17
4	The communication style of the auditors was professional and courteous	13(8.7%)	10(6.7%)	31(20.7%)	51(34%)	45(30%)	3.70	1.22
5	The auditors kept us informed about the audit progress and timeline	10(6.7%)	16(10.7%)	38(25.3%)	48(32%)	38(25.3%)	3.56	1.17

Grand mean score: 3.40

Source: Researcher's findings (2026)

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

44% of respondents felt the auditors communicated effectively, yielding a mean score of 3.27. However, only 39.3% believed their queries were adequately addressed, with a lower mean of 3.05, highlighting the need for improved responsiveness. A larger proportion, 49.7%, expressed satisfaction with the explanations provided for the audit findings, reflected by a mean score of 3.44. Additionally, 64% of respondents found the auditors' communication to be both professional and courteous, resulting in a higher mean of 3.70.

Furthermore, 57.3% were satisfied with how the auditors kept them informed about the audit's progress, with a mean score of 3.56. As a result, communication was rated as generally satisfactory, with an average mean score of 3.41, though improvements in addressing client queries are necessary for greater overall satisfaction.

Table 4.4: Research Question Three (Does timeliness have impact on clients' satisfaction?)

S/N	Items	SD	D	U	A	SA	Mean	SD
1	The audit report was delivered within the agreed- upon timeframe	19(12.7%)	16(10.7%)	49(32.7%)	37(24.9%)	29(19.3%)	3.65	1.24
2	The timing of the audit report was convenient for our business needs	19(12.7%)	36(24%)	36(24%)	36(24%)	23(15.3%)	3.43	1.36
3	The auditors adhered to the scheduled audit timeframe.	11(7.4%)	18(12.1%)	46(30.7%)	42(28.2%)	33(21.5%)	3.31	1.28
4	Delays in the audit reporting process was communicated promptly	13(8.7%)	10(6.7%)	31(20.7%)	51(34%)	45(30%)	3.41	1.24
5	The timeliness of the audit report has a positive impact on decision making process	10(6.7%)	16(10.7%)	38(25.3%)	48(32.0%)	38(25.34%)	3.15	1.22

Grand mean score: 3.39

Source: Researcher's findings (2026)

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

53.3% of respondents were satisfied with timely delivery of the audit report, reflected by a mean score of 3.65. 39.3% agreed that the timing of audit report is convenient for their business, with a mean of 3.43, indicating the need for better alignment with business needs. 49.7% felt that auditors adhered to the timeline, with a mean score of 3.31. 64% were satisfied with how auditors communicated delays, with a mean score of 3.41. 57.3% agreed that timely delivery positively influenced decision-making, reflected by a mean score of 3.45. Timeliness scored the highest average mean (3.45) among the factors analyzed, showing that delivering audit reports on time is crucial to client satisfaction.

Table 4.5: ANOVA Table (Testing mean differences in Client Satisfaction across levels of Clarity, Communication and Timeliness)

Source	Sum of Squares	df	Mean Square	F	Sig.
Clarity (CL)					
Between	172.0383	2	86.0192	302.0672	0.000
Within	41.8609	147	0.2848		
Total	**213.8993**	**149**			
Communication (AC)					
Between	176.5035	2	88.2517	346.9107	0.000
Within	37.8609	147	0.2544		
Total	**213.8993**	**149**			
Timeliness (TM)					
Between	176.5035	2	88.2517	346.9107	0.000
Within	37.3958	147	0.2544		
Total	**213.8993**	**149**			

Source: Researcher's findings (2026)

The ANOVA result for Clarity (CL) shows an F-statistic of 302.0672 with a significance value of 0.000, which is less than the 0.05 significance level. The very large F-value indicates that clarity is an important factor influencing client satisfaction. Clients perceive different levels of clarity differently, leading to significant variations in their satisfaction levels. ($F=302.0672$, $p < .000$)

For Communication (AC), the F-statistic is 346.9107 with a significance value of 0.000. This implies that client satisfaction differs significantly across different levels of communication. Communication appears to have a strong influence on how clients evaluate the quality of

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

service received. Hence, the high F-value suggests that effective communication contributes substantially to increased client satisfaction. ($F=346.9107$, $p < .000$)

The ANOVA result for Timeliness (TM) also shows an F-statistic of 346.9107 and a significance value of 0.000. This indicates that client satisfaction varies significantly across different levels of timeliness. The promptness with which services are delivered significantly affects clients' satisfaction. Thus, the large F-statistic suggests that timeliness is a critical determinant of client satisfaction.

5. Conclusion and Recommendations

The study evaluated the effects of audit reporting quality on client satisfaction within SMEs, focusing on the clarity of reports, communication effectiveness, and timeliness. Data were gathered from 150 SMEs via questionnaires out of 180 that were distributed, with an impressive response rate of 83.3%.

The findings reveal that the respondents were predominantly male (68%), mostly aged between 30 and 49 years, and largely experienced professionals, with over 84% having more than 10 years of work experience. Most respondents were married, indicating a mature and knowledgeable sample capable of providing informed opinions on audit report quality and client satisfaction.

Regarding the clarity of audit reports, respondents expressed moderate satisfaction, with an average mean score of 3.38. The reports emphasize on key issues received the highest rating, while the logical presentation of audit findings showed room for improvement. In terms of communication respondents generally rated auditors' communication as satisfactory, with highest satisfaction score of 3.40. Auditors were viewed as professional and courteous; however, addressing client queries adequately emerged as a notable area requiring improvement. Timeliness recorded an average mean among the three dimensions, with an average mean score of 3.39. Respondents were generally satisfied with the timely delivery of audit reports and the communication of delays, recognizing the positive impact of prompt reporting on decision-making. Overall, the results indicate that clients are moderately

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

satisfied with the clarity, communication, and timeliness of audit services, with timeliness being the strongest contributor to client satisfaction.

The ANOVA results reveal that Clarity, Communication, and Timeliness all have statistically significant effects on client satisfaction, as evidenced by their p-values of 0.000 (< 0.05). This means that differences in these service quality dimensions lead to significant differences in how clients rate their satisfaction. Among the three variables, Communication and Timeliness exhibit the highest F-values (346.9107), suggesting they have the strongest influence on client satisfaction, followed closely by Clarity (302.0672).

The study concludes that audit reporting quality significantly influences client satisfaction in SMEs. Clarity, communication, and timeliness are essential to maintaining and improving client relationships. While the overall satisfaction level is moderate, focused improvements in the logical presentation of audit findings, responsiveness to client concerns, and better alignment with business needs in terms of report timing can further enhance satisfaction. To address the issues surrounding the effects of audit reporting quality on client satisfaction within SMEs, focusing on the clarity of reports, communication effectiveness, and timeliness, it was recommended, that audit reports should be made more straightforward and logically structured to ensure clients fully understand the findings, while auditors must improve responsiveness to client queries and concerns, providing clear explanations and ensuring clients feel heard throughout the audit process. Finally, audit firms should prioritize clear information delivery, effective communication practices, and timely service provision to enhance client experiences and satisfaction.

References

Alzeban, A. & Gwilliam, D (2020). Client satisfaction in the audit market: An empirical investigation. *Managerial Auditing Journal*, 35(4), 578-594.

Anderson, E. W., Fornell, C. & Lehmann, D. R. (1994). Client satisfaction, market share, and profitability: Findings from Sweden. *Journal of Marketing*, 58(3), 53-66.

Ashton, R. H., Willingham, J. J. & Elliott, W. B. (1987). The effects of timing on the perceived quality of audit reports. *Journal of Accounting Research*, 25(1), 103-1 16.

Auditing, Review, Other Assurance, and Related Services Pronouncements (2020 ed.). IFAC.

Barringer, B. R. & Ireland, R. D. (2019). Entrepreneurship: Successfully Launching New Ventures (6th ed.). Pearson.

Behn, B. K., Carcello, J. V., Hermanson, D. R. & Hermanson, R. H. (1997). The determinants of client satisfaction in the audit process. Auditing: *A Journal of Practice and Theory*, 16(1), 69-81.

Bolton, B. & Thompson, J. (2021). Entrepreneurs: Talent, Temperament, Technique (4th ed.). Routledge.

Botosan, C. A. (1997). Disclosure level and the cost of equity capital. The Accounting Review, 72(3), 323-349.

Clarkson, M. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. Academy of Management Review, 20(1), 92-1 17.

Cohen, J., Krishnamoorthy, G. & Wright, A. (2004). The corporate governance mosaic and financial reporting quality. *Journal of Accounting Literature*, 23, 87-152.

Daily, C. M., Dalton, D. R. & Cannella, A. A. (2003). Corporate governance: Decades of dialogue and data. Academy of Management Review, 28(3), 371-382.

Deegan, C. (2002). The legitimising effect of social and environmental disclosures: A theoretical foundation. *Accounting, Auditing and Accountability Journal*, 15(3), 282-311.

DeFond, M. L. & Zhang, J. (2014). A review of archival auditing research. *Journal of Accounting and Economics,* 58(2-3), 241-288.

Donaldson, T. & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. Academy of Management Review, 20(1), 65-91.

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. Academy of Management Review, 14(1), 57-74.

Fornell, C. (1992). A national client satisfaction barometer: The Swedish experience. *Journal of Marketing*, 56(1), 6-21.

Francis, J. R. (2011). A framework for understanding and researching audit quality. Auditing: *A Journal of Practice and Theory*, 30(2), 125-152.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Francis, J. R. & Yu, M. D. (2009). Big 4 office size and audit quality. The Accounting Review, 84(5), 1521-1552.

Freeman, R. E. (1984). Strategic Management: A Stakeholder Approach. Cambridge University Press.

Gholami, R., Mohammad, S. & Mohtashami, R. (2021). The impact of client satisfaction on audit quality in small and medium-sized enterprises. *Journal of Auditing and Accounting Research*, 12(3), 78-95.

Gudic, M, Rosenbloom, A. & Parkes, C. (2020). Responsible Management Education and the Challenge of Poverty: A Teaching Perspective. Routledge.

Heskett, J. L., Sasser, W. E. & Schlesinger, L. A. (1997). The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value. Free Press.

Hirst, D. E. & Hopkins, P. E. (1998). Comprehensive income reporting and analysts' valuation judgments. *Journal of Accounting Research*, 36, 47-75.

Homburg, C. & Giering, A. (2001). Client satisfaction and loyalty: The moderating role of client characteristics. *Journal of Marketing*, 65(3), 23-30.

International Accounting Standards Board (IASB). (2021). IASB Annual Report. IASB.

International Federation of Accountants (IFAC). (2020). Handbook of International Quality Control,

Jain, P. & Khandelwal, A. (2019). Client relationship management in auditing: A comprehensive guide. *Global Journal of Auditing*, 8(2), 102-115.

Jensen, M. C. (2001). Value maximization, stakeholder theory, and the corporate objective function. *Journal of Applied Corporate Finance*, 14(3), 8-21.

Jensen, M. C. & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305-360.

Jones, T. M. (1995). Instrumental stakeholder theory: A synthesis of ethics and economics. Academy of Management Review, 20(2), 404-437.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L. B. & Velury, U. K. (2013). Audit quality: Insights from the academic literature. Auditing: *A Journal of Practice and Theory*, 32(Supplement l), 385-421.

Kotler, P. & Keller, K. L. (2006). Marketing Management (12th ed.). Pearson Prentice Hall.

Libby, R., Bloomfield, R. & Nelson, M. W. (2002). Experimental research in financial accounting. Accounting, Organizations and Society, 27(8), 775-810.

Louwers, T. J., Blay, A. D., Sinason, D. H., Strawser, J. R. & Thibodeau, J. C. (2018). Auditing and Assurance Services (7th ed.). McGraw-Hill Education.

Meyer, C. & Schwager, A. (2007). Understanding client experience. Harvard Business Review, 85(2), 116-126,

Mitchell, R, K., Agle, B. R. & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of Management Review, 22(4), 853-886.

The Nigeria Association of Small and Medium Enterprises (NASME), 2026.

Nicholson, G. J. & Kiel, G. C. (2007). Can directors impact performance? A case-based test of three theories of corporate governance. Corporate Governance: An International Review, 15(4), 585-608.

Nwaobia, A. N. (2015). Determinants of tax compliance behavior: Evidence from Nigeria. *International Journal of Accounting and Taxation*, 3(2), 45-63.

Ojo, M. (2006). Auditing and Accountability Mechanisms in Corporate Governance: The Role and Performance of Audit Committees. *Journal of Business Ethics*, 68(3), 373-387.

Parasuraman, A., Zeithaml, V. A. & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4), 41-50.

Reichheld, F. F. (1996). The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value. Harvard Business School Press.

Rust, R. T., Zahorik, A. J. & Keiningham, T. L. (1995). Return on quality (ROQ): Making service quality financially accountable. *Journal of Marketing,* 59(2), 58-70.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140

Simionescu, M., Bilan, Y., Smréka, L. & Vincürovå, Z. (2021). Audit services and their value in small and medium enterprises: An empirical study. *Journal of Business Economics and Management*, 22(1), 103-119.

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). (2021). National Survey of Micro, Small and Medium Enterprises (MSMEs) in Nigeria.

Spence, L. J. (2016). Small Business Social Responsibility: Expanding Core CSR Theory. Business and society, 55(1), 23-55.

Verhoef, P. Lemon, K., Parasuraman, A., Roggeveen, A., Tsiros, M. & Schlesinger, L. A. (2009). Client experience creation: Determinants, dynamics and management strategies. *Journal of Retailing*, 85(1), 31-41.

Zeithaml, V. Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. *Journal of Marketing*, 60(2), 31-46.

Citation: Mary Abosede ADEOYE, Folasade Kelekun PETERS (2026): An Appraisal of Audit Reporting Quality on Client Satisfaction: Lesson from SMES in Oyo State. LAUTECH Journal of Accounting, Finance and Contemporary Management Research 3(1), 117-140