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**Understanding the Influence of the Global COVID-19 Pandemic on Auditors' Going
Concern Assessment (GCA) Decisions Within Kuwait**

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A thesis submitted for the degree of PhD in Accounting and Finance

Essex Business School

University of Essex

Date of submission for examination: 29/01/2025

Abstract

This study examines the preparation of going concern opinions (GCAs) in Kuwaiti auditing firms and the factors influencing decision-making before, during and after the COVID-19 pandemic. While prior studies on GCAs have focused on the short-term effects of COVID-19, they have not examined how auditors' underlying logics and behaviours evolved across the pre-, during-, and post-pandemic period

The research is based on 36 semi-structured interviews: 24 with auditors from Kuwaiti medium-sized firms and Big Four firms and 12 with employees from Kuwaiti regulators

Prior to the pandemic, GCAs relied predominantly on financial performance metrics, Medium-sized firms followed structured, approaches, while Big Four firms incorporated broader data sources in line with international standards. During the pandemic, remote auditing, poor-quality client data, and heightened risk of errors prompted significant procedural changes. Auditors relied more on international standards, implemented procedures for data validation, and increasingly considered non-financial metrics in their assessments. The Big Four firms led in addressing technical, privacy, and methodological challenges.

The study finds that factors shaping Kuwait auditors GCA decision-making included data quality, regulatory support, audit firm size, adherence to professional standards, and the growing role of technology. It advances the literature by providing empirical evidence on how institutional forces and individual behaviour influence the auditing in times of uncertainty. The study is limited by having a non-representative, all-male sample with only junior auditor and should be complemented with other studies with more diverse demographics.

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1. Chapter I: Introduction

1.1. Introduction

COVID-19, which started in 2019, placed the principle of Going Concern (GC) into the spotlight as it challenged the previous understanding of financial reporting processes. The International Standards on Auditing (ISA) indicates that the GC principle is the assumption of auditors and stakeholders that a firm will continue to operate in the foreseeable future and creates an opportunity for the preparation of financial statements on that basis. Nonetheless, Levy (2020) reported that the unexpected disruptions that came as a result of the COVID-19 pandemic compelled firm management and auditors alike to re-evaluate the GC assumptions with unprecedented scrutiny.

Against this backdrop, the purpose of this thesis is to investigate the enduring impact of COVID-19 on GCA. The aim of this research is to investigate the factors and practices that influenced auditors' Going Concern Assessment (GCA) decisions in medium and large auditing firms in Kuwait before, during, and after the COVID-19 pandemic. Additionally, the study seeks to determine how the pandemic altered these decisions and whether it has prompted a systemic, long-term transformation in auditing practices to enhance adaptability and resilience in times of economic uncertainty. Through the examination of these issues, this study will offer a valuable theoretical contribution to the deeper understanding of opportunities and challenges that the pandemic has presented in the realm of going concern assessment. The researcher seeks to inform stakeholders of GCA's best practices, which are critical to navigating the complexities of the current business environment. As a result, this thesis will contribute to enhancing not only the relevance but also the reliability of GCA in the post-pandemic world.

1.2. Background

The GCA is a critical component of an auditor's responsibility. The International Standard on Auditing (ISA) 570 defines GCA as the assumption that a firm will continue operating in the foreseeable future and that the financial statements are based on such an assumption. While the management is responsible for the assessment of the firm's ability to continue as a GC, auditors critically evaluate this assessment so that they can report any significant doubts. Desai et al. (2020) also note that GCA serves as the precondition and basis for all other assessments that auditors make. There is also the need to note that a firm's viability represents the assumption of the firm's finance, meaning that failure to get a GC opinion and expressing a contrary financial condition would result in serious problems such as the loss of investors' confidence, regulatory scrutiny and possible legal implications for the firm.

Previous studies exploring GCA decision-making laid the foundation for evaluating a firm's ability to remain a viable entity (Geiger et al. 2014). Altman (1968), for example, uses multiple discriminant analyses to uncover that financial ratios are strong indicators of potential bankruptcy and offer a quantitative basis to assess financial distress. Furthermore, Zavgren (1983) examined liquidity risks and pointed out the important role of an entity's ability to meet its short-term obligations to ensure positive going concern assessments. Backof, Bowlin and Goodson (2022) underlined the role of auditors in conducting an extensive analysis of the assumptions and claims management presented about the GC premise. Backof, Bowlin and Goodson (2022) further revealed the importance of auditor judgment in interpreting financial data and the assessment of credibility of management's forecasts. Subsequent studies have delved deeper into the multi-faceted nature of GCA. One example is that of Kyere and Ausloos (2021), who examined how strong corporate governance mechanisms are a

mitigating factor against GC risks, suggesting that robust governance structures promote accountability and transparency in financial reporting, which reduces the chances of misleading information being used to support GCA.

The COVID-19 pandemic presented an exceptional challenge to the GCA principle. Highlighting some of these challenges, Alao and Gbolagade (2020) and Blyth and Mallett (2020) noted that COVID-19 triggered a domino effect of economic disruptions comprising a sharp decline in economic activities and fractured supply chains, which posed a serious threat to many businesses. As a result of these challenges, auditors were compelled to re-evaluate their GCA, with a heightened focus on the potential of the pandemic to disrupt the core business operations alongside the future financial performance of organisations. Levy (2020) highlights that the pandemic worsened financial vulnerabilities and led to the introduction of entirely new risk factors. De Vito and Gómez (2020) also stressed the challenges inherent in forecasting future performance in such a volatile economic landscape. A key theme emerging from this research was the auditors' increased reliance on management's plans for navigating the crisis. The credibility and feasibility of these plans became a critical factor in assessing the likelihood of business continuity.

DeFond et al. (2024) examine whether the changes brought by the pandemic have begun to shift auditors' risk insight, thus meaning that more delicate going concern opinions are issued. Such findings support the work of Kelly and Larres (2023), who observe that auditors increasingly focus on an entity's resilience when markets remain unpredictable. These studies point to a possible significant change in the way auditors approach their work – at least as far as enterprise-level auditing is concerned – as it requires no longer simply evaluating an entity's solvency and sustainability in the short term. This change of focus to resilience is in line with the context of the existing

research on going concern assessments in Kuwait. For example, the relative dependence of Kuwait on the oil and gas industry leads to a need to understand how this industry's exposure to changes in the price of oil affects going concern assessments.

1.2 The Kuwaiti Context

This thesis seeks to fill this gap by determining the effects of the COVID-19 pandemic on auditors' GCA decisions within Kuwait to provide a comprehensive outlook on the changes in the auditing environment in the country that occupies a strategic position in the perspectives of the economy in the region and worldwide.

First, insight into how auditors in Kuwait are modifying behaviours in response to prolonged periods of economic turbulence and market fluctuations is pivotal to implementing the formulation of a stronger approach for auditing practises in an era of volatility and risk. Currently, there is a dearth of specific Kuwaiti literature examining auditor's behaviour and the assumptions informing the going concern assessment. Yet, some published in recent years are currently helping advance academic understanding. For instance, Al-Faris and Al-Saad (2018) synthesised a research work on the effect of the adoption of IFRS on the quality of financial reports in Kuwait. Evidently, although the IFRS has enhanced transparency and similarity in reporting across countries, problems exist as to the ways and manner of its adoption. Al-Kandari et al. (2020) also sought to establish the role of auditing in the improvement of corporate governance in firms in Kuwait and uncovered the need to adopt good practices in auditing corporations to enhance the corporate governance system and people's confidence. Nevertheless, the existing research is relatively limited when it comes to the effects going concern audit considerations in the Kuwaiti auditing practises under conditions of economic risks.

Two significant factors make Kuwait a unique context for this study: its economic environment and its Auditing Standards and Regulatory scenario. First of all, Kuwait has been chosen as an example due to its particularities of the economic model (Van der Zahn and Tebourbi, 2023). Kuwait is a small, oil-dependent country, and the pandemic affected its businesses and industries more than it impacted large and diversified neighbours (Luo and Malsch, 2023). The auditors' experience in making GCA decisions in this volatile environment is quite different from the experience of the other Gulf States.

Luo and Malsch (2023) have shed light on the accounting and auditing practises in Kuwait; however, the growth of this context cannot ignore the specific pandemic experience, the effect of which is to intensify economic fluctuations. Abdullahi et al. (2020) further analyse the impact of COVID-19 on Kuwait's economy and discuss the problems affecting businesses and the finance industry. Levy (2020) further explores the impact of the pandemic on Kuwait's financial reporting and auditing practices and how it calls for an appropriate response to manage such situations. Such a narrative underscores the assertions about auditors' FX fluctuation sensitivities in Kuwait. Such could have forced auditors to focus on particular procedures while arriving at the going concern evaluation of the firms that are highly dependent on the oil segment. They could have approached it differently from auditors operating in a more diversified economy, where disruptions arising from the pandemic affected a wider variety of firms.

1.3. Research Gap

The pandemic has brought new distinct and long-term tendencies, such as structural shifts and uncertainties impacting the enterprises' financial sustainability and profitability in the post-crisis period. Consequently, only if auditors analyse their

responses to COVID-19 and its long-term impacts on GCA decisions can they prepare for further organisational risks, improve their decision-making strategies, and construct more robust frameworks that can cope with other possibilities of disruption with worse consequences.

This research examines how the auditing practice has been transformed as a result of the COVID-19 pandemic and whether COVID-19 has brought about a fundamental transformation in the manner auditor approach the preparation of their going concern reports. Furthermore, the research examines how audit behaviour has changed during the pandemic to identify the most significant challenges that the auditors have experienced in adapting their working practices to fit the remote working environment. This research is also going to advance the theory of planned behaviour and the institutional logic theory by highlighting how the pandemic has prompted a fundamental transformation of the institutional logic as more and more Kuwaiti auditing firms began to embrace the market and market logic over the fiduciary logic

The extensive implications of the pandemic have created novel uncertainties for conventional business models, challenging the sound foundations of financial stability and creating the need to reconsider the basis for the preparation of reports. This mandates a critical analysis of the future impact of the pandemic on auditing and beyond crisis management to the prospects and manner of practises that have emancipated auditors in Kuwait.

In addition, the study offers the requisite insights for the construction of a sound and sustainable GCA decision-making framework in Kuwait in light of how auditors are incorporating experiences from COVID-19 in their assessment strategies. Thus, by analysing the extended effects of COVID-19 on the decision-making of the GCA and considering the potential outcomes of future crises, this study has a number of

important implications for auditors and Kuwait's regulatory authorities. This approach is essential for guiding auditors on navigating the complexities of assessing long-term viability in a post-pandemic environment characterised by persistent uncertainties and the looming threat of future disruptions.

1.4. Aim, objectives and research questions

This research aims to investigate the influence of the COVID-19 pandemic on auditors' Going Concern Assessment (GCA) decisions in Kuwait so as to provide practical recommendations for enhancing the adaptability and resilience of auditing practices in times of economic uncertainties.

The following research questions have been formulated to advance the above aim:

1. What factors and practices influenced the going concern decisions in big and medium-sized auditing firms in Kuwait before the COVID-19 pandemic?
2. How did the GCAs change due to the COVID-19 pandemic in Kuwaiti medium and large auditing firms?"
3. How did Kuwait auditors prepare their GCAs after the pandemic? Has the COVID outbreak prompted a systemic, long-term transformation of the auditing practice?

Considering the aim and the research questions formulated above, the study is going to address the following objectives:

- To critically analyse the factors and practices that influenced the going concern decisions in big and medium-sized auditing firms in Kuwait before the COVID-19 pandemic

- To critically explore how the GC practice has changed in the medium in Kuwaiti medium and large auditing firms during the Covid-19 pandemic
- To uncover whether and how the COVID-19 pandemic has prompted a systemic, long-term transformation of the going concern decision-making in both medium and large firms in Kuwait.

1.5 Research methodology

To address the above mentioned research questions, the researcher adopted interpretative research philosophy, inductive research, and qualitative methods. A purposive maximum variation sampling strategy was employed to recruit 36 male participants from which 24 were auditors from Big Four and medium-sized firms and 12 were working at different bodies tasked the regulation of the audit profession. Participants met strict inclusion criteria, including having least four years of continuous experience in their current firm, to have been employed before the pandemic, remained through its duration, and continued for at least one year after, Interviews, conducted in Arabic to enhance the capacity of the researcher to build rapport with the participants through a semi-structured interview schedule provided in appendix 1. Thematic analysis, following the approach developed by Braun and Clarke's (2021) was used to code and interpret the data. Manual open and axial coding was chosen over software-assisted methods to preserve contextual meaning, capture nuances, and ensure deep researcher engagement with the data..

1.5. The contribution of the study

The research is of theoretical and practical contribution. First, the study is going to present an understanding on how the institutional logics influencing the going concern practice have changed as a result of the COVID-19 and identify the new logics auditors

in the post-pandemic period ascribe to. The research also uses the theory of planned behaviour to predict and theorise how the auditors' behaviour has changed during the pandemic and what factors explain the behavioural changes both in the pre-pandemic and the post-pandemic period. Such analysis has not been conducted to the date as there is limited research examining the going concern practice during the pandemic. More importantly, most of the existent studies on the going concern practice have focused on the transformation of the auditing practice that took place during the pandemic, but have missed framing their insights from a strong theoretical angle (see Almujafer and Alfrah, 2019; Dawd, 2018)

To address the research question for the study, the research will also examine how auditors have adapted to the abrupt introduction of remote auditing technologies and how technological innovation had impacted on the process of preparation of the going concern opinion. In that manner, the research would aid on the existent studies exploring the consequence of adopting remote auditing methodologies (see Alnesafi 2024) by examining auditors' responses to the persistent data privacy, data security and data quality challenges that have accompanied the technological sophistication of the auditing profession.

The critical contribution of this research is underscored by its unique emphasis on understanding the long-term and potentially recurring effects of the global COVID-19 pandemic on auditors' GCA decisions within Kuwait. While existing studies have predominantly focused on the immediate impacts of the pandemic on GCA decisions (Aldahray 2024; Grayb et al. 2024) this research delves into how auditors in Kuwait are navigating the enduring repercussions of COVID-19 while also considering the possibility of future occurrences and more severe effects. This study fulfils a gap observed in prior literature, going beyond specifically addressing the short-term impact

of the COVID-19 pandemic on the GCA process; hence, going beyond the findings of Causholli et al. (2022) and Moll et al. (2019) it provides an understanding of how the auditor is transforming its GCA decisions to address continued economic turbulence, persistent volatilities, and likely similar crises in the future. This research fills the gap in the current literature by investigating how Kuwaiti auditors are not only coping with these protracted adversities but also modifying their processes in order to maintain the reliability of their GCA decisions.

This research advances knowledge on GCA during and after the pandemic by illustrating the behavioural changes that auditors had made to their auditing practises to ensure that their going concern reports remain consistent and accurate despite the significant uncertainty they faced during the pandemic period. Although the study findings are generalised to the Kuwaiti context, they can inform future studies exploring the auditing practice in other jurisdictions as they will demonstrate how auditors cope with the systemic challenges they face. By completing this study, the researcher has answered the call to document and identify the shifts in the GCA reporting that occurred during the pandemic period, has provided valuable insights on how the auditing profession has adapted to an uncertain macroeconomic environment and has offered guidance on the steps that both auditing firms and the regulators must undertake to ensure the reliability and quality of GCAs in cases of potential global disruptions in the future.

Notably, this study is integrating institutional logic theory with the theory of planned behaviour, illustrating how these frameworks can work together to enhance our understanding of individual decision-making. The study reveals that both theories provide valuable insights into complex human systems by highlighting the interplay between personal beliefs, social norms, and institutional pressures in shaping auditors'

decision-making. The integration of the theory of planned behaviour and institutional logic theory in this study has offered additional insights into the factors shaping professional judgments within the auditing sector. Additionally, it lays the groundwork for future research on the interaction between institutional forces and individual behaviour in various regions and industries, which is a concern that is valid not only for Kuwait but also throughout the world.

1.6 The main findings from the study

The finding of the study revealed that before the pandemic primary sources of data for the going concern decisions were the financial performance of the firms though there have been significant differences in the process of preparing the GCA in Big Four and medium firms. The evidence gathered showed that a reorientation of logics in the Kuwait medium companies as much more emphasis was placed on market logic. In Big Four firms, a strong sense of professional curiosity and adherence to professional logic drove auditors to seek additional data sources for GCA preparation even before the pandemic, enabling them to better fulfil their fiduciary responsibilities. Before the pandemic, professional auditing standards played secondary role in influencing auditors' behaviour. However, the evidence from this study strongly supports the view that COVID-19 triggered a cultural shift in auditing, prompting practitioners to place greater reliance on both domestic and international standards when conducting their going concern assessments. However, during the pandemic, audit quality declined as auditors were forced to work with incomplete and unreliable data—a challenge that had not been a significant issue in the pre-pandemic auditing environment. Overall, the findings of the study suggest that prior to the pandemic, GCAs were largely based financial data provided by the client, evaluated through standardised risk assessment methods.

The research findings suggest that Covid-19 brought both process and content changes to the GCA methodology in Kuwait. The transition from onsite to remote auditing during the pandemic introduced technical challenges that adversely affected the accuracy and quality of GCAs. While AI adoption in Kuwait remained limited, Big Four auditors reported efficiency gains by integrating AI in the decision-making. Data security and privacy concerns were exacerbated by the lack of inadequate data management protocols, especially in medium firms. Furthermore, the auditors operated without clear guidance and knowledge on how pandemic-related challenges must be dealt with. Such problems increased the risk of material mis-assessment and errors in the going concern reports. During the pandemic, the preparation of GCA grew significantly more challenging, contributing to a less favourable perception of the process among certain auditors. Auditors reported that identifying material uncertainties during the pandemic was challenging, as they had to account for additional factors such as client losses, difficulties in securing funding during lockdowns, and pushback from clients disputing their assessments—issues that had not arisen to the same extent in the pre-pandemic period.

The study also discovered that many of the practices that were adopted in the pandemic period including remote auditing were not retained after the pandemic ended to the significant breakdown of client-auditor interactions in remote auditing. However, others pandemic-induced changes were maintained: including the focus on non-financial indicators, the implementation of more rigorous risk assessment methodologies, the inclusion of new indicators in the GCA assessment (such as potential labour shortages). There was also more significant reliance on the international auditing standards in the post-pandemic environment.

1.7 Structure of the Thesis

The thesis comprises seven main chapters. In Chapter 1, the introduction provides background information on the subject and outlines the rationale for the study. It also stated the research aim, objectives, questions, and significance of the research. Moving forward, the next chapter, which is Chapter 2, is dedicated to the literature review, focusing on going concern assessment, challenges, its relevance during COVID-19, and theoretical frameworks. Chapter 3 will provide an extensive discussion of the theoretical framework, covering the theory of planned behaviours and institutional logic theory. Chapter 4 of this thesis will cover the research methodology, detailing the research method, philosophy, approach, strategy, and data collection and analysis methods. Chapter 5 and Chapter 6 will present the findings obtained from the research. This section will highlight audit quality before, during, and after COVID-19, operational challenges, changes in auditing processes, and auditor responses. Chapter 7 will give an in-depth discussion and analysis of the findings alongside their implications. Lastly, Chapter 8 will summarise the key findings, offer recommendations, and highlight the practical significance of the study.

1.8 Conclusion

The present chapter aimed to briefly introduce the auditing challenges experienced during the COVID-19 pandemic and how the pandemic influenced auditor's decision-making. As outlined in the pages before, little is known on how Kuwaiti auditors responded to the pandemic-related challenges and whether the COVID-19 pandemic produced long-term change of the auditing practice. By addressing the above-mentioned research question, the present study aims to address a growing gap in the academic scholarship. To better understand the state of the existing literature, the next

chapter will present an extended literature review on the auditing practice before, during and after the COVID-19 pandemic.

2. Chapter II: Literature Review

2.1. Introduction

This literature review chapter examines the effect of the COVID-19 pandemic on the decision-making of auditors worldwide, especially concerning going concern evaluations. In addition, it discusses practical difficulties auditors encounter while using traditional methodologies to address pandemic-related uncertainties, highlighting how disruption of financial reporting, disruption of the supply chain, and changes in regulation influenced the auditing practice. The chapter emphasises the necessity to improve the readjustment of the auditors as they were not adequately prepared to prevent and respond to disruptions. By developing a critical discussion of the literature, the chapter intends to contribute to a better understanding of the going concern opinions' strategic transformations and the challenges arising in the auditing practises post COVID-19 pandemic. In addition to highlighting the contribution of the current literature on understanding the going concern practice during the pandemic period, the study will also highlight the emerging gaps in the scholarly material. Notably, the study will outline that there is currently no comprehensive study that has explored Kuwaiti auditors' experience during the pandemic and what coping mechanisms Kuwaiti auditors relied on to handle the uncertainties that they faced during the pandemic period. There is also a gap in the literature regarding the manner in which the auditing profession was regulated during the pandemic period and how regulators from the different public sector authorities, such as the Ministry of Finance and the Capital Market Authority, have aimed to ensure the accuracy and validity of the going concern reports during and after the COVID-19 pandemic.

2.2. The COVID-19 impact on the going concern assessment process

2.2.1. Remote working during the COVID-19 pandemic

Covid-19 has released countless adverse impacts on the auditing environment, changing the key components of traditional audit paradigms and posing new challenges to auditors (Luo and Malsch, 2023). Above all, the pandemic has destabilised the processes of financial reporting more markedly and has made it more challenging for auditors to evaluate specific financial statements with adequate accuracy and reliability. The effects of the pandemic have led to economic fluctuations and market changes, which have created complex issues in asset valuation, consideration of going concern assumptions, and specific accounting treatments (Smith and Jones, 2021). As a result, auditors found themselves in a dilemma of how to obtain sufficient and relevant audit evidence to support their conclusions.

Furthermore, COVID-19 saw auditors embrace working from home, and the use of virtual audit practices is another issue that has brought new problems in regard to audit efficiency. Remote auditing requires the use of digital gadgets and applications for communication, data gathering and data analysis; thus, a big concern about cyber risks and data privacy emerges (La Torre et al., 2021). Furthermore, one of the major challenges that auditors encounter while dealing with pandemic reality is the possibility of cheque documents and assets' authenticity or conducting site visits. This reliance on off-site approaches to auditing may worsen the risk of fraud and the manipulation of reported information due to the restricted ability of auditors to access relevant papers and people. For this reason, there is increasing demand for adequate cybersecurity measures and new approaches to auditing.

The onset of social distancing measures in response to the COVID-19 pandemic also precipitated a widespread shift towards remote work practices within the auditing profession. While proponents argue that advancements in technology facilitated a seamless transition, Francis et al. (2017) argue that remote auditing has reduced the quality issue. Auditing procedures traditionally rely heavily on physical observation and direct interaction with client data. However, the abrupt shift to remote work environments presented auditors with a myriad of challenges in executing their responsibilities effectively. Bhattacharjee et al. (2020) elucidate these challenges, highlighting the difficulties auditors encountered in remotely assessing internal controls and detecting potential fraud risks. Moreover, Gong et al. (2022) express reservations about the efficacy of virtual walkthroughs in adequately substituting for traditional on-site testing methodologies. These studies collectively underscore a growing apprehension within the auditing profession regarding the compatibility of remote work practices with the maintenance of robust audit quality standards.

Furthermore, the transition to remote work necessitated the adoption of modern technologies and digital platforms to facilitate communication and collaboration among the audit teams. While these technological innovations offer promising avenues for enhancing efficiency and productivity in the auditing sphere, their efficacy in upholding audit quality remains uncertain. For example, assumptions regarding the reliability and security of remote communication tools, such as video conferencing software and virtual collaboration platforms, introduce additional layers of complexity to the audit process (Moll et al., 2019). Questions surrounding data privacy, cybersecurity, and the integrity of electronically transmitted information inevitably cast doubts on the veracity of audit

findings derived from remote work environments (Hossin and Begum, 2020). In addition, the reliance on remote work inherently alters the dynamics of auditor-client interactions, potentially impeding the flow of information and hindering auditors' ability to obtain timely and accurate responses from client sites (Abidoeye et al., 2024). The absence of face-to-face communication may diminish the rapport and trust traditionally established during on-site visits, thereby complicating the exchange of critical information necessary for conducting thorough audit procedures. Bhattacharjee et al. (2020) also note that the lack of physical presence at client premises may limit auditors' ability to assess contextual factors and environmental cues that could inform their judgment and decision-making processes. As auditors navigate the uncharted territory of remote work, they must grapple with a host of assumptions regarding the adaptability of audit methodologies. The tension between the imperative of remote work and the imperative of maintaining audit quality underscores the pressing need for continuous evaluation, refinement, and innovation within the auditing profession to ensure the integrity and reliability of financial reporting in an increasingly digitized world.

2.2.2 The challenges in the preparation of risk assessment during the COVID-19 pandemic

Furthermore, disruptions because of the COVID-19 pandemic have impacted many operational environments of various organisations and delayed their financial reports (Bodolica and Kasih, 2021). Pandemic-sensitive risks can be realised in fragile staffing levels, poor internal control practises, and unreliable future earnings estimates amid overall uncertainty (Tsalavoutas et al., 2020). Auditors should be in a position to adjust

their audit strategies and procedures in regard to these changes in the business environment and make modifications to their auditing practices. This shows that in the post-pandemic business environment, audit planning and exercise require flexibility and fluidity.

In addition, the impact of the pandemic on the economy, including when businesses shut down, firms go bankrupt, and employees are laid off, may increase financial statement fraud and going-concern risks (Han et al., 2023). Thus, risk assessments must be conducted efficiently by auditors who also apply professional scepticism in order to prevent such risks from occurring effectively (Cilliers, 2023). However, the ambiguities created by the pandemic made auditors struggle with the task of considering all risks in a timely fashion. As a result of COVID-19, there are so many structural changes that have occurred in businesses to advance many different risks, such as factors like a disintegrated supply chain, changes in customer behaviours and potential future sicknesses (Shahed et al., 2020). Both the opportunities and threats are emerging and dynamic and present auditors with the difficult tasks of evaluating them just as risks to the business and the going concern ability of an organisation. As many factors are uncertain, which is characteristic of the post-pandemic environment, the financial ratios analysis becomes more important, and it raises concerns in the field of going concern audit.

The COVID-19 pandemic disrupted many areas of financial reporting and forced firms to face many new sources of risks when making estimates that relate to impairments, expected future cash flows and provisions (SEC, 2020a). This has meant that auditors had to increase their focus on the management's estimates, an activity laden with a priori scepticism (IAASB, 2020). As such, studies highlight the necessity for auditors to

strengthen their audit procedures by developing and acquiring the necessary tools and approaches that may help them critically assess the validity and precision of management estimates, especially concerning situations that were regarded as risky due to external triggers like the COVID-19 outbreak. Forecasting assumptions related to economic growth and decline, market fluctuations, and customer behaviour are critical assumptions that underpin management's estimates, and therefore, a review of these methodologies and sources of data used by management is crucial (Moll et al., 2019). The use of forward-looking information and predictive modelling complicates the process further, as auditors need to work through hypothesis and premise, basis, and process to evaluate the reasonableness and reliability of management estimates.

Additionally, due to the requirements of the pandemic, firms were forced to revise the methods of sales forecasting and adapt the risk assessment according to the changes in the markets and regulations (Chen and Wang, 2021). Any assumptions regarding duration, the severity of the pandemic government interventions and changes in customers' preferences significantly affected the reliability of the estimates made by managers. In addition, new business consumer behaviour patterns that have emerged due to factors like remote working and the digital era have influenced firms to reconsider their competitive strategies and investments wherever they are planning for improvement in the market environment (Kaka, 2021). Thus, the setting of accurate cash flow and operating forecasts has become challenging and has emerged as a significant reason for sound risk management policies and clear business explanations to increase the degree of management estimations. Thus, practitioners are forced to examine the reliability and relevance of such assumptions and understand the trade-off options available between

'conservative' and 'optimistic' choices inherent in management's estimates. Bodolica and Kasih (2021) further note that as auditors, one faces the daunting task of assessing management estimates in the midst of so much risk therein; one has no other option but to apply sound, skilled, acute and professional judgement when performing the firm's mandate of assuring the reliability and accuracy of financial reports (Ivanov, 2020). The growing risk of errors in management estimates during the pandemic is the importance of auditors as the protectors of firms' financial reporting and representing the rights of investors interested in the sustainable provision of accurate financial reporting in conditions of uncertainty.

2.2.3 The importance of financial indicators in GCA

Evaluating financial indicators is one of the key points of disagreement among practitioners assessing the auditing practice during the post-pandemic recovery process. Historical business and financial ratios are the standard measures of the financial performance of corporations, which turned out to be insufficient metrics when examining the impacts of the financial crisis provoked by the COVID-19 outbreak (Han et al., 2023). Government stimulus packages, loan forbearance programmes, and short-term tactical financial relief have disrupted traditional ways financial statements are prepared, which have made it challenging for auditors to determine the exact performance of organisations. The changes in the risk environment after the COVID-19 pandemic have also raised discussions about the suitability of conventional audit techniques in recognising and evaluating new risks. The uncertainties that arise from the pandemic have put auditors in a dilemma, especially regarding issues related to business models, markets, and regulations (Khelif et al., 2020). It can be seen that the use of archival

calculations and basic indicators of business activity, which are inherent in traditional methodologies, may be ineffective in describing the changes that took place after the pandemic. Consequently, auditors are seeking new ideas and technologies that will improve their risk assessment methodologies and help verify the reliability and validity of going-concern opinions in an economically and socially turbulent world.

Kamarudin et al. (2022) argue about changes in financial indicators and their impact on corporations' performance due to COVID-19. The economic disruptions brought by the pandemic threatened the adequacy of the standard financial metrics as factors that provide a proper indication of the solidity of businesses during the crises. Khlif et al. (2020) proved that the pandemic not only revealed the weaknesses of the current financial frameworks but also called for the modification of how business performance and sustainability should be evaluated. It is argued that the quantifiable criteria that dominated the pre-virus business world are no longer sufficient to provide an adequate assessment of firms' capability to change and develop new sources of competitive advantage. In this connection, demand is clearly seen for further elaboration of criteria for the financial evaluation of firms that would consider the multifaceted effect of the pandemic on businesses – in order to provide more accurate and less vulnerable assessments of their financial condition. However, in responding to volatility brought about by the pandemic, Tsalavoutas et al. (2020) claimed that it also remains a significant source of debate as some practitioners want to go back to the traditional evaluation measures once normalcy is achieved again. For example, changes in revenue and profitability during the pandemic might not be a clear indicator of an organisation's financial health. The ongoing and emerging economic environment has, therefore, posed the challenge to auditors of

distinguishing between genuine hardships for a limited period and a financial structure that cannot easily mend itself. In addition, the issue of going concern applicability is raised with regard to the ability of existing auditing standards to properly reflect the uncertainties that continue to manifest in a post-COVID-19 environment (Ravenscroft and Williams, 2021).

Similarly, a business's inability to pay back loans as they turn mature, an excessive need for short-term financing, negative cash flow, and loss of important markets or clients can lead the auditors to doubt the business's ability to continue as a going concern (Ravenscroft and Williams, 2021). These indicators, often observed during the audit process, signal financial distress and raise concerns about the firm's viability in the long term (Cilliers, 2023). For instance, when a firm consistently struggles to meet its loan obligations, it indicates a lack of financial stability, which can erode investor confidence and hinder future growth prospects (Bodolica and Kasih, 2021). Furthermore, if a firm depends heavily on short-term funds, including revolving credit facilities or accounts payable, there could be significant questions and concerns about its ability to carry on its operations without repeated injection of external funds (Han et al., 2023). This is a grave concern because negative cash flow, especially if it has persisted for several reporting periods, invariably indicates unreconciled cash receivables discrete from payables and more worrisome is that it may herald insolvency if not cured quickly. In addition, the loss of important markets or important customers will threaten revenues and the firm's strategic standing in the industry (De Santis and D'Onza, 2021). Together, they increase audit risk where the auditor is required to determine the going concern status of the firm and to evaluate the sufficiency of disclosures in the financial statements (Lamba et al.,

2020). Therefore, auditors have significant responsibility for assessing and reporting on the potential risks to mitigate the interest of investors and creditors in the specified economic climates.

Conversely, Boolaky et al. (2017) pointed out that when a business has made steady profits in a rather long time, the evaluation from the auditor becomes easier. In such circumstances, auditors may rely on traditional measures to assess the health of the organisation, which include measures such as profit margins and revenue growth, instead of engaging in deeper probing (Bodolica and Kasih, 2021). However, debates persist regarding whether consistent profitability is a reliable indicator of a firm's true financial stability. Despite apparent profitability, firms have still faced bankruptcy, raising questions about the efficacy of relying solely on historical financial data. Substantiating this concern, Francis et al. (2017) highlight cases where firms collapsed despite presenting consistent profits over time. Boolaky et al. (2017) further suggest that profit consistency may sometimes be a result of creative accounting practices rather than a result of genuine financial strength. Therefore, while ongoing profitability can streamline the auditor's evaluation process, grounding such conclusions solely on historical profitability may overlook underlying risks and vulnerabilities within the firm's financial structure.

Socol (2010) investigated pertinent characteristics of going concern assessments. For example, dividend arrearages, work stoppages, denial of credit from sources, and loan defaults can render a firm's ability to continue as a going concern ineffective. Riva and Provasi (2014) conduct dual-purpose research wherein the going concern assumptions for listed firms in Italy are investigated. The research reveals that 80% of the firms in Italy did not show any significant issues while determining going concern assumptions. The

research also revealed that between 2009 and 2012, audit reports with unqualified opinions decreased by 10%. Overall, it is observed that such research has not been produced in an ample amount.

2.2.4 The role of regulatory standards in GCA methodologies

Research has highlighted the cross-country differences in the preparation of going concern assessments, which have emerged as significant (Ravenscroft and Williams, 2021; Boolaky et al., 2017). These discussions look at the standards used by various jurisdictions to evaluate the capacity of the entity to continue operating in the foreseeable future. These changes have been necessitated, not just by the transformation in accountants' standards and regulations but also in the economic system and practice in different parts of the world. Blyth and Mallett (2020) analyse cultural and regulatory factors for the concept of going concern in various countries, and it shows that strong investor protection may be based on strict criteria for the evaluation of that concept for protecting shareholders' interests. On the other hand, jurisdictions with insufficient stringent rules might take less strict action, allowing differences in the reporting practises and results. The assessment models used in various regions have been analysed in various comparative studies conducted recently (Bhattacharjee et al., 2020; Causholli et al., 2022). These studies look at the existence of warning signs, signals of financial distress indicators or market conditions and look at how these warning signs are incorporated into the analysis process (De Santis and D'Onza, 2021). The identification of these differences may provide an understanding of the advantages and limitations of the strategies that are undertaken in different parts of the globe

Furthermore, research on the use of International Standards on Auditing (ISA) shows that despite the fact that ISAs seek to establish a standard way of conducting auditing across the world, there are still variations in the extent to which auditors adhere to these requirements in different countries. Some auditors rely on methodological rigour where they use risk assessment, analysis of scenarios, prediction tools and quantitative analysis every time they are dealing with going concern opinions. This approach differs from Germany, France, and other European states that might not necessarily embrace these methodological tools (Boolaky et al., 2017). Some nations, particularly those in Europe, such as Germany and France, look at going concern within the measurement of more qualitative factors or trends that may include key managerial objectives, market and industrial standards (Ravenscroft and Williams, 2021). As Ballou et al. (2021) have pointed out, however, the US approach is more prescriptive and methodological and relies on sheer mathematics, including analyses, financial ratios, and forecasting models to measure an entity's solvency. Such differences in perceptions stem from dissimilarities in cultural, regulatory, and professional requirements, while methods and evidential requirements supported by the US SOX or similar laws rely heavily on standardisation of processes and measurements such as key performance indicators, other countries' practises focus on qualitative aspects supported by professional judgement (Blyth and Mallett (2020),. In 2011, an improvement to the US FASB acknowledged the significance of business management in establishing high-quality going-concern assessment (Larkin and DiTommaso, 2020). In this study, Malis and Brozović (2017) examine the issues that auditors encounter in creating a very reliable and high-quality audit report and the constraints when defining a highly accurate going concern option. Gutierrez et al. (2018)

also point out that the absence of going concern and an incorrect going concern opinion results in audit failure. The findings from Larkin and DiTommaso (2020) and Malis and Brozović (2017) confirm that an auditor's propensity to issue a modified auditing opinion due to going concern uncertainty is a dependable measure of unobservable audit quality.

2.2. 3 Factors Influencing Going Concern Assessment and ISA Adoption"

According to Kamarudin et al. (2022), there is empirical evidence that several institutional factors contribute to ISA adoption, which includes globalisation, minority interests, regulatory enforcement, and rights of lenders and borrowers. It is these factors that influence a country's level of commitment to the harmonisation of ISAs. Moreover, education, political systems, and economic systems in that particular country are also found to have an influential impact on the adoption of ISA and commitment towards harmonisation (Boolaky et al., 2017). In addition, research has noted that the ISA recommendations are implemented in many cases due to the positive effect they have on investors (Eltweri et al., 2022). These results provide evidence of the significance of ISAs in delivering a standard framework for auditing, the reliability of which strengthens the process of financial reporting and contributes to the development of the global financial markets.

As has already been well explained by numerous scholars and practitioners in accounting and finance, the nature and importance of GCA opinions inherent in corporate annual financial reports cannot be overemphasised. Furthermore, Blyth and Mallett (2020) helped elaborate on transparency, disclosure, timely identification and communication of risks, particularly in the timely identification and communication of risks to investors. Further, the importance of these characteristics is anchored on the potential to reduce

information asymmetry between management and users and enhance credibility in financial markets. Blyth and Mallett (2020) noted that there is a general agreement on the notion of going concern, where more focus is given to the principle approach than methodology.

It is identified that a going concern assessment is not limited to attesting to the accuracy and completeness of firms' reporting and disclosures. Instead, it is aimed at providing additional information to the external market regarding the risks that occur to the firm, which may render its ability to function in the financial market ineffective (Djordjevic and Dukic, 2021). However, this does not put the entire burden of proof on the auditors, and they are not entirely responsible if they fail to identify future bankruptcy. Larkin and DiTommaso (2020) noted that while auditors bear a significant responsibility in assessing the financial health of a firm, it would be presumptuous to solely burden them with the task of predicting future bankruptcy. Faced with such evidence, it becomes apparent that foreseeing such financial distress is the responsibility not only of the auditor but also of the director. For example, current theoretical works highlight the task of directors to evaluate the going concern risk of their managed firms. This brings out the fact that auditors and directors have equal responsibilities for protecting the possibility of bankruptcy. Therefore, auditors have a critical role to play; however, the onus cannot and should not solely rest with them to prove fraud, but it can be a shared responsibility of the governance structure of the firm. Studies have shown that sound architecture of corporate structures and policies, such as internal audit measures and supervision, can help to spur greater corporate reporting and accountability (Malis and Brozović, 2017). For instance, De Santis and D'Onza (2021) suggested that firms with better governance mechanisms

are in a better position to detect this malpractice to avoid circumstances that force external auditors to discover the problem in the course of their work. In addition, newly established regulatory bodies, including the Securities and Exchange Commission (SEC), regard risk management and internal controls as critical to protecting investors' interests. Developing integrity and ethical organisational cultures at every level ensures that the firms are not put in a vulnerable financial place; it reduces the need for auditors to be the only entities responsible for gatekeeping financial information (Bodolica and Kasih, 2021). Therefore, even though auditors continue to play the role of independent assurance providers, what is needed is a partnership between auditors, management, and corporate overseers to ensure that proper governance practises are implemented to enhance public trust and confidence in the accuracy and credibility of financial reporting procedures (Bodolica and Kasih, 2022).

An external auditing process cannot identify several factors and events within a business and its external environments many months in advance. Instead, the going concern assessment is comprised of reasonable judgements that auditors deduce (Riva and Provasi, 2016). The ISA 570, an auditing standard issued by the International Auditing and Assurance Standards Board (IAASB), also identifies several factors that are important while making the judgement for going concern assessments. For example, according to Lamba et al. (2020), the period of different events, the firm's size and complexity, the characteristics of the firm, and the degree to which the firm is affected by external factors such as economic conditions, regulatory changes, industry trends, market competition, geopolitical events are regarded as crucial factors. In case of negative equity

or negative operating profit identified, it is implied that the firm's ability to perform in the future is extremely doubtful (Sicoli and Tenuta, 2015).

Research has also investigated whether auditing standards and standards of procedures followed unanimously around the world have had a substantial effect on the quality of the process and what their practical implications have been. Triani et al. (2017) review the going concern opinions published by an auditor based on ISA 570 and show the benefit of ISA 570 over ISA 341 (the previous version of ISA 570), recognising its positive impacts in elucidating the management plan to overcome any difficulty they encounter. The results of the research reveal that going concern opinions have become strategic, which is regarded as effective for the overall audit procedure.

The literature presented above has highlighted some of the key factors influencing the going concern decision-making in the pre-pandemic period and how the auditing profession has aimed to provide timely and accurate going concern assessment despite the inherent uncertainty associated with the auditing practice. However, little is known about going-concern decision-making in the Kuwaiti context, as well as in the context of other developing countries. Rarely are the studies available that discusses the going concern methodologies and processes used by auditing firms operating in developing countries. In this regard, there is a need to uncover the factors that have influenced the practice of going concern in Kuwait both in the pre-pandemic and post-pandemic periods.

2.2.5 COVID-19 as an impetus for introduction of new forecasting models for the auditing practice

The outbreak of COVID-19 brought with it unprecedented levels of risk, thus raising questions about the auditor's ability to assess the sustainability of business organisations

(Causholli et al., 2022). Moreover, the unpredictable nature of the pandemic also added to the difficulties auditors face in determining future cash flows, government interventions, and economic stimulation (De Santis and D'Onza, 2021). With the unprecedented nature of the crisis, the adequacy of the disclosures to financial statements became a topic of discussion, especially with regard to forecasts and projections that management made that were no longer relevant due to the pandemic closures (Lamba et al., 2020). As a result, auditors were left in a precarious position, required to use more of their professional judgement and professional scepticism in the assessment of going concern because they are dealing with new risks in an attempt to prevent heightened conservatism since this compromises the firm's responsibility to provide accurate and reliable information to the shareholders (Hossin and Begum, 2020).

COVID-19 also resulted in the introduction of complex models involving forecasting organisations' future performance and stability, an endeavour that was made extremely challenging due to high levels of uncertainties. It was not only an issue affecting the profession; it was the reality which emphasised the significance of risk evaluation and the necessity of auditors being more cautious and focusing more on the critical factors considered by management. Indeed, for some organisations, the effects of the pandemic were catastrophic, disrupting supply chains, revenues, and workforce (Kaka, 2021). Therefore, auditors were in a very difficult position to assess GCA in an environment where the conventional measures of organisational financial performance were increasingly becoming dynamic (Bodolica and Kasih, 2021). During the COVID-19 auditors quickly learned of its limitations in forecasting future outcomes based on historical financial data alone; as a result, auditors turned increasingly towards forward-

looking information and scenario analysis to assess a firm's ability to continue operations (Kaka, 2021). Government responses to the pandemic, including stimulus packages and relief measures, added further complications to auditing processes, necessitating auditors to navigate changing accounting standards and disclosure requirements (Bodolica and Kasih 2021). Auditor scepticism was essential during an environment of increased uncertainty; auditors had the responsibility of scrutinising management's claims about its ability to weather the pandemic (Ahrens and Ferry 2021). Thus, COVID-19 served as an opportunity for auditors to reexamine their approaches to risk assessment while emphasizing resilience against unexpected disruptions

2.2.6 Increased Focus on Management Estimates

The disruptive effects of the COVID-19 pandemic reverberated throughout the realm of financial reporting, compelling firms to grapple with a myriad of uncertainties and complexities in making critical estimates regarding impairments, future cash flows, and provisions (SEC, 2020a). This necessitated auditors to intensify their scrutiny of management estimates, a task already instilled with inherent scepticism (IAASB, 2020). Empirical investigations conducted by Gutierrez et al. (2020) corroborate this observation, indicating a discernible uptick in audit procedures specifically tailored to scrutinise the reasonableness of management's assumptions underpinning these estimates. Such findings underscore the imperative for auditors to bolster their audit procedures, equipping themselves with the requisite tools and methodologies to meticulously evaluate the reliability and accuracy of management estimates, particularly within the context of heightened uncertainty induced by external shocks such as the COVID-19 crisis. Amidst the prevailing climate of uncertainty, auditors are confronted with a broad range of

assumptions permeating management estimates, each laden with its own degree of subjectivity and uncertainty. Assumptions regarding the trajectory of economic recovery, market volatility, and consumer behaviour serve as linchpins upon which management's estimates hinge, thereby necessitating a comprehensive assessment of the underlying methodologies and data sources employed by management (Moll et al., 2019). The reliance on forward-looking information and predictive modelling techniques introduces an additional layer of complexity, as auditors must navigate through a great deal of assumptions and inputs to ascertain the reasonableness and reliability of management estimates.

Furthermore, the demands of the pandemic prompted firms to recalibrate their forecasting methodologies and reassess their risk profiles considering evolving market dynamics and regulatory landscapes (Chen and Wang, 2021). Assumptions regarding the duration and severity of the pandemic, government interventions, and shifts in consumer preferences have profound implications for the accuracy and reliability of management estimates. For instance, a study by Gong et al. (2022) found that firms across various industries were forced to revise their financial forecasts multiple times throughout the pandemic. Moreover, regulatory responses to the crisis, such as lockdown measures and fiscal stimulus packages, introduced additional complexities to firms' forecasting processes as they had to grapple with the implications of government interventions on their operations and financial performance (Ivanov, 2020). Additionally, shifts in consumer behaviour, driven by factors such as remote working arrangements and digitalisation trends, have necessitated firms to adapt their strategic plans and investment decisions to remain competitive in a rapidly changing market landscape (Kaka, 2021).

Consequently, the ability of firms to accurately forecast future cash flows and financial performance has become increasingly challenging, which highlights the importance of robust risk management frameworks and transparent disclosures to enhance the reliability of management estimates (Ahrens and Ferry, 2021). Auditors are compelled to interrogate the robustness and appropriateness of these assumptions, recognising the inherent trade-offs between conservatism and optimism inherent in management's estimation process. Bodolica and Kasih (2021) indicate that as auditors confront the formidable task of evaluating management estimates in an environment fraught with uncertainty, they must rely on a judicious blend of professional judgment, analytical rigour, and scepticism to fulfil their mandate of assuring the integrity and reliability of financial reporting (Ivanov, 2020). The increased focus on management estimates emphasises the pivotal role of auditors as guardians of financial integrity, tasked with safeguarding investor interests and upholding the credibility of financial markets amidst the tumultuous winds of uncertainty.

2.2.7 Technological Advancements and Data Analytics

The COVID-19 pandemic has also contributed to disruption in delivering audit services by shifting to increased utilisation of data analytics tools for continuous auditing and real-time surveillance (Kend and Nguyen, 2020). However, auditors face numerous challenges and complexities when embarking on the digital transformation process.

Further, Blyth and Mallett (2020) highlight the role of technology and innovation in transforming the going concern practice. Newer computational methods make risk forecasting and early signals of threats to an entity's sustainable market performance more accurate, which can help all interested parties better hedge the going concern risk.

In the same way, Balios et al. (2020) posited that the use of big data analytics allows auditors to consider loads of data and work in real-time, which creates proactive methods of risk management and enhances the credibility of assessing going concerns. Mohammed, De Santis, and D'Onza (2019) also observe that the utilisation of machine learning algorithms and artificial intelligence technologies improves auditors' capacity to discover abnormalities. Thus, the preparation of going concern assessment with the use of modern computational methods could provide more efficient risk assessment while providing stakeholders with an opportunity to manage risks in the course of COVID-19 and other disruptive factors within the business setting more effectively.

First on this list is perhaps the problem of data credibility, posed by the fact that auditors have to work with data from different databases with different levels of information completeness and accuracy, as well as with data that is collected through automated means. As pointed out by De Santis and D'Onza (2021), the use of big data analytics has brought focus on data quality issues for the reliability of audit findings. A study by Jarva and Zeitler (2024) revealed that differences in data quality can have damaging effects on the outcomes of audit procedures, including misleading interpretations of such financial information. However, the rapidly growing adoption of digital technologies and the increasing complexity of business organisations have made ensuring data quality more difficult because auditors find themselves in a position of synthesising data from different systems and platforms without losing data quality (Han et al., 2023). Thus, auditors have to apply effective approaches to data validation and use their professional judgment to manage unavoidable data quality risks to increase the reliability of audit results and conclusions (De Santis and D'Onza, 2021).

However, the very idea of combining new technologies with the existing audit approaches creates a significant challenge of coordinating multiple systems and processes that auditors have to implement to work with data analytics tools at all, let alone do it compliant with all necessary regulations and standards. According to Ballou et al. (2021), the issue of data analytics in audits is not easy, especially with regard to the choices and integration of the right analytical tools. Ivanov (2020) also emphasised that data analytics should be tailored to audit goals and risk appraisal to generate optimal value in the identification of fraudulent financial reporting and improve audit productivity. In addition, new rules, such as new accounting standards and data privacy rules, make the use of data analytics in audits even more challenging (Kaka, 2021). Professional auditors have to manage these regulatory issues yet also port data analytics tools that provide relevant information from large datasets and enhance audit quality (Han et al., 2023). This means that solving problems associated with the implementation of data analytics tools into audits and, in general, into audit methodologies has to be based on a strategic approach that will imply compliance with existing technological and legal requirements.

Moreover, it is imperative to note that auditors need to be proficient in developing appropriate knowledge and experience and applying those technologies. This requires a paradigm shift and skills upgrade since auditors were used to auditing techniques that are based on procedural and testing routines that were quite different from the new audit technologies that embrace statistical analysis, artificial intelligence, big data analytics, and predictive models (Francis et al., 2017). Therefore, auditors are often under pressure to invest in professional development training in order to acquire more knowledge and skills to fully apply data analytics in the auditing process. In this regard, Jarva and Zeitler

(2024) revealed that auditors should learn to be proactive and innovative in dealing with these contingencies Ivanov (2020) also stressed the importance of aligning data analytics initiatives with audit objectives and risk assessments to maximise their effectiveness in detecting financial irregularities and enhancing audit efficiency.

In addition, the successful implementation of data analytics tools hinges upon auditors' ability to develop and cultivate expertise in utilizing these technologies effectively. This necessitates a fundamental shift in mindset and skillset as auditors transition from traditional audit approaches centred around manual procedures and substantive testing to more data-driven methodologies grounded in statistical analysis, machine learning, and predictive modelling techniques (Francis et al., 2017). Consequently, auditors are compelled to invest in continuous learning and professional development initiatives to equip themselves with the requisite knowledge and competencies needed to harness the full potential of data analytics in the audit process. Jarva and Zeitler (2024) added that in navigating the complexities of technological advancements and data analytics, auditors must adopt a proactive and adaptive mindset, embracing innovation while remaining cognizant of the inherent risks and limitations associated with these transformative technologies (Ivanov, 2020). Therefore, if applied properly and with due consideration, advanced data analytics tools shall assist auditors in gathering better insights, help to reduce audit risks, and deliver greater quality and reliability of financial reporting, an assurance mandate that grows more important as firms' operations become ever more digitised and dependent on data.

2.2.8 Auditor's response to the COVID-19 pandemic

The various disruptions caused by the COVID-19 pandemic led to a chain of new and complex risks that affected the business world and increased organisations' sensitivity (IAASB, 2020). From supply chain risks to cyber security issues and possible breaching of liquidity buffers, firms discovered themselves in seas of risk and return characterised by high levels of risk and forecast uncertainty. These emergent risks were outside the usual risk categories and normal risk thinking, thus calling for auditors to bring new approaches to risk identification and evaluation in order to address these new threats (Kend and Nguyen, 2020).

Empirical studies analysed by Bhattacharjee et al. (2020) outline the need for alertness and effectiveness in anticipating and mitigating future emerging risks. As a result, the focus on risk management has been raised to such an extent, further boosting the role of auditors as the financial watchdogs with the main responsibility for protecting stakeholders' interests and strengthening the organisational readiness and vulnerability of the enterprise to perform better under extraordinary circumstances. The audit environment is becoming much more complicated as firms face newer and different challenges, such as higher-tech environments, geopolitical issues and regulatory fluctuations, making it more difficult for auditors to identify and keep track of new and emerging risks that may affect a business entity's performance and future sustainability (Ivanov, 2020). Moreover, the COVID-19 crisis highlighted the need to make auditors more future-focused when firms face disruptions to supply chains, changes in consumer behaviour, and economic instability (Abidoye et al., 2024). Therefore, the fact that auditors are under pressure to modify their audit process in order to respond to novel risks

indicates a growing awareness of the essential function that they play in maintaining the health of the global financial system in a more unpredictable global environment.

Along with the growing significance of the going concern assessment techniques is the appreciation of risk as a work in progress that poses a daunting task for auditors due to the enormous uncertainty and contingencies involved (Luo and Malsch, 2023). Their capacity to identify and assess trends and/or emerging risks depends on their capability to gather and analyse multiple forms of information, tools, and insights that will help them identify hidden risks and potential threats ahead of time (Brown and Smith, 2021). A risk-oriented perspective enables auditors to strengthen their capacity for antecedent risk detection and subsequent protection of stakeholders' interests while improving business stability and reliability in a growingly unpredictable environment (De Santis and D'Onza, 2021). Thus, auditors act as enablers of audit beliefs and deliver on the commitment of promoting corporate transparency and accountability and utilising the strength of financial markets to support investor confidence in the wake of crises.

2.2.9 The Long-Term Impact on the Auditing Profession

The changes triggered by the outbreak of the COVID-19 pandemic not only define new trends affecting auditing but also raise new questions about the future of the profession. To a certain extent, some adjustments, like the shift toward the full implementation of distributed work environments as a standard methodology for auditing, have become firmly established in the auditing industry (Gutierrez et al., 2020). One of the emerging issues that have emerged relates to the effectiveness of remote audit processes in safeguarding long-term audit quality (Ballou et al., 2021). A shift from physical working environments to remote working arrangements forced auditors to adapt to new working

environments that call for digital approaches to ensure that firms continue conducting audits. However, the effectiveness of these remote auditing practices, especially in maintaining high-quality and reliable audits in the long run, is still uncertain, and this calls for more research to establish the continued effects of remote work on audit quality and reliability (Gutierrez et al., 2020).

However, as Moll et al. (2019) also point out, some doubts remain as to what technological disruption means for auditors and the added value they create in the assurance context. Exploring these matters further calls for a more comprehensive analysis that connects technological innovation, organisational structures, and regulatory requirements across disciplines that stand outside of this grid. Against this backdrop, it becomes pertinent to provide an understanding of the impact of the pandemic on the auditing profession in the long run. In so doing, research can offer beneficial insights to practitioners, policymakers, and educators responsible for guiding the future of auditing in light of its remote work practices, technologies, and demands for evolving skills. Therefore, it is only by way of more tense research and actual examination of the contemporary contextual reality that the auditing profession may seek to plot a course to a future that is proof of downtime that is brought about by unprecedented disruption and unpredictability.

2.3. Going Concern Assessment Considerations

2.3.1 Traditional methodologies for going concern assessments

Mutchler (1997) and Boritz (1991) conducted studies to collect an elaborate set of considerations which auditors take into account while preparing their going concern opinions. Mutchler (1997), for example, conducted a qualitative review amongst 16 auditors to determine a list of 11 factors that indicated whether the firm had a financial

problem or not. The troubled firms usually have takeover targets, bankruptcy, restructuring, negative net value, loan default, negative cash flows, prior year going concern opinion, operating loss, insufficient current assets, financial losses, and challenging funding access. A similar study was conducted by Boritz (1991), who prepared a list of factors that auditors should consider when evaluating a firm's ability to continue its future operations. The considerations highlighted in this research included whether the firm had suffered financial losses for two consecutive years. This would reflect very badly in the preparation of the going concern opinion. The ratio of debts/assets is evaluated, and it is observed whether it shows promise for the business's ability to conduct itself in the future or not. Thirdly, it is evaluated whether the business has defaulted, is defaulting or might default on debt payments soon. It is also observed if the ratio of return on assets is positive or negative. If this ratio is negative, a case for a going concern opinion is challenged. Similarly, increasing debt ratio/equity ratio is deemed as a red flag. Increasing the equity ratio/asset-for-asset sale ratio is also a reflection of the inability of a firm to remain a going concern in the professional opinion of the auditor (Boritz 1991).

If the return on assets ratio is a negative figure, there is a problem with giving a going concern report since it indicates that the business is not generating enough returns on its assets to cater to its costs and borrowings, making the business financially unsustainable. Likewise, a rising debt ratio/equity ratio is worrisome because it means that the firm has increasingly used borrowed funds compared to equity, which is unsustainable in existence and paying off the debts of the firm. Kumar (2022) also argues that a high equity ratio/asset for asset sale ratio may be indicative of the firm's inability to conduct its

operations optimally as it may be disposing of assets due to a lack of liquidity for continuity. These indicators are valuable working hypotheses for auditors when they evaluate their solvency in the framework of going concern, meaning (Picker et al., 2019). A decline in the value of the business in regard to the stock market is also considered one of the factors that affect the ability to continue as a going concern (Kumar 2022), and it remains a concern towards the stability of the financial entity. Such a decline may point to factors such as the shrinking of the firm's profitability, reduced competitiveness, and the generally perceived negative outlook of the firm among investors. Since stock prices usually present the market's outlook on organisation performance and business prospects, a downward trend signifies the firm may encounter some difficulties in its operations and financial performances; hence, auditors are forced to pay closer attention to the solvency of the business organisation.

Parker et al. (2021) observe that auditors need to judiciously determine the relevance and credibility of the factors ascertained from such research in the context of audited engagements. Assertions included in ISA standards state that before commencing an audit, the auditor should consider factors concerning the entity being audited, such as industry classifications, the prevailing economic conditions, and the management's plans for addressing identified risks that may lead to a going-concern issue (IAASB, 2019). It has also become clear that ISA regulations require auditors to communicate findings and conclusions about going concern issues with those charged with governance and other relevant parties (IAASB, 2019). Picker et al. (2019) argue that auditors are in a position to share the findings of the analysis of factors that affect the going concern of an entity and its operations in the future. Through this clear communication, users develop trust

and confidence in the audit process to get the information they need about the state of the entity with regard to continued viability. Thus, the incorporation of such realities into audit methods does help support audit opinions' reliability and credibility but also fosters stakeholders' confidence and trust in Kuwait's financial reporting processes knowledge (Van der Zahn and Tebourbi, 2023). Smith et al. (2021) study reveals that the practise of clear and regular information disclosure enhances auditors' credibility by offering clear information about the status or possible changes of the entity to stakeholders. Furthermore, Garcia and Patel (2022) argue that the application of empirical research findings in audit work strengthens the credibility of audit opinions because auditors use facts and not assumptions and estimations that may mislead stakeholders in the financial reporting operations.

Other factors relevant for going concern assessment identified include negative assets or negative current asset/current ratio. These reflect badly on the firm's potential to continue as a going concern. A firm's financial health significantly impacts its ability to operate long-term, and auditors consider various metrics to assess this. As highlighted by Abadi et al. (2019), negative assets or a negative current ratio are red flags. Negative assets suggest liabilities outweigh total assets, raising concerns about the firm's ability to meet its financial obligations. A negative current ratio indicates difficulty covering short-term debts with readily available resources (Kumar, 2022). These factors raise doubts about a firm is going concern status, as they signal potential struggles to sustain operations and generate future cash flow. Evidently, deception is confirmed to be a critical concern while preparing GCA, and it is likely to occur when firms manipulate their financial statements

and financial details to appear healthier than they are in terms of financial health (Vlasta, 2011).

The current COVID-19 crisis has, therefore, revealed some inherent weaknesses in standard auditing techniques, and this has triggered some reform initiatives to strengthen auditing practices. In their view, Kamarudin et al. (2022) observe that recent changes have compelled many organisations to reconsider their viability and that traditional measures should complement those better suited for determining how an act of god affects a business. The same is true for Khlif et al. (2020), who identified the flaws in the current auditing models to capture the diverse issues arising from the pandemic and called for integrating more proactive approaches to the assessment framework. Nevertheless, embedded in these reform calls, De Santis and D'Onza (2021) attune to the rejection of conventional leasing practices, arguing that although the pandemic has shown the audit process's weaknesses, its long-term impact on auditing procedures is unknown. They argue that reverting to the pre-pandemic status might be warranted once normalcy is established, whereby the auditing community continues to debate how to handle shocks arising from the COVID-19 crisis.

The Board of Auditors has adopted a new strategy for going concern assessment, which includes using situational analysis, stress tests and predictive modelling. This shift is due to the realisation that conventional audit approaches may not sufficiently address emerging issues in the new business world after the COVID-19 crisis (Ballou et al. 2021). This way, scenario analysis allows auditors to evaluate the effects that different economic conditions may have on the financial condition of specific firms (Bodolica and Kasih, 2021). Furthermore, stress testing, as suggested by Tsalavoutas et al. (2020), helps the

auditor assess how the enterprise responds to unfavourable conditions, which will give the auditor a better assessment of going concern problems. In addition, De Santis and D'Onza (2021) noted that predictive modelling enables auditors to predict future risks and uncertainties so that risk management strategies can be effectively implemented. This approach not only improves the reliability of going concern assessments but also brings auditing closer to the nature of the post-pandemic business ecosystem and increases the levels of financial reporting transparency and compliance.

2.3.2 Statistical Models versus Auditor Judgement in Going Concern

Assessments

In the field of auditing, statistical models for forecasting the GC status of firms have been under discussion and analysis (Swanson and Theis, 2019). For example, studies are invested in refining certain models, such as the Altman Z-score model or logistic regression models for GC prediction only (Altman, 1968). These models involve financial and non-financial ratios such as liquidity ratios, profitability ratios, market data, trends, and macroeconomic factors. The examples given by Altman (1968) show that these models are still undergoing further developments and that there is a particular focus on dynamic and real-time factors in order to cope with fluctuating business contexts.

These models, more often than not, use an amalgamation of different financial ratios and other related factors to estimate how soon a firm might face financial troubles or even bankruptcy. However, the validity and credibility of these statistical models remain in debate; hence, several research works have focused on identifying the effectiveness of the models and comparing them with the auditor's judgments. Evidence from Picker et al. (2019) established the validity of the Altman Z-score empirically as an auditor's early

warning system to predict going concern opinions. They also pointed out its ability to detect firms likely to enter bankruptcy effectively. Parker et al. (2021) argued against the argument that statistical models outcompete auditors' professional judgement to predict going concern problems. They pointed out that any prediction accuracy of a statistical model for auditing requirements is no better off than the skill and experience of the auditors.

Nonetheless, the supporters of the statistical models, such as Nugraha (2007) and Agwata (2018), have pointed out their positive contribution in getting rid of bias and getting the large data set through in record time, which may detect possible concern-oriented issues likely to escape the main base human auditors. On the other hand, critics argue that statistical models cannot consider qualitative variables or the context typical to auditors' decision-making (Rönkkö et al., 2023). In addition, the state of statistical models in accounting includes a broad range of techniques which propose different methods to forecast going concern problems from financial information. For example, the Ohlson O-score, the Springate model, and the Beneish M-score are examples of models that have been reviewed in the literature and have largely received positive evaluation (Agwata, 2018). Statistical models like the Altman Z-score have in the past been used to measure and estimate incidences of financial distress or bankruptcy in firms based on predetermined measures of financial ratios. Nugraha (2007) highlighted that these types of models were good for auditors, but other more recent publications, such as Agwata (2018), question the advantage of such models over the professional judgement of auditors. This distinction continues to drive the dialogue on the natural friction between the quantitative probabilities provided by statistical estimation and the qualitative

judgments made by auditors about going concern difficulties. While techniques such as Ohlson's O-score and the Springate model exist, no studies have answered whether they provide better results than auditors' judgments because the studies employ different methodologies and limitations in terms of the qualitative factors that they capture.

Firstly, the accuracy of statistical models could also depend on different industry and/or economic settings. Effective variations within a context will also not guarantee similar results in another context from another sector. Secondly, it is recognised that auditors bring to bear a range of factors when making a judgement, including the possession of audit experience and expertise and the details available to them at the time of the audit (Ko et al., 2017). The papers concerning statistical models of accounting for predicting going concern issues present the perspective of a rich and complex discussion. Whereas, initially, literature such as Odibi et al. (2015) advocated for the use of models such as the Altman Z-score, later research, according to Cindik and Armutlulu (2021), has questioned its reliability when compared to the auditor's professional judgement. This paradox highlights the importance of investigating the limitations of statistical modelling within auditing research with respect to its contextual characteristics. Furthermore, instead of pitting statistical models and auditors' judgments against each other, they may be complementarily combined to produce more accurate assessments of going concern matters in the financial reporting process.

Parker et al. (2021) have asserted that there are only two kinds of evidence which will influence the auditor's decision: amalgamating evidence or affirmative evidence, rebutting evidence or negative evidence. Picker describes positive evidence et al. (2019) as the information that supports the notion that a firm will continue operating for the foreseeable

future. According to Muñoz-Izquierdo et al. (2020), positive evidence strengthens an auditor's belief in the firm's ability to meet its financial obligations. This assertion also forms the basis for a theoretical framework of going concern opinions and represents the process that auditors undertake to draw their going concern opinions. Positive evidence would incline auditors to produce going concern opinions, while negative opinions would have the contrary result. In this regard, auditing standards and accounting guidelines have established important negative information in the formation of an audit opinion. For example, SAS 34 (AICPA, 1981) and SAS 59 (AICPA, 1988) are explicit regarding how contrary information needs to be treated with greater caution and a higher degree of seriousness than mitigating information. To explain negative information, the example used by SAS 59 was evidence of the firm's management trying to overcome the problems of going concern. Hence, negative evidence, according to Ali et al. (2023), relates to a set of information that supports the notion that a firm will cease to operate in the foreseeable future.

Negative evidence, according to the context of going concern, pertains to information indicating that a firm is likely to cease operations in the foreseeable future (Kumar, 2022). Negative evidence typically includes financial indicators which suggest financial distress or insolvency, such as declining revenues, increasing debt levels, or significant losses. It was identified by Behn et al. (2001) and Ali et al. (2023) that firms that can obtain loans and funding to pay off loans and liabilities that are due constitute positive evidence. On the contrary, when the management is unable to devise a plan or reflect the ability to pay off its debts, and the management fails to overcome the problems of going concern, it constitutes negative evidence. Ali et al. (2023) explained that in instances of financial

distress within firms, there are typically two outcomes: either a change in top management or a structural realignment. However, it is noted by Behn et al. (2001) that negative information might not be disclosed in cases of structural realignment.

Consequently, auditors are tasked with evaluating the risk inherent in the information provided by management, underscoring the importance of disclosure in the formulation of going concern opinions. Any discrepancies uncovered in the disclosed information could indicate potential malfeasance on the part of the firm's management, signalling the possible termination of their stewardship. The same suggestion has been made by SAS 160, which suggests that financial ratios should be used as the basis for devising a firm's financial health (Gutierrez et al., 2020). Based on principle, firms are expected to reflect on financial difficulty and the management's attempts to address these challenges in the firm's financial disclosure. According to Dye (1991), such information would enable the auditors to develop a clearer picture of the firm's activities. For businesses, this could also potentially remove any conflicts that they might have with their investors. However, the contrary would suggest that information is being concealed, which would cause concern for the auditors and affect their professional judgements accordingly.

Geiger et al. (2017) identify various determinants of going concern opinions. Their study underscores that the characteristics of the client, including those extracted from reported financial statements, along with measures obtained from sources outside the financial statements and the quality of financial reporting and corporate governance, are crucial determinants when issuing going concern opinions. Gutierrez et al. (2018) stated that auditor attributes, including professional and personal judgments, the size of the audit firm, the specialisation of the audit firm in the relevant industry, the trend for GCO

issuance and error rates and the audit workload of the audit firm deeply influence the quality of auditing. Pucheta-Martínez et al. (2018) studied the contingency between audit quality and auditor factors to conclude that the professional and personal judgments, audit firm size, industry specialisation, issuance of GCO trends, error rates and workload are significant in audit quality determination. Bol et al. (2018) also explained the importance of an auditor's specialisation and tenure on audit quality. Larkin and DiTommaso (2020) also point out that the size of the audit was important to reduce agency conflicts, which in turn improved audit quality. Kumar (2022) also found that audit firm workload and industry specialisation affect audit quality, as noted by firms that specialise in industries producing higher quality audits. Further, the trend regarding GCO issuance and adherence has emerged as an active area in recent literature highlighted by Pucheta-Martínez et al. (2018), indicating the link between audit quality and the extent of firms' compliance with the governance codes. Altogether, these results highlight the complex relationship between audit factors and audit quality, which has implications for regulations and professional standards, including the GCOs.

In analysing GCOs, Geiger et al. (2017) present important factors that underlie the auditor-client relationship. However, there is a need for a more critical evaluation in order to explain the dynamics of this relationship more fully. Geiger et al. (2005) agree that the logic of bonding between auditors and clients undermines the quality of the audit, stating that financial relationships may affect auditors, especially their independence and neutrality in the evaluation of going concern risks. This concept has given rise to questions on the issue of self-interest and audit occasionally first, which compromises the

independence and quality of the audit, suggesting that audit may compromise the interest of the clients through the agreeably stubborn rigorous assessment of financial viability (Boo-laky et al., 2017). Kamarudin et al. (2022) build on this by noting that clients' mobility engenders new dynamics in the auditor-client relationship and newer issues that concern the auditors, affecting their perception of the viability of a firm. The length of the audit firm also poses another issue, with long audit relationships that may lead to complacency or familiar bias by the auditors.

Further, Parker et al. (2021) point out that any delays in reporting by auditors may affect the convenience, relevancy and reliability of going concern assessments, more so in the rapidly dynamic economic environment. In addition, the social-context factor of auditor-client relationships that was stressed by Geiger et al. can be viewed as the source of objective bias or the possibility of client pressure influencing audit decisions. Such handing over of interpersonal dynamics is alleged to compromise auditor independence and impartiality. Further, the study by Bol et al. (2018) shows that close auditor-client relationships may lead to unsavoury contact between the two and that the audit process may become contaminated. However, Blyth and Mallett (2020) and Ntim and Thomas (2013) suggest that there is always a need for regulation reforms that will reduce the risks involved in auditor-client relationships, thereby making audit engagements more transparent and accountable. Hence, it is true that Geiger et al. (2017) state that the specification of the auditor-client relationship has significant consequences.

Geiger et al. (2017) offered insights about components of GC opinions that helped qualify the nature of factors that may influence auditor judgments, among the multiple features that Geiger et al.(2017) pinpointed with regard to the influence of environmental or

external factors on GCO release. For example, they emphasise that financial crises are relevant in the evaluation of the going concern status of the firm by auditors. Another issue identified by Geiger et al. (2017) was litigations and regulatory issues; for example, the increased use of regulatory sanctions affects auditor judgments concerning GCOs. They also focus on the role of competition dynamics and market structure in constructing auditors' beliefs about the sustainability of a firm (Geiger et al. 2017). Observed in a competitive market environment that has a high level of competition and frequent changes in rules and regulations, auditors experience high levels of attention and cautiousness when dealing with GC uncertainties. Similar arguments have been made in other literature concerning the effects of external factors on audit quality and auditors' decision-making. For instance, Austin et al. (2021) equally argue that regulatory and market forces explain auditor conduct and audit results. Focusing on such studies, Kamarudin et al. (2022) stressed the importance of accounting for the macroenvironment and relevant industry issues to discuss the current state of auditors' judgments. .

2.4. Going Concern and Regulations

2.4.1 Frameworks and Standards Regulating Accounting and Auditing Practices

Accounting and auditing regulation is a system of rules, standards and guidelines put in place to steer professionals working in the field or preparing financial statements (Mohsin et al., 2021). They are indispensable for improving transparency, integrity, and reliability in financial reporting practices. According to Tsalavoutas et al. (2020), the IFRS is one of the main constituents of this framework through which the preparation of financial statements is governed. IASB is accepted as a global reference point in the area of financial reporting standards, guaranteeing comparability and consistency across

numerous industries and countries (pp. 213-216). By applying and implementing the various principles of IFRS, firms stand a higher chance of delivering quality and reliability in their financial statements, which helps improve investors' confidence and make certain sound decisions. However, auditing regulations include set principles and standards that auditors follow when conducting audits on financial statements (Tsalavoutas et al., 2020). Another framework consists of the auditing standards that have been published by the International Auditing and Assurance Standards Board (IAASB), and it is named The International Standards on Auditing (ISA). These standards set out practises and guidelines. In other words, these standards provide procedures and policies – to which auditors are often required to work in order to arrive at reasonable assurance as to the accuracy of the financial statements or the lack of material misrepresentations, whether as a result of an omission or fraud. Maintenance of ISA will guarantee that auditors are dependable and possess the integrity of financial reporting information, a factor that stabilises investor confidence and efficiently directs capital.

The protection of shareholders' interests and bringing in enhanced quality and reliability of financial information are one of the main goals of regulation in the accounting and auditing field. ISA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing," states that the overall task and ethical obligation of auditors are to gain reasonable assurance that the financial reports are free from material misstatements by the firm (Austin et al., 2021). This standard encourages the auditor to apply appropriate professional scepticism and be independent throughout the audit process to get accurate financial records. Also, ISA 315, the 'Identifying and Assessing the Risks of Material Misstatement through Understanding

the Entity and Its Environment,' stresses auditors to understand the internal control environment and how it affects the risks for the financial statement's material misstatement. This is because auditors are in a position to develop audit procedures in line with the risks inherent in the specific entity as a result of establishing an understanding of the operations, system and control processes of the entity.

Besides improving the quality of financial reporting, the regulation of accounting and auditing also has the purpose of improving the transparency and accountability of corporate governance systems (Tsalavoutas et al., 2020). ISA 260, 'Communication with Those Charged with Governance,' calls for effective communication of the auditors with management and the individuals responsible for governance throughout the audit process, which encompasses discussing important observations and problems that exist when engaging in an audit (Rönkkö et al., 2023). This standard helps to enhance auditors' reporting process and to create more transparent communication with stakeholders. Similarly, codifications like the Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants (IESBA) provide ethical principles and guidelines to be followed in order to regulate the conduct of accountants (Mohsin et al., 2021).

2.4.2 Regulations and Going Concern

The ISAs are a foundation for directing auditors' assessment of the firm's going concern, which is the focus of this discussion. Due to this, there is the need to undertake a discussion on the various perspectives of ISA regulations relating to going concern since it is the standard in auditing used in Kuwait. As stated by Noman et al. (2018), ISA regulations afford appropriate direction and framework to auditors whenever they assess

the going concern status of a certain firm, which plays a crucial role in enhancing the credibility of financial reporting. ISA 570, entitled 'Going Concern,' provides a clear literature guide outlining the roles of auditors in addressing management's going-concern assessment and the consequences of audit opinions (IAASB, 2019). This standard is very important regarding the concern of auditors to discharge professional scepticism and obtain sufficient evidence to support the auditor's conclusions regarding the going concern assessment. Their supporters stated that ISA regulations serve an important function of maintaining the stringency and standardisation necessary for going concern evaluations and, therefore, for increasing the accuracy and credibility of the financial reporting process. Boolaky et al. (2017) also pointed out that ISA regulations have been advocated as creating transparency and accountability in the audit process by requiring the auditors to communicate to the stakeholders their findings and conclusions about going concern. ISA 570 requires the auditor to assess the management's plans concerning possible going concern risks and report relevant considerations to those in charge of corporate governance (IAASB, 2019). This transparent communication enables auditors, management, and stakeholders to engage in advocacy and have a constructive discursive function in addressing issues that arise when those involved have the appropriate level of expertise. Its advocates argue that such disclosure is essential to maintain market integrity and to provide the requisite information to enable stakeholders to make informed decisions on the future of the entity.

ISA regulations are also considered as a protection against possible fraud and/or misuse of funds by making auditors consider whether it is reasonable for management to continue assuming the going-concern. By carrying out a proper assessment and also ensuring that

they obtain sufficient audit evidence, the auditors will be in a position to realise various signs of failure and fraud. According to advocates, ISA regulations are crucial in reducing the threats of financial fraud and corporations' failures because they help to identify potential risks in going concerns earlier than regulatory remedies (Ravenscroft and Williams, 2021). Also, Eltweri et al. (2021) opine that ISA regulations emphasise the importance of these standards in strengthening the reliability of audit conclusions. This way, auditors show the stake holders that they are working in compliance with international standards and are indeed on the right track globally. In doing so, they promote greater confidence in the accuracy of the firm's financial information and the suitability of the audit that has been conducted. Also, it ensures that the implementation of ISA regulations enhances the comparability of audit practices across different jurisdictions and encourages cross-border investment and trade. In support of ISA regulations concerning going concern, Noman et al. (2018) noted that it protects investors and enhances the stability of the market. Boolaky et al. (2017) also show that by mandating auditors to carry out a critical evaluation of going concern assumption, ISA regulations assist in guaranteeing investors reliable and timely information on the financial stability and future of the firms in which they invest. This enhances market efficiency because it ensures investors use accurate financial data to make their investments; thus, the market is less likely to be characterised by distortions and disorder. However, criticism has raised concerns about the ISA regulations that characterise the following advantages that should be looked at in more detail: operations, known as the going concern assessment. There is a need to explore further various perspectives on ISA regulations concerning going concern, for instance, as it is the auditing standard used in Kuwait.

In addition, compliance with ISA regulations ensures uniformity and comparability of audit working practises across the world, fostering investment and trading activities in different regions. Regarding ISA regulation, Noman et al. (2018) attributed this to serving the intended roles of investor protection and stabilisation of the market. Boolaky et al. (2017) also show that by forcing auditors to report on the outcome of their extensive assessments of going concern risks, the ISA regulations help protect the investors by providing them with proper and timely information about the financial solvency and viability of the entities in which they invest. This ensures the smooth running of markets because investors are in a position to make informed decisions on the basis of accurate financial data, which greatly minimises the chances of socially arising instabilities. On the same note, one cannot underestimate critics that have painted a dark-picture of the ISA regulations, which, despite being accompanied by so many advantages that characterise the regulations, some concerns deserve a closer look and further understanding of cross-border investment and trade. In support of ISA regulations concerning going concern, Noman et al (2018) pointed to its role in promoting investor protection and market stability. Boolaky et al. (2017) further indicate that by requiring auditors to conduct rigorous assessments of going concern uncertainties, ISA regulations help ensure that investors are provided with accurate and timely information about the financial health and prospects of the entities in which they invest. This promotes market efficiency by enabling investors to make informed decisions based on reliable financial information, thereby reducing the likelihood of market disruptions and instability.

Despite the advantages that characterise the ISA regulations, critics have raised concerns that necessitate further exploration and analysis. One of the critiques of the regulations

is the subjective nature of GCA, which has been argued to lead to inconsistencies and variability in audit opinions. For example, Ravenscroft and Williams (2021) indicated that irrespective of the guidance that the ISA 570 offers, auditors may interpret and apply the standard differently, leading to divergent conclusions on a firm's GC status. Ravenscroft and Williams (2021) indicate that the subjective nature of the ISA 570 undermines the comparability and reliability of audit opinions, potentially eroding investor confidence and market integrity. However, these assessments may be subjective and thus open to bias and uncertainties, especially when auditors are under pressure from management or other interested parties to provide upbeat reports. This subjectivity can make it difficult for managers to come up with the right decisions that are likely to profit them or otherwise make them avoid certain firms, especially where financial statements are involved. Furthermore, the absence of clear and objective measures for assessing going concern status may lead to different results across audits and defeat the purpose of the auditing profession.

Moreover, critics say that ISA regulations could result in outrageous costs and expectations on auditors to make hard and perhaps partisan assessments regarding a going concern (Rönkkö et al., 2023). The process of determining whether a firm is capable of continuing in operation as a going concern involves an examination of complex and uncertain variables that relate to the firm's future generation of cash, existing and expected market conditions and management's plans. It is common for auditors to face some difficulties in mobilising enough audit evidence to support the respective conclusion when the conditions are highly uncertain or ambiguous (Noman et al., 2018). This can raise audit risk and audit costs for the firms alongside the congestion of audits, which may

erode the efficiency of the audit process. Meanwhile, auditors may be at legal and reputational risks when their judgments on go concern are challenged for possible litigation and loss of reputation, among other things. Mohsin et al. (2021) reveal that ISA regulations have to face a dilemma of offering both direction and freedom to the auditors and, at the same time, developing and maintaining comprehensive and standardised judgments with regard to going concern in various engagements.

2.5 Identification of Gaps in the Literature

Studies on auditors going concern assessments after COVID-19 reveal that there is a significant knowledge deficit on the emerging risks and risks facing organisations in the post-COVID-19 period (Tsalavoutas et al., 2020). In the past, auditors have only compared and assessed a firm's performance and sustainability based on financial ratios. Yet, the unknown circumstances brought about by COVID-19 helped clarify what these metrics can and cannot measure (Levy, 2020). Extensive guidance has been published from the national regulators and international standard-setting agencies (IAASB 2020) on how the auditing practice must adapt to ensure the quality and relevancy of the audit reports in the pandemic and post-pandemic periods. However, little is known well the auditors have attempted to rationalise and implement this guidance and whether the change on the going concern preparation that has occurred during the pandemic has contributed to higher quality assessment.

The current literature on going concern opinion has traditionally has been traditionally centered on examining the financial indicators that auditors have used to determine if an entity is would continue to operate as a going concern (Smith and Jones, 2021; Han et al., 2023; Kamarudin et al. 2022). While financial metrics have always been a critical

component of the audit work, they are not easily amendable in time of uncertainty as such they should not be fully relied to predict in uncertain times during COVID-19. A point that has not received significant attention from the literature is what new metrics auditors have prioritised during the COVID-19 pandemic and whether the new risk assessment techniques were able to provide significantly robust analyses to help auditors to effectively determine if an entity is going to remain operational. The researcher recognises that despite all attempts for the standardisation of the auditing profession, the auditing process is highly subjective and that the auditor's professional judgement, scrutiny and expertise are also factors that influence the going concern decision-making. Thus, it merits examining through subjective and interpretative lens how auditors have adapted to the challenges presented by the COVID-19 pandemic

Although some studies have emphasised how audit standards need to affect the decisions of the auditors, more research is needed to explain how the modified structure due to the pandemic has affected going concern opinions in the strategic planning process (Van der Zahn and Tebourbi, 2023). Examining the cultural implications of the audit standards to operate in the post-COVID-19 environment might provide a useful appreciation of the entire audit process and how the decision-making procedure of auditors is being regulated (Han et al., 2023). As such, there is a need to undertake a more detailed investigation of the changing strategies of going concern opinions with an emphasis on the response to changes to the audit environment post-COVID-19 (Tsalavoutas et al., 2020). Analysing auditors' relevant conflict resolution strategies concerning the pandemic's implications for audit standards contributes to the suggested

proposal for strengthening the Kuwaiti auditing practices' reliability and relevance during uncertain conditions.

More importantly, there is a lack of research which examines how auditors in Kuwait, as well as in other developing countries are modifying currently used assessment models to reflect the diverse effects of the pandemic on enterprises. Furthermore, the present literature lacks a detailed analysis of the long-term consequences of the pandemic on auditors' going concern in general and in Kuwait in particular. Although some prior work has focused on examining the immediate break in work due to COVID-19, up to now, there has been a lack of research on whether the changes that were maintained during the COVID-10 pandemic were maintained after its end (Austin et al., 2021). Insights into how auditors are navigating through economic risks and certainty and how they build up their responses to counter the upcoming challenges can help strengthen the credibility of going concern reports post-pandemic (Abidoeye et al., 2024). Addressing this gap would require the research to undertake an extensive assessment of the changing emerging institutional logic before and after the COVID-19 pandemic while also apprising the transformative effect new technologies have made on the audit work.

Moreover, the literature review establishes that there is a lack of empirical research literature that provides a broad analysis of the implications of COVID-19 on the auditors' Going Concern Assessment (GCA) both internationally and in the Kuwaiti context.. Existing studies primarily focusing on the importance of audit work for corporate governance (Al Mutawa and Suwaidan, 2022), identifying factors influencing audit quality (Van der Zahn, M., and Tebourbi, 2023), and examining the factors that affect the size of audit fees (Al-Mutairi et al., 2023). Although this research is valuable for enhancing the

limited understanding auditing practices in a developing country context, it does not offer any insights into how the COVID-19 pandemic, the most significant event in the past five years, has impacted auditing practices. In the context of Kuwait, Masoud (2022), investigates the role of audit committees in corporate social responsibility disclosures among Kuwaiti listed companies. While this research is significant, it is not directly related to the provision of external auditing services during the pandemic.

Although specific aspects like remote work, audit quality, and management estimates have been examined in some research, little is known about how the broader impact of the pandemic impacts auditors' decision-making process (Abidoye et al., 2024). An evaluation of how auditors in Kuwait are coping with the residual effects of the crisis and how they are preparing for any future disruption can provide a richer perspective on the state of play in the post-COVID-19 landscape (Han et al., 2023). This research gap highlights the need for a methodical approach to investigate how the pandemic affects auditors' GCA decisions in Kuwait and generalities about auditing practices responding to unprecedented situations (Ahrens and Ferry, 2021). By analysing the diverse impacts of the pandemic on auditors' decision-making process, researchers can contribute to the kind of auditing practices that are resistant to the current business environment

2.6 Conclusion

The present chapter presented the existing literature on the factors that have influenced the going concern decision-making during the COVID-19 pandemic. The chapter has highlighted those technological innovations, the introduction of remote auditing, the transformation of auditing and accounting standards, the greater focus placed on managerial estimates and the changes in the risk assessment methodologies have

impacted the going concern process during and after the COVID-19 pandemic. Chapter VI and Chapter VI of this thesis will validate whether the assumptions in the literature hold true for the case study of Kuwait. The next chapter will present the theoretical framing of the study and how the Institutional Logic Theory and the Theory of Planned Behaviour are applied in this study to explain Kuwaiti auditors' decision-making processes during the COVID-19 pandemic.

Chapter III: Theoretical Framework

3.1 Introduction

The theories discussed in this chapter aim to help the researcher delineate the underlying principles, assumptions, and interrelationships between the factors that affect Kuwaiti auditors' decisions related to going concerns assessments in the period prior to, during and after the COVID-19 pandemic. Specifically, the present chapter focuses on the two theoretical frameworks, the Institutional Logic Theory (ILT), and The Theory of Planned Behaviour (TPB) and to explain the personal and institutional factors affecting auditors' decisions. By combining these theories in the study, the researcher recognises the complexity of interrelated factors that span the cognitive, social and institutional realms, thus providing a more insightful analysis of all key factors that are at play.

The first part of this chapter is dedicated to the analysis of the institutional logic theory, as the researcher begins by providing an overview of the theory and then discusses how its key premises relate to the auditors' work. The chapter proceeds by reviewing the literature on the application of the ILT in accounting and auditing to demonstrate the possible applications and remaining gaps. Then, the researcher introduces the TPB model and how it can be applied to the analysis of auditors' going concern decisions to identify the key findings and gaps in the current application of the theory. Finally, the researcher integrates the two theories at the end of this chapter, justifying their combination with the need to achieve a more nuanced understanding of all major factors shaping Kuwaiti auditors' going concern decisions in an increasingly unpredictable and unstable economic setting.

3.2. Institutional Logic Theory

3.2.1 Origin and Key Terms

Auditors do not work in a vacuum environment but are part of a wider economic and institutional/ organisational environment (Yuniarwati et al., 2021). Therefore, it is important to examine how their attitudes, intentions and behaviours are shaped by the background factors. Institutional Logic Theory was selected as the most comprehensive theory to supplement the logic of TPB in the present study. The roots of this theory can be found in the seminal work by Friedland and Alford (1991). These scholars maintained that society is a complex system shaped by numerous “institutional orders”. For example, they referred to modern society’s institutions, such as the bureaucratic state, market capitalism, democracy, religion, family, etc., each having its inherent practices and beliefs (Conrath-Hargreaves and Wüstemann, 2018). Each order consists of a set of cultural symbols and practices that make a specific area of social life meaningful (Friedland and Alford, 1991). To put it differently, each institutional order has a distinct cluster of expectations (also called institutional logics) that determine its rationality (Friedland and Alford, 1991). To clarify the term further, Thornton and Ocasio (2008, p. 101) defined institutional logics as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social realities.” It is important to add that institutions, in this context, can be defined as “cultural-cognitive, normative and regulative elements that [...] provide stability and meaning to social life” (Scott, 1995, p. 33).

Alvehus and Hallonsten (2022) explain that institutional logic theory is an attempt to reintroduce institutional analysis to scholarly research. The problem was that the neo-institutional theory that had gained traction resulted in a dramatic shift of attention from individual decision-making to institutional behavioural patterns. Scholars promoting ILT maintained that this created an imbalance between individual and institutional factors (Alvehus and Hallonsten, 2022). According to them, by observing how organisations and their members reflect on, reproduce and transform various institutional logics, a better understanding of organisational practices can be achieved (Friedland and Alford, 1991). The ILT contributed to the research by recognising the divergency of organisational practices that can vary within institutional frameworks. As such, the theory helps scholars conduct a more thorough analysis (Abrams and Jayasinghe, 2023).

3.2.2 Key Constructs and Their Relation to Accountants' Work

The institutional logic theory provides a valid theoretical construct to account for the institutional settings of auditing firms, which consists of normative, regulatory and cultural layers. The normative layer includes professional norms and values that determine auditors' roles and ethical standards, and as such, principles such as independence, integrity and objectivity represent the normative dimension that influences auditors' behaviour (Dyhati et al., 2022). The regulatory structures represent the formal rules, regulations, and legal frameworks that vary from country to country; they can include licensing requirements, monitoring rules and commitment to ethical standards, which are of tremendous importance for auditors' behaviour as the auditing profession is subject to extensive regulatory oversight (Roy and Saha, 2018). Finally, cultural structures enable the development and maintenance of shared professional identities, practices, and

ideologies; these can play a significant role in auditors' attitudes toward not only the preparation of going concern reports but also towards maintaining high standards of professional behaviour and maintaining quality work (Alberti et al., 2022). Institutional settings are complex and require auditors to adopt not only varied behaviours, values, and standards but also to balance between the competitive demands and logics of those institutional settings. This fact explains the use of the ILT as the framework that can account for this layered complexity of the institutional environment in auditing. Before examining the elements of the ILT in more detail, it is important to note that this theory has been extensively applied to study individual and institutional transformations in the accounting field. For instance, Thornton et al. (2005) argued that the ILT is an ideal framework for the accounting practice as an accounting field operates with competing logics: the corporate logic pursuing profit maximisation and the fiduciary logic that helps sustain accountants' shared professional identity (Thornton et al., 2005). Other studies have also validated that the basic premises of the institutional logic are useful for exploring how accountants' identities, practices and behaviours change with evolving expectations at their workplaces (Kent and van Liempd, 2021; Lander et al., 2013). For example, Lander et al.'s (2013) study offers some useful insights, showing how mid-tier accounting firms reshape their institutional logics in response to the changes in their structures and systems. Lander et al. (2013) uncovered resistance to commercial practices in fast-growing accounting firms. Auditors seem to be fully committed to their professional logic and are ready to adopt only the elements of market logics that help them resolve specific managerial challenges and meet specific strategic goals (Lander et al., 2013). Whether or not such a commitment to professional logic is characteristic of all firms in times of

organisational change is a matter for further analysis. This study set in Kuwait may contribute to the existing knowledge by examining how pandemic-related changes forced auditors to choose one logic over another and what choices they preferred.

Furthermore, it is useful to discuss specific theoretical notions promoted by the ILT and their relationship with accounting. One of the key ideas proposed by Friedland and Alford (1991) is that there are multiple sources of rationality as the many institutional logics condition the behaviour of individuals and organisations. There is no unanimity in existing theoretical literature as to the definitive list and number of these rationality sources. Friedland and Alford (1991) were the first to create an original list of logics, which included family, religion, state, market and corporation. Thornton et al. (2005) considered these insufficient and added another two: profession and community. Family and religion have received limited attention in auditing research, arguably because they have a much less significant effect on auditors' values and daily work (Bitektine and Song, 2022; Cai and Mountford, 2022). In turn, the state (through government regulations), market, profession, and community have the strongest effect and have, therefore, been widely discussed in the context of their effect on the auditing profession and day-to-day operation.

The market logic is concerned with the profitability and efficiency of the auditing business, as well as the firm's competitive advantage (Lounsbury and Boxenbaum, 2013). Market logic emphasises the importance of achieving organisational objectives and demonstrating consistently high-efficiency metrics. In accounting, this type of logic is focused on increasing efficiency and competitiveness and reaching more clients (Silova and Vinnari, 2019). Cerbone and Maroun (2019, p. 5) explain that the market logic approaches "accounting as a rational technical development designed to aid with efficient

capital allocations and to mitigate agency costs.” As such, it can be responsible for economic measures such as cost-cutting, which may clash with professional and community logic (as shown in more detail below).

Professional logic offers an additional set of values and ideologies that shape the accounting profession. Similar to the market logic, it acknowledges the importance of financial considerations, but it adds an element of professionalism to balance its narrow focus. Specifically, professional logic implies exercising due care, transparency, and integrity and calls for auditors to make decisions solely based on the information included in financial statements (Cerbone and Maroun, 2019). Professional logic also requires the adoption of a critical mind and professional scepticism, which allow auditors to never take the presented data at face value but exercise due diligence in evaluating its accuracy (Dimitrova and Sorova, 2016). For example, professional logic plays out when auditors are required to evaluate misstatements and determine whether or not financial statements achieve fair presentation (Cerbone and Maroun, 2019). In doing so, they follow the established regulatory guidelines and codes of best practice. Professional logic demands the respect of the codes of practice that underpin auditors’ legitimacy, authority, and competence, and it is thus one of the key logics to adopt (Hancu-Budui et al., 2020).

Community logic, in turn, is focused less on the firm’s profitability and more on its social commitments (Lounsbury and Boxenbaum, 2013). It is one of the driving forces behind the adoption of Corporate Social Responsibility (CSR) policies, which allows the organisation to be more socially accountable and transparent. Grossi et al. (2023) refer to this type of logic as public value logic and maintain that it is becoming increasingly important in the corporate sector. More and more firms, even those mainly driven by

market considerations, recognise the need to bring social value and serve the public interest (Grossi et al., 2023). For example, during the COVID-19 pandemic, audit institutions found themselves becoming leading actors in evaluating national health and welfare systems; they also evaluated public administration through performance audits (Hancu-Budui et al., 2020). In other words, audit firms helped governments better serve community interests through more efficient allocation of resources.

The main contribution that the ILT can make to the present study is to illustrate how auditors are affected by multiple logic simultaneously or how they are forced to choose one logic over another and shift these priorities as the circumstances change (Friendland and Alford, 1991). For example, the presence of a manager, supervisor and other staff firmly focused on upholding the highest standards of technical expertise was found to force auditors to choose technical/ professional logic as their guiding principle. At the same time, partners' focus on market logic may also affect auditors' daily operations. Top-down firm policies may encourage them to prioritise the firm's financial performance over professional standards (Kent and van Liempd, 2021). How these competing logics interact in each specific setting can differ and change over time depending on the composition of the team, auditors' expertise, and many other factors (Kent and van Liempd, 2021). For example, Siriviriyakul (2019) argues that auditors can negotiate tensions among multiple institutional logics by identifying with certain logic while distancing from others. They can also compartmentalise their identification with different institutional logics across time (Siriviriyakul, 2019).

Competing and intersecting institutional logics produce frames of reference that shape the way accountants think about their work and conduct it, construct their professional

identities and interact with stakeholders (Silova and Vinnari, 2019). Depending on what logics they prioritise at the moment, they can see themselves as guardians of public interests, advisors, or value-added watchdogs (Siriviriyakul, 2019). In other words, their identities can change based on the logics they adopt. Therefore, it is important to delve into the intricate interplay between market, professional and community logic within the specific realm of accounting and GCAs. Such an analysis may help better understand the complex factors that make auditors act the way they do in each particular situation, context, and time period.

Another argument in favour of the value of the ILT is that it helps explain the current transformations of accounting organisations, many of which become “hybrid” in their nature. Ferry et al. (2024, n.p.) define a hybrid organisation as “adhering to multiple, often conflicting institutional logics, where logics refer to societal-level patterns of values and practices that shape cognition and guide action.” Busco et al. (2017) maintain that modern accounting firms are essentially hybrid organisations, meaning that they incorporate elements of different institutional logics to form the basis of their identity. A study by Dunne et al. (2023) into the logics adopted by Big Four firms confirms Busco et al.’s (2017) argument. Dunne et al. (2023) found that the Big Four accounting firms combine professional logic and market logic. This approach has an instrumental value, as it allows these firms to defend themselves from regulatory inquiries by claiming that they always prioritise client-centric concerns while, in reality, these are “vehicles directed towards commercial ends” (Dunne et al., 2023). Whatever the reasons for multiple institutional logics may be, it is worth examining how they manifest themselves in different accounting firms, both big and medium and how the size of the firm may moderate logics prioritising.

Another idea expressed by Busco et al. (2017) is that accounting firms do not need to compartmentalise competing logics; instead, they can reconcile them to generate organisational innovation. This idea deserves a closer look, so it is worth exploring whether Kuwaiti accounting firms managed to follow Busco et al.'s (2017) recommendation and materialise innovation in a context of institutional pluralism and change. The given study set in Kuwait can also help explore what route accounting firms take when it comes to balancing institutional logic. Conforming hybrid organisations can prioritise a single institutional logic, compared to dissenting hybrids that combine “defiance, selective coupling and innovation as mechanisms to combine and balance the prescriptions of several institutional logics” (Mair et al., 2015, n.p.). By diving into these theoretical nuances, the research can provide a more thorough analysis of organisational changes triggered by the pandemic.

A number of different logics can be identified within the institutional logic theory that *has* informed the findings of the study. One such logic is financial logic, which underscores the importance of financial indicators and financial motivators in an auditor's work (Siefkes et al., 2024). According to Ewrelius Ryde and Röckert (2020), financial logic is deeply ingrained in society, especially in the operation of financial markets, and it is closely related to the market logics, which also emphasise the profit-seeking nature of the companies. However, for the purposes of this dissertation, financial logic is being employed to showcase the relative importance that auditors place on financial indicators when assessing the performance of the companies they audit.

According to Kend and Nguyen (2023), auditors' decision-making is also informed by the legalistic logic. The basic assumption of this logic is that the auditors are cautious in

protecting themselves from unnecessary litigation and as such their behaviour is informed by the desire to protect the shareholders as a group (Kend and Nguyen 2023) with many auditors refusing to report some audit disclosures to ensure that their professional judgement is protected from legal problems. The central assumption of the legalistic logic is that a key obligation of the auditors is to protect the shareholders as a group. It is argued that auditor's resistance to change is partly attributable to the legalistic logic as auditors are not willing to compromise their duty of care towards shareholders by embracing change and new behaviours (Kend and Nguyen 2023)

The growing technological sophistication of the auditing profession has also resulted in the increased salience of the technology logic. The fundamental assumption of the technology logic is that companies can attain competitive advantage by emphasising on technology and innovation as it is presumed that by relying on commercialisation of technologies companies can attain technological expertise and industry leadership (Walzer et al. 2024). The introduction of artificial intelligence and remote auditing to support the auditing practice are prime examples of how deeply embedded technology logic is within the auditing practice (Nugrahanti and Pratiwi 2023) Technological logic can also encourage employees to develop new digital skills that might not necessarily align with the demands of the other logics such as professional logic (Koivula et al. 2024). The development of cutting-edge technologies is not seen just as a way for upskilling employees, but rather as a means to develop industry knowledge and secure strategic market positioning (Walzer et al. 2024). Unlike professional logic and market logic, the role of technology logic in the auditing profession is not explored extensively in the literature as the technological sophistication in the auditing sphere is a contemporary

novel phenomenon and not all companies have readily embraced new technologies as a source of competitive advantage. However, the COVID-19 pandemic and the abrupt abandonment of the in person auditing has brought to the forefront different new technologies with more and more auditing firms trying to infuse technological solutions in their day-to-day operation in attempt to address the COVID uncertainties (Okfitasari et al. 2022). An interesting proposition that will be examined in this thesis is how technology influenced the preparation of the going concern opinions in the Kuwaiti context and whether we can trace an emerging role of technology logic in auditors' decision-making process. Furthermore, it is worth examining how technology logic interferes with the other institutional logics and how auditors' have responded to this clash of logics.

3.2.3 Application of the ILT in Empirical Studies

A significant body of empirical and theoretical research from different sectors, including accounting, confirms the validity of multiple institutional logic theory (Thornton et al., 2012; Busco et al., 2017; Dai et al., 2017). For example, Anderson-Gough et al. (2022) examined the British accountants' responses to the demands for improved diversity and how accountants attempted to narrow the gap between competing market and professional logic (Anderson-Gough et al., 2022). The findings of the research indicate that multiple logics can blend, coexist or compete with each other as auditors seek new ways to comply with the law, build their identities and modify their work practices (Anderson-Gough et al., 2022). Cerne and Elg (2023) clarify that blending, in this context, implies the combination of different logics in which the core elements of the dominant logic remain. They serve as the core to which new practices and symbols of another logic are added (Cerne and Elg, 2023). Earlier research confirmed that many organisations

seek to reconcile conflicting institutional demands; they can balance social responsibility with economic efficiency by adopting multiple, simultaneously existing logics (Lounsbury and Boxenbaum, 2013).

A study by Barac et al. (2019) has applied the principles of ILT to expand Smets et al.'s (2015) model in an attempt to determine how auditors use balancing mechanisms, such as segmentation, assimilation, bridging and demarcation, to navigate coexisting institutional logics. It was uncovered that segmenting happens when auditors separate work practices pertaining to conflicting logics; this helps them enact coexisting logics simultaneously (Barac et al., 2019). Additionally, Barac et al. (2019) describe the integration of co-existing logics as bridging. They argue that demarcation allows controlling the risk of prioritising one logic over another and maintaining the balance between interests and powers at play. In this way, Barac et al.'s (2019) study highlights ILT's flexibility and proves that it can be combined with other theoretical models to achieve greater explanatory power. Studies by Anderson-Gough et al. (2022), Cerne and Elg (2023) and Barac et al. (2019) are important in the context of the given research on Kuwaiti auditors' experiences and practices. These scholars have shown the value of discerning the ways in which institutional logics can combine or co-exist, paving the way for a similar analysis in this study.

Seger (2018) also explored the idea of multiple institutional logics, but they analysed auditing firms in Sweden. In particular, they examined how these firms coped with the need to adopt new financial reporting practices. Seger (2018) showed that managing multiple logics is a long and demanding process because it is difficult to find solutions that would allow auditors to uphold their professional expectations. These findings prove that

the ILT is a valid choice for exploring the institutional effects on auditors. Farcane et al. (2023) further examined how actors reconcile multiple logics in the context of COVID-19. They pointed out that auditors experience the pressure to balance work adaptability against the need to comply with audit standards and professional requirements (Farcane et al., 2023). However, while this study focuses on similar problems to those examined in the given dissertation, it does not apply the ILT.

Ponte and Pesci (2021) showed that the compromise between multiple logics depends much on the 'time' and 'place' factors that change institutional demands on organisational, strategic and governance levels. These findings are important to consider in the context of this Kuwait-based study; they point to the importance of examining how factors exogenous and endogenous to accounting organisations in Kuwait made them reconsider and reshape their behaviours and practices in the context of the pandemic-induced change. In this way, the present study helps address researchers' concerns about theoretical analyses being "inattentive to the places and times in which order is formed, and logics operate" (Quattrone, 2015, p. 40). By setting the work in Kuwait and narrowing it down to the time pre-, during, and post-pandemic, the study respects the 'time' and 'place' demands put forward for studies adopting the ILT framework. In addition, Ocasio (2011) argues that an important theoretical construct linking organisational analysis with institutional analysis is the organisation's situational context (e.g., the current state of the industry). It is a critical variable because it reveals external stimuli that induce organisations to choose a particular logic over others. This study focuses on the situational context of the pandemic, which has not been examined yet in the context of the ILT and Kuwaiti auditing firms.

Furthermore, research suggests that organisational characteristics have a significant effect on institutional logic (Conrath-Hargreaves and Wüstemann, 2018). Several empirical studies related to accounting revealed the validity of the described claim regarding the link between organisational features and institutional logic. For instance, Amans et al. (2015) examined how non-profit theatres filtered political logic through the lens of their organisational characteristics, drawing on factors such as the number of funders and funding uncertainty. The study explained why non-profit theatres adopted heterogeneous budgeting practices even though they are expected to follow the same institutional logic (Amans et al., 2015).

Existing research also explored how accounting organisations have been affected by institutional logic reshaped by various government-imposed reforms. For example, Jayasinghe et al. (2020) explored the effects of government accounting reforms in Sub-Saharan African countries. They found that stakeholders, including local accountants, policymakers, and international organisations, made sense of the evolving multiple institutional logics. Jayasinghe et al. (2020) showed that the institutional logic theory is a suitable model; it helps understand how governmental policies make accountants reevaluate their work on the professional, market, state and community levels. It is also suitable for exploring how market logics in terms of adopting large-scale reforms dominates the setting. Advancing the research further, Al Masum and Parker (2020) use the given theory in the analysis of local implementation of World Bank-led accounting reforms. This study showed that institutional logics theory works equally well with policies and laws of different scales. However, more organisational-specific research on the topic is lacking, justifying the application of ILT in the given study. The findings of Al Masum

and Parker (2020) and Jayasinghe et al. (2020) cannot be generalised to auditing in Kuwait due to the unique legislative settings of the regions.

In addition, scholars have tried to explore the effect of digital changes on the accounting profession using the ILT as a theoretical lens. A study by Schiavi et al. (2024) shows that various technological innovations, such as digital platforms, cloud computing, artificial intelligence and others, force accounting organisations to reconsider their values, norms, and activities. This observation is not new, as other studies have already discussed in detail the revolutionary effect of technology on the accounting field (McConville, 2023). Schildt (2023) explained that as accounting firms adopt new digitalised products and processes, the classic practices that shaped accountants' professional identities may become obsolete. While generating numerous opportunities for innovation, digital innovations thus require a re-evaluation of institutional norms and values, which has a potentially destabilising effect (Schildt, 2023). For example, auditors may be forced to re-assess their roles as they are forced to shift from office to remote work. Schiavi et al. (2024) agree with Schildt (2023) and add that technology inspired the evolution of legitimacy standards in the accounting profession, inducing actors to evolve and reconsider their work. Although Schiavi et al. (2024) touch on the two key topics also examined in the present dissertation, the ILT and technological disruptions, its results nevertheless lack generalisability as the scholars do not cover the effect of COVID-19 on institutional and organisational change.

ILT offers another theoretical construct directly related to the present study – legitimacy. Suchman (1995, p. 574) defines this term as “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially

constructed system of norms, values, beliefs, and definitions.” Legitimacy is one of the key organisational resources believed to affect an organisation’s performance and survival (Bitektine and Song, 2022). It is believed that by adopting certain norms of selected institutional logics, firms can maintain their legitimacy as reliable providers of services. For example, Farcane et al. (2023) studied the way remote work reshaped auditors’ daily experience in the context of COVID-19. They argued that socialisation is one of the elements of auditors’ legitimacy, which helps strengthen and share professional standards, roles, tasks and functions. Remote work has threatened this legitimacy component by forcing auditors to adopt autonomous work practices (Farcane et al., 2023). Their conclusions are based on international research, so they need to be validated in the Kuwaiti context to understand better how auditors in this country adopted new work practices and what institutional logic adjustments they had to make.

The present study advances these findings by exploring, among other things, how changing institutional logics affected by COVID-19 forced Kuwaiti auditing firms to change their operations and behaviours in order to maintain their legitimacy. In this context, the researcher treats the pandemic as a crisis, understood as “a low-probability, high-impact situation that is perceived by critical stakeholders to threaten the viability of the organisation” (Oborn et al., 2021, n.p.). It is hypothesised that the crisis serves as a trigger point for accounting firms and their employees to choose the guiding logic that will drive organisational recovery and help inform the adjustment policies and practices (Oborn et al., 2021). The pandemic was a crisis situation for auditors, imposing challenges around obtaining and evaluating audit evidence. It also forced auditors to adopt new technologies, rearrange the timeline of audit procedures, alter the substance of audit

processes, and design alternative control mechanisms to maintain the required level of auditing quality (Haga and Ittonen, 2024; Luo and Malsch, 2023). The given study focuses on auditors' reflections on this process, in particular, how their firms seek to preserve legitimacy in the face of pandemic-driven professional and technical disruptions. It also seeks to determine whether regulators provided more guidance as to how auditors can maintain the legitimacy, transparency and quality of remote audit work, which is a topic that only begins to be explored in existing research from the institutional logic perspective (Sian, 2024).

3.2.4 Theory Limitations and Existing Gaps

The ILT focuses excessively on institutional forces as the key drivers of auditors' decisions (Silova and Vinnari, 2019). It results in empirical research downplaying the significance of intentional action and individual choice in selecting institutional logics (Eitrem et al., 2024). As explained by Haveman et al. (2023), societies create barriers and facilitators for organisations to act, while organisations create barriers and facilitators for individual action. As a result, employees (e.g., auditors) have little room to manoeuvre (Haveman et al., 2023). Therefore, Silova and Vinnari (2019) suggest combining the ILT with the consideration of the active efforts made by actors (in this case, auditors). Roy et al. (2023) follow this advice by paying more explicit attention to agency and exploring how actors respond to institutional isomorphism. However, Roy et al. (2023) did not examine how this agency unfolds over time. The present study thus advances existing knowledge by exploring how auditors' agency evolved in the period before, during, and after the pandemic.

Research on the application of the ILT in the shifting auditing context affected by the pandemic remains limited (Anderson-Gough et al., 2022; Farcane et al., 2023; Seger, 2018). Some general observations on how the pandemic disrupted the balancing of institutional logics have been made (Barac et al., 2019; Haga and Ittonen, 2024; Luo and Malsch, 2023). Available research uncovered the clashes between the market and professional logic that auditors had to address in fast-changing organisational and regulatory settings (Farcane et al., 2023). Yet, the uniqueness of each auditing setting means that further studies set in Kuwait, as well as in the contexts of other developing countries, are needed. Mahmood and Uddin (2020) argue that research on the ILT in the context of emerging fields or those whose research is still in its infancy, for instance as auditing in Kuwait serving just an example. Therefore, by adopting the institutional logic perspective and integrating it with the ideas of TPB, the dissertation contributes to a better understanding of the institutional environment that shapes auditing practices in this country. Another argument in favour of applying the ILT to Kuwaiti auditing concerns the lack of up-to-date research in this region. Haveman et al. (2023) point out that most research on ILT was conducted in Western countries whose institutional logic can vary considerably from those of Middle Eastern states such as Kuwait. For instance, the ideas of the capitalist market, the bureaucratic state, and democratic policies may not translate well to the institutional frameworks within which Kuwaiti auditors operate (Haveman et al., 2023).

Another gap in research in the context of Kuwait concerns the disruptions inflicted by the pandemic on the mature institutional environment of auditing. Mahmood and Uddin (2020) explain that the mature institutional field is characterised by high levels of interaction,

defined structures of domination by regulators, and information sufficiency. Kuwait generally meets these requirements as its auditing sector is heavily regulated at the state and professional level (Almujamed et al., 2017). Yet, the COVID-19 pandemic caused significant disturbances of the established rules, e.g., those concerning socialisation or data sharing. Remove work undermined coordinated action, forcing actors to reconsider appropriate institutional norms within the field. Therefore, it is worth exploring how this disruption of an otherwise mature institutional field led to the emergence of new opinions, practices and logics.

3.3. Theory of Planned Behaviour

3.3.1 Theory Origins and Overview

The Theory of Planned Behaviour evolved from the Theory of Reasoned Action, which suggests that most human behaviour is a product of a person's intention to adopt a specific conduct and their capability to make a precise decision about it (Ajzen 1985). More specifically, the scholar argued that an individual's views, perceived control over their own behaviour and subjective norms shape their intentions to behave in a particular fashion (see Figure 1) (Ajzen, 1985). In the theory of planned behaviour, attitudes refer to the extent to which a person perceives a specific conduct/ action as positive or negative. Subjective norms, in turn, refer to a social remand or expectations to engage in a particular behaviour. Finally, perceived behavioural control is defined as a person's perception of what it takes to adopt a behaviour in question (Ajzen, 1985). The simplicity and accuracy of assumptions that Ajzen (1985) and its capacity to explain individual behaviour have made the TPB one of the most widely applied theories in social science research (Bosnjak et al., 2020). Indeed, the theory has been successfully adopted across

different disciplines, including business, management, and accounting, to provide a critical and robust framework for explaining individual choices (Bosnjak et al., 2020).

It should also be acknowledged that the TPB is not a static theory. It has continued to evolve over the years as scholars have introduced new theoretical constructs to the theory to enhance its predictive validity. These include, for example, past experiences (Sommer, 2011), social identity (Willis et al., 2020), and demographic factors (Ajzen, 2020) that are powerful determinants in explaining individual behaviour. These modifications increased the flexibility and applicability of the given theory in different social settings. This quality makes it particularly valuable for the given study of auditors' behaviours and decisions in the context of going concern assessments.

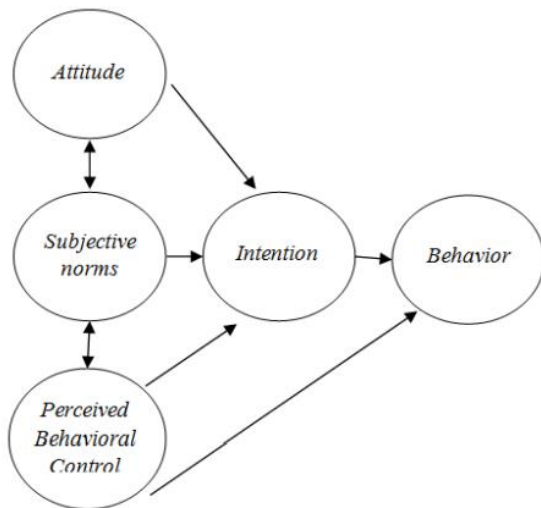


Figure 3 2: Relationship between TPB Key Components (Ajzen, 1985).

3.3.2 Key Components and Their Relation to Accountants' Work

According to the TPB, individuals' attitudes are a function of their beliefs about the outcomes they expect to attain by engaging in a specific behaviour and the perceived

value of these outcomes. Ajzen (1985) further suggest that the attitude construct captures individuals' perception of the behaviour in question and whether that perception is favourable or not. In other words, attitude, as one of the core elements of the TPB, is a disposition manifested in a pleasant or unpleasant (positive or negative) response or agreeing or disagreeing with an object, individual, phenomenon, process, action, etc. (Yuniarwati et al., 2011). Individual attitudes as a theoretical construct justify the focus on exploring Kuwaiti auditors' subjective attitudes and beliefs about going concern as these can provide insight into their behaviours. Based on the key assumption of the TPB about the leading role of attitudes in shaping behaviours, one may theorise that auditors' attitudes towards COVID-caused disruptions and new realities, such as remote work and technology adoption, significantly affected their performance. The theoretical construct of attitudes is vital to interpreting auditors' responses and adjustments made in relation to the challenges created by the pandemic, such as the worsening quality of data, the changing macroeconomic setting, and the lack of proper guidance from regulators, among others.

The second key notion in the TPB is called subjective norms, which help account for perceived social pressure regarding the need to adopt specific behaviour (Ajzen, 1985; Bobek and Hatfield, 2003). These are generally subdivided into three types: injunctive, subjective and descriptive (Banerjee and Ho, 2020). Injunctive norms are perceived social demands and expectations, that is, whether an individual expects a behaviour to lead to approval or disapproval by their social circle. The latter may include families, peers, neighbours, colleagues and many others. In turn, subjective norms are individual's beliefs about the degree to which people around them want them to behave in a particular way.

Finally, descriptive norms are perceptions of what is believed to be normal in a social circle (Banerjee and Ho, 2020). Johari et al. (2019) also distinguish between obedience pressure and conformity pressure as elements of subjective norms. Obedience pressure comes from those with power, while conformity pressure is more about peer pressure to behave in a certain way. Conformity pressure is about behaviours affected by colleagues and peers who generally have similar power (Johari et al., 2019). On the one hand, subjective norms help understand a social group's degree of influence. On the other hand, it can also be seen as a social pressure that a person believes to be important to respect as they choose a specific course of action (Yuniarwati et al., 2011).

Subjective norms are important to consider in the present analysis of Kuwaiti auditors' decision-making in going concern assessment. These professionals are part of accounting organisations; therefore, they need to respect the norms, expectations, and professional and ethical standards of these organisations. They are also under the social influence of colleagues, supervisors, clients, and national regulatory bodies; these actors impose unique social expectations that accountants must respect. So, the TPB suggests that auditors' decisions about going concern must be affected by the perceived social pressure from the listed stakeholders. The problem is that stakeholders' interests and expectations often do not converge (Ajzen, 1985). Earlier research on the role of subjective norms has confirmed that they play an important part in accountants' work. They can be either positive or negative, depending on the prominence and interests of social groups (Nasution and Östermark, 2012). For example, auditors who exhibit a positive bias toward a client may be less likely to exercise the needed objectivity. As a result, they risk producing inaccurate and misleading assessments. Alternatively, when

auditors are strongly affected by the social norms of their audit firm or professional group, they are more likely to comply with demanding institutional, ethical and professional standards (Kaplan et al., 2017). However, studies on this topic in the accounting sphere are rare and rather outdated. So, further research is strongly recommended (Lord and DeZoort, 2001).

The third concept of the TPB is called behavioural control. A perceived control over one's behaviour is a subjective assessment of one's abilities. It also involves a subjective perception of whether or not an action or behaviour is simple. Perceived behavioural control is a product of past experiences. Everything a person went through earlier, the type of experiences they had and the challenges they encountered ultimately affect perceived control. It also depends on whether a person thinks that some resources and supports will allow them to adopt a behaviour (Bobek and Hatfield, 2003; Yuniarwati et al., 2011). Ajzen and Madden (1986) argued that behavioural control is an important notion for evaluating complex behaviours faced with obstacles. Going concern assessment in the context of COVID-19 is a good example of such behaviours deeply rooted in organisational and societal expectations.

For example, the theory suggests that auditors' skills, knowledge and experience can increase their confidence and the chances of their effective engagement with this practice (Gainau, 2021). Conversely, the complexity, ambiguity and deep-seated uncertainties associated with assessing going concern in the context of COVID-19 may decrease auditors' perceived control over the situation. According to the TPB theory, uncertain economic conditions might make auditors lost or uncertain, and those ambiguities might affect their capacity to provide adequate going concern assessments.

Past work on the perceived behavioural control in the accounting sphere has been conducted, but the scholars did not address the auditor's behaviour in going concern assessments. Wafiroh and Wuryaningsih (2024) studied the risk of committing fraud in the auditing sphere and discovered that the TPB was a valid framework for evaluating auditors' perceived behavioural control. According to the study, participants perceived behavioural controls had a direct positive relationship with their intentions of committing financial fraud in documentation (Wafiroh and Wuryaningsih, 2024). The given study showed that the TPB is a suitable framework for explaining auditors' behaviour. Yet, since it focused on financial fraud rather than going concern assessment, further research is needed to understand how TPB explains GCA processes and decisions.

The three TPB components described above provide a valuable framework for explaining Kuwaiti auditors' behaviours regarding going concern assessment. The theory suggests that these positive attitudes about the importance of transparent and accurate assessments can increase auditors' perceived behavioural control when faced with economic uncertainties, but further empirical testing of this relationship is needed. The theory might also help explain where these positive attitudes originate from (e.g., changing professional standards and regulatory bodies' demands). In other words, it encourages looking at the social setting where social norms and expectations are constantly changing and forming new demands and requirements for auditors to follow. Conversely, the TPB can also explain challenges that auditors face during the pandemic, which arise due to lower behavioural controls, the lack of peer support (due to remote work) and higher levels of uncertainty and technological difficulties (Asnaashari et al., 2023; Castka and Searcy, 2023).

3.2.3 Application of TPB in Accounting and Existing Gaps/ Limitations

TPB has been well-studied in the business and economics settings, but its application in the accounting sector has been somewhat limited. A study by Buchan (2005) explored accountants' ethical decision-making through the prism of TPB, proving that its key notions effectively describe the forces that make accountants behave ethically. Specifically, the scholar found a strong direct correlation between attitudes and ethical intentions. Bobek and Hatfield (2003) applied TPB to tax compliance, but this study did not focus on auditors' behaviour. The scholars found that TPB was appropriate considering variables that influence tax compliance, such as beliefs about the morality of this behaviour and potential outcomes. Furthermore, Yuniarwati et al. (2011) demonstrated the validity of TPB in explaining accountants' intentions to engage in fraud. It was demonstrated that accountants' attitudes and subjective norms had a positive and significant effect on their readiness to provide fraudulent financial reporting intentions. At the same time, their perceived behavioural controls did not significantly influence such intentions (Yuniarwati et al., 2011). These studies demonstrate the relevance of the TPB in the accounting field, but their results cannot be generalised to auditors' behaviours in the context of going concern assessment. Therefore, the present study helps fill the identified gap in the theoretical and empirical literature by applying TPB to an under-researched accounting area.

Although the TPB has been effectively validated in numerous studies applied across disciplines, it is not without its limitations. For example, Ajzen (2011) argues that the theory does not specify where attitudes originate; it merely acknowledges possible background factors that may influence people's attitudes. This fact may complicate and

limit the applicability of the theory as it is practically challenging to account for all factors, such as personality, life values, exposure to information, etc. as part of addressing this limitation, the institutional logic theory (ILT) was selected as an additional framework for this study. Explaining how different institutional logics underpin different sets of values, goals, and schemas it can account for factors not covered by the TPB (Bitektine and Song, 2022). In this way, the ILT offers a rich explanatory basis for how auditors' attitudes are shaped by the state, the market, the family, religion, the profession, and the corporation (as the key institutional logic types) (Cai and Mountford, 2022).

Furthermore, Ajzen (2011) has admitted that intention–behaviour correlation can vary considerably and that methodologically rigorous studies such as meta-analyses often indicate the relationship between these two variables modest at best. In other words, behaviours that people perceive as positive and desirable do not always translate into actual actions and behaviours (Ryan, 2013). Sniehotta et al. (2014, n.p.) refer to this as the problem of “inclined abstainers”, referring to individuals who are ready to act but never do it, stating that this limitation remains unaddressed by the theory. a number of reasons have been cited for this limitation, such as the inadequate link between the measures of intention and behaviour, the instability of human intentions and the moderating effect of factors outside of individual control (Ajzen, 2011; Ryan, 2013). Again, it can be argued that the ILT theory might offer a plausible explanation for this phenomenon, suggesting that competing institutional logics might clash. As a result, an individual may choose to act or not to act in a specific way based on the logic they prioritise at the moment.

The following sections explain why Institutional Logic Theory is the right candidate for this role.

3.4. Integration of TPB and ILT

Institutional theory depicts competing demands and expectations and emphasises their contradictory and oppositional nature (Smith and Tracey, 2016). Organisational responses to these demands vary from making trade-offs to choosing elements to prioritise in order to manage conflict. However, as previously stated, the ILT does not sufficiently explain how individual factors help engage with, accommodate, or resolve tensions between institutional logics. At the same time, scholars recognise that organisational actors at any level have some capability to proactively interact with institutional logics (Durand and Thornton, 2018). Their interpretations of these logics can have a significant effect on the organisational conformity to or, conversely, deviance from it (Durand and Thornton, 2018). Expanding on this idea, Saqib and Allen (2024) argue that to utilise the institutional logic approach better, analysis needs to go beyond examining the dominating logics. Further research needs to identify and understand, at the micro-level, how organisational actors make sense of and enact these logics. Therefore, the combination of the ILT with the TBP is fully justified, as it can obtain a richer, more contextualised, and holistic perspective on the thinking and decision-making patterns of Kuwaiti auditors.

Limitations of the Theory of Planned Behaviour further justify its integration with the institutional logic theory. As noted earlier, the TBP fails to account for the phenomenon of “inclined abstainers” (Sniehotta et al. (2014, n.p.), meaning that the relationship between intention and behaviour is often unclear and inconsistent (Ajzen, 2011). Environmental/contextual factors could be the key to explaining the link, but these are not sufficiently covered in the TPB. Therefore, the use of the ILT is logical in this paper as this theory

allows for incorporating the variables of institutional logics that interfere with auditors' intentions and behaviours and ultimately explain why they act the way they do. In this way, by coupling the two theories, the researcher can make better sense of how professional and organisational standards shifted during the pandemics and how Kuwaiti auditors had to balance these with the need to provide services of the highest quality to their clients (both in terms of accuracy and data security). In other words, the two theories offer a valuable framework for tracking the influence of competing institutional logics on auditors' day-to-day activities and decisions.

Theoretical triangulation (which in this case has been done) by using both the theory of planned behaviour and the institutional logic theory is highly recommended for research in accounting and auditing. Hoque et al. (2013, p. 1171), the accounting sphere will greatly benefit from theoretical triangulation as

“no single theory can have a monopoly on explanations of accounting and organisational practices since each theory has its own virtue and collectively, thus adding (not replacing) to our understanding of practice and individuals in their social, economic and cultural contexts ”

Model (2015) further argues that each theory comes with its own set of strengths and limitations and theoretical triangulation will not only help researchers to address those limitations but will provide a more comprehensive analysis of seemingly complex phenomena. Researchers advocating for theoretical triangulation argue that it is a necessity for researchers to explore the different theories from open-minded and neutral perspective and to weight different theoretical exploration when dealing with empirical data (Model 2015). Theoretical triangulation, which in this study is achieved by integrating

the theory of planned behaviour and institutional logic theory, will enhance this academic study by offering a more robust and comprehensive framework for understanding auditor's behaviour.

3.5 Conclusion

This chapter introduced the theoretical framework. It explains why the selected theories are the best for exploring the effects of the COVID-19 pandemic on Kuwait's accounting practices, specifically changes in the conduct of the going concern assessment. The Theory of Planned Behaviour can help determine how auditors understand and adopt decisions and work practices on the individual level. Its notions of views and attitudes, subjective norms and perceived control over one's behaviour are useful for examining how auditors' work is shaped by individual beliefs and perceptions, social pressures and expectations, and availability of resources, among other things. However, since the TPB facilitates only individual-level analysis, it is integrated with the institutional logic theory, covering broader factors that affect auditors' work. The ILT can explain how auditors experience the conflicting influence of various institutional forces (e.g., governmental policies, technological disruptions, etc.) and how they make sense of these in times of change. Empirical research demonstrates that both theories can be integrated with other frameworks. Following the example of existing studies and the identified limitations of each theory, the researcher combines these to create a more comprehensive theoretical framework. The chapter also identified a marked research gap in terms of the application of the given theories to the analysis of auditors' going concern assessment and its evolution in the context of COVID-19. Therefore, the study can advance theoretical

knowledge on these topics by examining the evolution of auditors' institutional logic and professional experiences.

Chapter IV: Research Methodology

4.1 Introduction

The methodology chapter aims to provide a thorough critical analysis of the different methodological approaches employed in social science research so that the researcher can select the most appropriate and robust design for the study. To facilitate the organisation of the chapter, the thesis has adopted Saunders et al. (2023) research onion framework, which offers a holistic approach to methodological decision-making by guiding researchers on the most important questions that they need to address before choosing the research methods for their study. A notable advantage of this framework is that it considers the major factors that influence research choices starting from philosophical matters and proceeding through practical considerations, allowing researchers to make informed decisions at each stage of the research process (Saunders et al., 2023). In addition to relying on Saunders et al. (2023) research onion for making the methodological choices for this work, the researcher has also considered the specific objectives the study sought to address to guarantee that the adopted research design would be relevant for addressing the research questions the study sought to address. Namely, the study seeks to critically analyse the factors and practices that influenced the going concern decisions in big and medium-sized auditing firms in Kuwait before the COVID-19 pandemic to critically explore how the GC practice has changed in the medium in Kuwaiti medium and large auditing firms during the Covid-19 pandemic, and to uncover whether and how the COVID-19 pandemic has prompted a systemic, long-term transformation of the going concern decision-making in both medium and large firms in Kuwait.

As a result, this chapter is structured in the following manner. The first section discusses the epistemological and ontological matters, justifying the choice of interpretivism as the research philosophy for the study. Section 4.2 introduces the various research approaches, distinguishing between inductive and deductive reasoning and how that reasoning influences the entire research process. The most common research strategies utilised in social science research are discussed in section 4.3, where the emphasis is placed on the case study research strategy, which was deemed the most suitable for the needs of the study. Section 4.4 offers a comparative analysis of qualitative and quantitative methodologies, highlighting their respective strengths and weaknesses and providing a clear rationale for the type of data collected for the research. This is followed by a discussion on the research horizon in section 4.5, in which the study's time frame is addressed. The data collection method and the research instrument are discussed in the next two sections of the chapter to provide a comprehensive justification for why the data for the study has been collected through semi-structured interviews. The sampling frame and the sampling criteria are discussed in section 4.8, which also includes the inclusion and exclusion criteria that participants had to meet so that they could be chosen for the research. The demographic profile of all participants of the study is presented in section 4.9, which is followed by a discussion of how the large volume of qualitative interview data has been analysed through coding. The chapter concludes by highlighting the threats to the validity, generalizability and reliability of the study results. The researcher also recognises the ethical issues he faced during the research process and the steps that had been followed during the study to address them effectively.

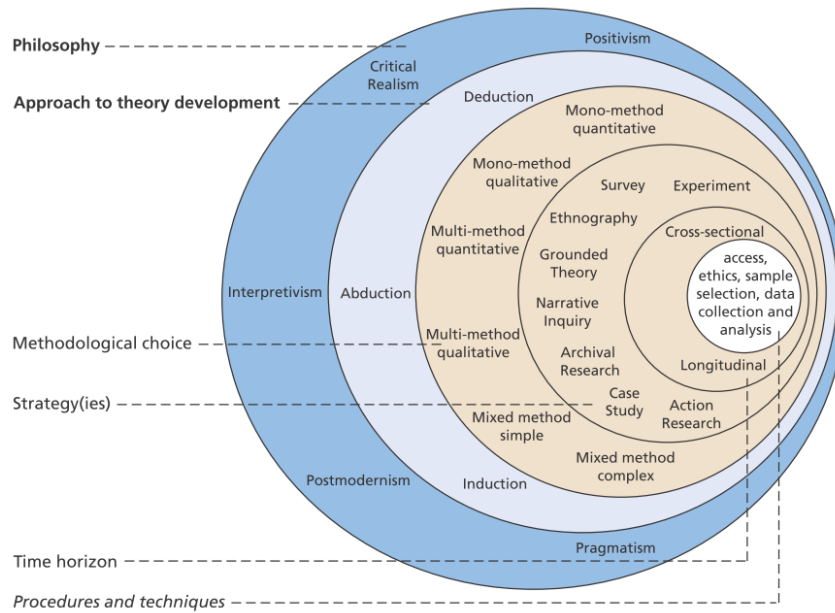


Figure 4.1 Saunders Research Onion (Saunders et al., 2023, p. 131)

4.2 Research philosophy

The research philosophy is the first item in the research onion, and it denotes the epistemological stance the researcher had embraced and the fundamental assumptions regarding the nature of knowledge. The two most influential research philosophies in social science research are positivism and interpretivism (Collis and Hussey, 2009)

The fundamental assumption of positivism is that knowledge shall be produced independently from the human actors because the social reality is external to the researcher (Maxwell 2004). Positivist philosophy encourages researchers to embrace the methods of natural science and study the cause-and-effect relationships that exist between the studied variables, often by employing quantitative methods so that they can arrive at objective and reliable findings (Maxwell 2004). While it is true that positivist studies might capture objective insights, positivist methodologies are not fit for examining the subtleties of human opinion. Critics of positivism also claim that positivist

investigations aim to arrive at an artificial separation between the human subjects and the context in which those human subjects operate. As a result, the conclusions of positivist studies are rarely complete and exhaustive (Gravetter and Forzano 2009). Positivist inquiries are not suitable for exploring the intricate motivations driving going concern decisions or examining the context-dependent factors that affect auditor behaviour during the COVID-19 pandemic.

While positivist philosophy is focused on employing the methods of natural science, for interpretivism, knowledge can be obtained by examining individuals' behaviour and exploring the complexity of human interactions (Bryman 2011). For interpretivist researchers, knowledge is socially constructed, as a single and objective truth does not exist because knowledge consists of multiple interpretations and meanings that human subjects attach to their reality and lived experiences (Gravetter and Forzano 2009). The methods employed by interpretivism researchers are also quite different from those used in positivist studies because data is obtained through the interpretation of qualitative material rather than from numbers and statistics. The focus on interpretations enables the researcher to arrive at a deeper understanding of the phenomenon in question and helps to identify the role of individual beliefs and motivation in a social world (Creswell, 2013). Unlike positivism, which artificially separates the human subject from the context in which that human subject operates, interpretivism studies examine human behaviour as it occurs in its natural settings (Saunders et al., 2023). Interpretivists aim to capture the meanings that social actors assign to their experiences and emphasise the intricacies and underlying realities of those details (Saunders et al., 2023), which are vital considerations for this study. Interpretivist is chosen as a guiding research philosophy for

this study because the process of making going concern decisions is inherently a subjective one and heavily influenced by auditors' perception and their own understanding of the risk the audited firm faces. Interpretivist philosophy is also better suited than positivist philosophy to explain how auditors make sense of the COVID-19 pandemic and the uncertainty it created. A notable drawback of interpretivist research is that it demands greater involvement of the researcher in the research process, which increases the risk of researcher bias (Bryman 2011). Nonetheless, this Morse (2010) argues that issue can be readily addressed by maintaining a reflexive mindset and critically assessing the validity of his assumptions.

4.3 Research approach

In the context of theory development and knowledge building, two distinct methods of reasoning can be identified: deductive and inductive (Johnson and Gray 2010). There are significant differences between them: deductive reasoning is the process of producing results that are certainly valid if the assumptions behind them are valid, while inductive reasoning is the process in which the researcher arrives at conclusions that are likely to be valid (Johnson and Gray 2010). Thyer (2010) stipulates that the deductive method can be described as the theory-before-research approach in which the results are obtained after a hypothesis is made on the basis of the existing literature, and that hypothesis is either supported or rejected by empirical findings. The inductive reasoning, or research-before-theory approach, aims not only to validate a pre-existing theory; instead, it aims to use the collected data to develop new theories and understandings (Thyer 2010). The deductive approach is criticised for its narrow focus, as deductive studies are merely constrained to testing hypotheses and the causal relationship that exists between the

variables. As a result, they can provide limited insights into the studied phenomenon if the hypotheses and the foundation assumptions of the research are proven incorrect (Easterby-Smith et al. 2008). Furthermore, deductive studies rely on a theory before the research, and as such, they are not recommended for exploring topics and issues for which there is insufficient theoretical foundation or existing knowledge to guide the investigation (Crotty 2020).

The inductive approach, on the other hand, facilitates an examination of the social aspects of the studied topic through qualitative analysis and aims to provide alternative explanations that may have been overlooked in earlier studies (Easterby-Smith et al., 2008). Unlike deductive research, which begins the inquiry with the existing theory, inductive research begins by gathering evidence and analysing that evidence and then aims to develop a theory that best accounts for the produced results (Thyer 2010). Graebner (2007) further argues that strong theory building through inductive means is unexpectedly "objective" because it stays closely tied to the data, allowing the researcher to avoid imposing external hypotheses on the real-world conditions that are being observed. The strength of the inductive approach lies in its openness to alternative explanations, as it is not limited to testing a predefined set of theories and hypotheses that must be confirmed or refuted by the collected data (Crotty, 2020). The deductive approach to research encourages the researcher to pay close attention to the gathered data and to the context in which that data has been gathered (Crotty 2020).

Furthermore, inductive researchers do not aim to put forward their own views (or the views of the mainstream studies in the literature) to the study participants (Acharyya and Bhattacharya 2019). Inductive approaches are also recommended for explanatory

studies that aim to comprehend how individual agents respond to changes in their environment (Easterby-Smith et al. 2008), especially if the previous literature does not allow the researcher to make a deductive proposition about human behaviour. The preparation of going concern decisions during the pandemic is a novel topic that could not be explored adequately through deductive reasoning, making inductive reasoning the most suitable for this research.

4.4 Case study research strategy

According to Yin (2018), a case study strategy involves an extensive investigation of a studied phenomenon within the particular social setting that phenomenon originates through multiple sources of evidence and data. For Flyvbjerg (2011 p.301), the case study research strategy is defined as "an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to environment", and it shall be chosen in situations when the researcher examines not only the phenomenon of interest but also the context in which that phenomenon occurs. In the past few decades, there has also been a growing number of calls to conduct case study research in accounting as such studies are necessary to provide the foundation for more sophisticated deductive studies and can also help in developing more sophisticated theoretical explanations of the accounting practice (Humphrey and Scapens 1996). "Case studies of accounting practice are a vital, albeit not the only, way of informing such debate and enhancing understanding of both the day-to-day organizational complexities of such practices and the interrelated influence of wider social and political contexts" (Humphrey and Scapens 1996 p. 94).

Unlike other research strategies such as grounded theory and survey, the case study does not limit the researcher in his choice of research methods or research participants; in fact, Yin (2018) argues that case study researchers can utilise different methodologies as long as they can support their inquiry. Nonetheless, such adaptability of methods is a significant drawback of case study research as many scholars recognise that such research does not abide by a particular methodological framework and, as a result, lacks the methodological rigour that other research strategies have (Saunders et al., 2023). As case study research inherently focuses on a limited number of cases, it cannot offer the same level of generalizability as the survey strategy offers because it is erroneous to assume that conclusions drawn from a medium number of cases can be automatically deemed valid for other cases or the larger population (Creswell, 2013). It must be recognised, however, that lower generalizability is not always a drawback, particularly because case study analysis can yield insights that are valid for the specific unit of analysis. The unit of analysis for this research are the Kuwaiti auditors from Big Four and medium firms in Kuwait with the focus being placed on the their behaviour before, during and after the pandemic. The conclusions obtained for the research are valid for the specific unit of analysis, selected for the study.

4.5 Research design

In deciding whether to select quantitative or qualitative methods for the research, the researcher had to take into account the following factors. Quantitative research is based on positivist postulates as it aims to validate existing theories and hypotheses through statistical testing and to reach generalisable conclusions (Morse, 2010). This does not mean that quantitative research cannot be employed in subjective investigations;

however, quantitative research can have merit only if the studied issues can be artificially divided into a number of constructs that can be subjected to statistical analysis. (Maxwell 2004). Quantitative methods are praised for providing the much-needed generalizability of the study, as quantitative researchers can obtain insights from a far greater number of participants than qualitative researchers can do; however, the higher generalizability comes at the expense of the lower internal validity of quantitative research due to the natural tendency of quantitative study to simplify the studied phenomenon so that quantification can be performed (Thyer 2010).

Furthermore, the quantitative researcher typically uses closed-response formats, which makes it difficult for the researcher to identify and rectify errors within the research instruments (Saunders et al., 2023). The researcher rejected quantitative methods due to the challenges associated with quantifying subjective concepts. (e.g. auditors' responses to the uncertainty brought by the COVID-19 pandemic). The researcher supports Dey's (1993) conclusion that the more subjective concepts the research deals with, the less likely those concepts can be subject to quantification.

Qualitative research design entails formulating questions and research procedures that are analysed through inductive methods (progressing from specific to general) and subsequently interpreted (Bhattacharya and Acharyya (2019). One significant benefit of this approach is the depth of investigation it offers, as qualitative studies strive to gather extensive textual data to thoroughly elucidate the issues that are being examined (Bryman 2011). Qualitative research is a subjective process of studying human attitudes effectively and comprehending them (Saunders et al., 2023). In qualitative studies, explanations and conclusions emerge directly from the data itself, But theories might also

be relied on in qualitative research to make sense of the empirical data, not necessarily to confirm or refute the theories. As a result, qualitative investigations are to be utilised to analyse under-researched topics, supporting the wider research effort for the development of new theories (Creswell, 2014). According to Rahman (2017, p.104), "qualitative research is an interdisciplinary field which encompasses a wider range of epistemological viewpoints, research methods, and interpretive techniques of understanding human experiences", which is essential for understanding the underlying cultures and logics that guide the behaviour of human agents. Auditors' going concern decisions are inherently subjective and socially constructed, influenced by the auditor's views on the risks the firms have faced during the pandemic, and as such, those decisions are best examined through qualitative methodologies.

4.6 Research data collection methods

Several data collection instruments are used in qualitative case study research, such as interviews, focus groups, participant observation, and open-ended surveys, which can be employed to facilitate the data collection process (Bryman 2011).

The most popular technique for gathering primary qualitative data is interviews, which can be broadly divided into three categories: structured, semi-structured and unstructured interviews. Structured interviews are commonly employed in quantitative studies. The interview schedule for structured interviews is fixed, and the researcher is not permitted to change the number of questions, their order or wording because such interview types aim to guarantee the homogeneity of the responses (Easterby-Smith et al., 2008). As a result, the researcher is deprived of an opportunity to ask follow-up questions and clarify participants' answers (Easterby-Smith et al. 2008). Participants' engagement in such

surveys might also be low as the format of the interview is often too constraining for them and encourages them to produce short answers, often devoid of sufficient details about their lived experiences (Cassell 2015). Structured interviews are praised for the low engagement of the researcher in the research process, which reduces the risk of the researcher's biases contaminating the results; however, the low engagement of the researcher prevents him from establishing an effective rapport with the participants and encourages them to share their honest opinions (Ruane 2017) and for those reasons were rejected for the study.

Unstructured interviews adopt a completely different approach to data collection than structured interviews to encourage an active discussion between the interviewer and interviewee. No interview schedule is prepared in advance to facilitate the data collection process for those interviews; instead, the researcher leaves the participants to lead the interview (Saunders et al., 2023). Unstructured interviews are also praised for offering the interviewer an easy way to "observe interviewee level of breadth and knowledge about a variety of domains" (Chauhan 2022, p3). Such interviews can facilitate the rapport-building process between the researcher and the participants and are also praised for their inherent flexibility, as the lack of structure also means that the researcher had not set a priori limits on the topics that can be discussed in the interview (Mueller and Segal, 2014). While many practitioners believe that the lack of structure allows the participants in unstructured interviews to provide holistic views of their experiences, it has also been the source of the main criticism towards unstructured interviews. Namely, because of their lack of structure, unstructured interviews are long and extensive, producing a vast amount of qualitative data that is difficult to analyse (Bryman 2011). In such long interviews,

participants' fatigue can also creep in and can reduce the validity of findings (Chauhan 2022). Commencing an interview without a predefined list of questions is likely to make participants believe that the researcher has not been adequately prepared for the interview, which can also undermine the data quality. Unstructured interviews were not used for the study because the researcher aimed to gather the diverse perspectives of a large sample of auditors and regulators, and conducting unstructured interviews with them would have provided an enormous volume of data that could not be reported entirely in the current thesis.

Semi-structured interviews are chosen to collect the material for this thesis. To conduct such interviews, the researcher must prepare a preliminary interview schedule before the interview, but he is also allowed to ask follow-up questions and adapt the interview questions in response to the specific answers of the participants (Adeoye-Olatunde et al. 2021). In comparison with unstructured interviews, semi-structured interviews are shorter in duration. They are also easier to analyse as the interview structure facilitates the collection of more homogenous data (Creswell 2013). The interview schedule also ensures that the conversation does not stray into topics that are not relevant to the purpose and objectives of the study (Howitt and Crammer 2007). Semi-structured interviews have a number of advantages over structured interviews; they allow the researcher to build easier rapport with the participants; they also enable him to collect more in-depth data than structured interviews as the follow-up questions encourage participants to elaborate upon their answers (Adams 2015). Data validity is also higher in semi-structured interviews than it is in unstructured interviews because the researcher can clarify any potential misunderstanding and differences in the interpretation between

the researcher and the participants (Saunders et al., 2023). Nonetheless, semi-structured interviews also tend to produce data that is difficult to code and analyse (especially once compared to structured interviews) as the common codes and themes between the interviews are difficult to identify (Bryman 2011). The flexibility of semi-structured interviews and their capacity to produce rich data and insight outweigh their limitations and make them the preferable means for data collection in this thesis.

The interviews conducted for the study were carried out in Arabic, which is the native language of both the participants and the researchers, to ensure that the language difficulties are not a barrier that would affect the flow of the conversation. The researcher perceived that by interviewing in Arabic, he would be able to build more effective rapport with the participants and guarantee that participants with poor English language skills are not effectively excluded from participating in the study. The researcher translated the interviews and did not outsource them to third parties to ensure the quality of the transcription. The researcher believed that as a participant in the interview process, he could ensure that the transcription of the interview adequately reflected the pacing and the non-verbal cues that were present during the interaction. Furthermore, the researcher had extensive subject- specific knowledge and familiarity with auditing terminology to ensure the veracity of the translation. To further guarantee reliability, the English translations were then verified by a certified translator, who reviewed the English texts for accuracy, and consistency with the original Arabic transcripts. Any discrepancies identified during this verification stage were discussed and resolved, ensuring that the final English versions faithfully reflected the meaning and intent of the participants' responses.

The participants were selected in the following manner. First, the researcher used public records to identify the Big Four and medium auditing firms. While the Big Four firms could be easily identifiable, determining which medium firm the researcher could approach for the study was a challenging task. Using the public records, the researcher identified 20 auditing firms and then checked which of those firms had more than 70 employed auditors, a criterion used to separate the medium firms from the international ones. Fifteen firms have satisfied the inclusion criteria for the study, and eight of those firms were selected. The researcher used his own judgment to determine which medium firms should be invited to participate in the research. The criteria used for selecting the firm were their proven record in providing quality auditing services, their reputation in the Kuwaiti auditing sphere and the ease of access. Invitation letters were sent to 8 medium auditing firms, and 6 of them agreed to participate in the study. The researcher then contacted the HR team of both the Big Four and the medium firms to recommend participants who meet the inclusion and exclusion criteria listed below. In total, 52 invitations were sent, and 24 participants from medium and Big Four auditing firms agreed to participate in the study. Preference has been given to participants who had more extensive work experience to guarantee that they have sufficient knowledge of the going concern practice both before and during the pandemic.

The interview schedule used for this project is presented in Appendix 1. It consists of 17 questions that probe participants about their experiences with going concern decisions and how those decisions were made during the COVID-19 pandemic. During the conduct and the subsequent data analysis process, the researcher embraced a reflexive approach, which required him to review the interview data from different matters and

avoid offering a single answer to the research questions (Alvesson 2003). Embracing a reflexive stance in this research requires adopting a critical stance to constantly challenge the initial interpretation and seek the development of alternative views (Alvesson 2003).

The interview aimed to gather the unique insights of the participants regarding the way they conducted the going concern assessment during the pandemic and the main challenges that they faced at the time. The main objective of the interview is to determine the fundamental transformation of the going concern practice in the Kuwaiti context as a result of the COVID-19 pandemic and whether the changes that the pandemic prompted on the going concern practice were maintained in the long run. As the study was informed by the theory of planned behaviour and the institutional logic theory, the researcher also aimed to uncover how the COVID-19 pandemic had influenced auditing behaviours and the institutional logic informing the preparation of the going concern assessments.

As the data for this study was collected through semi-structured interviews, participants were asked questions that were not part of the interview schedule but had come naturally as the conversation progressed. The questions were based on the interview guide that was prepared in advance and is presented in appendix 1.

Those questions related to the challenges that the auditors have faced in getting accustomed to remote auditing and preparing going concern decisions without access to clients' offices. The interviews also probed the participants about their experiences surrounding the adoption of virtual audit tools and the challenges they faced in ensuring data quality and data privacy during the pandemic. The risks that auditors faced during the preparation of the going concern assessment were also discussed.

The interviews with regulators followed a similar interview schedule; however, those interviews were predominately focused on regulators' beliefs about the challenges auditors faced during the pandemic and the transformation of the going concern practice at the time. Regulators also provided important insights into how the regulatory oversight of the auditing profession has been transformed in the last four years and how the pandemic acted as a catalyst for new accounting and auditing standards to emerge. The interviews with regulators also provided important insights into how the state and professional logic operate in the Kuwaiti context and the impact those logics have on auditing firms and auditors themselves.

4.7 Research instrument

The interview schedule used for this project is presented in appendix 1. It consists of 17 questions that probe participants about their experiences with going concern decisions and how those decisions were made during the COVID-19 pandemic.

The purpose of the first two questions was to set the tone of the conversation and establish rapport between the researcher and the participants as the researcher asked the interviewees to present their own understanding of the going concern practice. Those were relatively easy questions that also enabled the researcher to understand whether the selected participant had sufficient knowledge of the topic.

The next two questions aimed to explore how the COVID-19 pandemic changed the auditing practice and the preparation of the going concern reports in particular and what challenges auditors in Kuwait faced during the pandemic. Question 5, Question 6, and Question 7 aimed to capture the participants' views about the individual and group

adjustments to the auditing procedures that took part at the time and were inspired by the theory of planned behaviour.

The theory of institutional logic predicts that auditing institutions develop their own internal organisational logics that guide auditors' behaviour. To understand how organisational logic influenced the going concern decisions, Questions 8 and 9 were devised to probe participants about the organisational level changes that happened during the pandemic at their place of work. The next three questions attempted to capture other constructs derived from the institutional logic theory –namely, the professional logic and the state logic. In particular, the questions aimed to gather participants' opinions about the role of professional standards and regulatory rules in their professional practice surrounding the going concern decisions. Questions 12 and 14 were closely related to the fifth research question of the study as they explored the long-term impact of the pandemic on the auditing practice and the transformational effect COVID-19 had upon the fundamental assumptions of Kuwaiti auditors.

The last three questions from the interview schedule aimed to examine the steps that auditors have taken during the pandemic to reduce the uncertainty they faced and identify the key challenges that defined the preparation of going concern reports at the time.

As the data for this study was collected through semi-structured interviews, participants were asked questions that were not part of the interview schedule but had come naturally as the conversation progressed. Those questions related to the challenges that the auditors have faced in getting accustomed to remote auditing and preparing going concern decisions without access to clients' offices. The interviews also probed the participants about their experiences surrounding the adoption of virtual audit tools and

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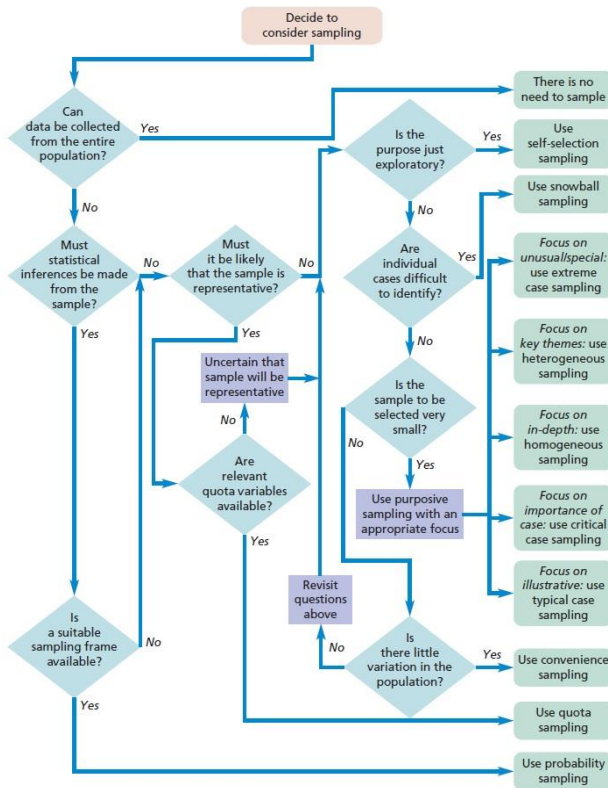
4.8 Sampling techniques and sampling criteria

A relevant sampling technique must be chosen to select the most appropriate participants for the study. The sampling techniques can be broadly divided into two categories. Probability sampling is predominately used in studies that rely on quantitative methods due to the capacity of such sampling to create a sample that is representative of the studied population (Saunders et al., 2023). Non-probability sampling is preferred by qualitative researchers because it embraces a more flexible approach to participant selection, enabling them to focus on individuals who have specific experiences or characteristics (Ritchie et al. 2003)

Saunders et al. (2023) recommend that the following factors be taken into account prior to selecting the relevant non-probability sampling (see figure 4.2 below) and that decision

tree be employed to determine the most appropriate sampling frame for the study. First, the data for the study could not be collected from the entire population, nor did the researcher plan to conduct any statistical interference with the data set. Second, there was also no obligation for the sample to be representative of the population as the researcher acknowledges that auditors from the Big Four and the medium firms¹ have different experiences during the pandemic, and it was impossible to gather sufficient data that would be representative of the variety of those experiences. Third, this study is explanatory in nature, and individual cases were not difficult to identify as auditing firms and regulators in Kuwait are known to the general public. However, the sample selected for the study was supposed to be small, as only auditors who have worked before, during and after the pandemic were eligible to participate in this study, as the researcher aimed to examine both the pre-pandemic and the post-pandemic experiences. In light of the above factors, purposive sampling was deemed the most suitable sampling technique for the study.

¹ Medium firm for the purpose of the study is defined as a firm that offers auditing and consultancy services in Kuwait that do not have international presence similar to the one of the Big Four firms, but similarly to the Big Four firms, they offer both auditing and consulting services and have more than 70 employed auditors.



The fundamental assumption of the purposive sampling technique is that there might be a specific group of people with knowledge and experience to answer the research questions and that those people should be singled out and included in the study (Campbell et al. 2020). According to Bryman (2012), studies embracing purposive sampling enjoy a lower margin of error than what is commonly encountered in other non-probability sampling frames because purposive sampling embraces a targeted approach for selecting participants, ensuring that they are competent to address the research question. Purposive sampling is also praised for enhancing the reliability and trustworthiness of study results and for reducing biases associated with random selection (Nyimbili and Nyimbili 2024). Though purposive sampling is one of the most common non-probability sampling used in research, its use is not without its limitations. Results obtained through purposive sampling are not generalisable beyond the sub-population

from which participants have been selected (Andrade, 2021) and cannot be deemed representative of the population. However, as the study aims to explore the perspective of auditors, audit partners and regulators during the Covid-19 pandemic, the researcher needs to choose a sampling frame that would facilitate the identification of such participants, and purposive sampling is deemed most suitable for the study.

Furthermore, individuals involved in the regulation of the auditing profession in Kuwait were also deemed to have unique knowledge of the challenges that the auditing firms faced at the time, as they could provide holistic insights and identify the difficulties most auditors faced as a result of COVID-19. Regulators could also provide important data on how the auditing and accounting standards in Kuwait have changed during the pandemic and whether those changes remained in the future. As the researcher deemed to include a variety of individuals in the sample, a maximum variation sample became the most logical choice.

Before elaborating on the inclusion and exclusion criteria that were set for the participants in the study, one need to clarify the criteria employed for determining the companies from which participants were recruited as there is a significant number of auditing firm providing their services in Kuwait. The Big Four companies (Deloitte LLP, PricewaterhouseCoopers, Ernst & Young, and KPMG) were chosen because they have the largest market share among the auditing companies in Kuwait and naturally they were perceived to best represent the large auditing companies in the sector. The medium companies in Kuwait had to meet the following criteria:

- They must offer auditing services in Kuwait for a period of at least 10 years

- They must have received an auditing accreditation by the Kuwait Ministry of Finance
- They must be locally owned rather than being a branch of an international company. Such selection criterion was important for the study because it enabled the researcher to study the companies who used the national regulatory and professional standards as the primary standards informing their decision-making
- The firm must employ more than 70 auditors as companies with less than 70 auditors were considered to be small.

The list of accredited auditing companies in Kuwait was provided by the Ministry of Finance. The researcher reviewed the list and excluded the companies that did not meet the criteria provided above. The names of the medium companies who met the inclusion criteria were randomly chosen. Two of the approached companies declined to participate so another two companies were drawn again at random.

Participants had to meet the following inclusion criteria. First, participants from the auditing firms must have had at least four years of experience at their current place of work. Second, as the researcher is interested in both pre-pandemic and post-pandemic experiences, all the participants of the study must have been hired before the COVID-19 pandemic began; they must also have remained employed for the entire duration of the COVID-19 pandemic and during the year after the pandemic ended. Third, participants must have a job title of junior auditor, senior auditor or audit partner, with preference being given to senior auditors and audit partners, which constituted the vast majority of the sample. Fourth, participants from both the Big Four Firms and medium auditing firms in Kuwait were eligible to participate.

Last but not least, the interviewed auditors must not have had their professional licenses revoked. Past research examining the experience of auditors during the COVID-19 pandemic has been mostly focused on the experiences of auditors from the Big Four companies (Gong et al., 2020; Kaka, 2021); however, the researcher believed that conducting interviews with auditors from the Big Four companies was not going to provide a comprehensive insights and account for the diversity of experiences of Kuwaiti auditors. Expanding the sampling frame to include auditors both from the Big Four and the medium companies would have provided the researcher with much more comprehensive insights about the reality of going concern decision-making in the Kuwaiti context. To guarantee the diversity of experiences, the researcher has also selected participants who have different job roles (such as CPAs and junior and senior auditors) so that the author can compare the differences in the experiences of the research participants.

Participants from the regulatory bodies also had to meet similar inclusion criteria. First, similar to auditors, they had to be employed at their current place of work before, during, and after the COVID-19 pandemic. Second, they must have had at least eight years of experience in the Kuwaiti public sector. Third, they must have been employed in any of the institutions involved in the regulation of the auditing profession in Kuwait, namely, the Kuwaiti Ministry of Finance, the Central Bank of Kuwait, the Kuwait Chamber of Commerce and Industry, and the Capital Market Authority.

Participants who were friends and acquaintances of the researcher were excluded from the study to guarantee its reliability. Participants from the vulnerable groups and those incapable of giving their informed consent were also excluded from the study to ensure their well-being. Immigrant workers were also excluded from the sample because most

of those workers are hired on short-term and temporary contracts and do not have the necessary experience to participate in the research.

The final sample involved 24 employees of auditing firms and 12 employees of regulatory organisations. For qualitative research, a sample of 36 individuals is more than enough to provide the necessary saturation of data, as the vast majority of qualitative studies rely on a sample size of less than 40 individuals (Daniel 2011). A sample size of less than 40 individuals also ensured smooth data management and analysis, as a larger sample would have burdened the data analysis process extensively due to the enormous volume of data that had to be collected for the research (Guess et al. 2013). The decision to limit the sample size to 36 participants was also guided by the principle of theoretical saturation, which is widely recognized in qualitative research as the point where no new themes, insights, or patterns emerge from additional data collection (Guess et al. 2013). Achieving theoretical saturation ensures that the data collected is sufficient to address the research questions, making further interviews unnecessary comprehensively. After the conduct of the 36 interviews, the researcher believed that he had reached the point of theoretical saturation, as the last interviews with the participants provided few new insights, and the researcher believed that approaching additional participants was not going to generate new insights.

4.9 Selection of research participants

The data was obtained through interviews with 36 interviews, 24 auditors (from big and medium auditing firms in Kuwait) and 12 members of the Kuwaiti regulatory authorities (referred to in this study as REG1 to REG12). 13 of the participants were employed in a medium audit firm. In contrast, 11 participants were employed in a Big Four firm. To make

it easier for the reader to distinguish whether the auditor is from the Big Four or a medium firm, the code for the Big Four companies ends with the letter B (e.g. GCB3), while the code for the medium companies ends with the letter M (e.g. GCM1).

This diverse array of participants ensured that the research could obtain comprehensive insights into the impact of COVID-19 on going concern decisions within Kuwait from the different stakeholders involved in the process. The auditing and accounting professionals who took part in this interview comprised nine audit partners, fourteen senior auditors, and a junior Auditor with four and above years of experience in the accounting and auditing profession. All of the interviewed professionals were male, as the auditing profession in Kuwait predominately employs male auditors who are also more willing to stick to the career of an auditor in the long term. Information about the interviewed auditors is presented in Appendix 4.

The researcher aimed to gather a diverse set of participants, including more than one junior auditor. However, it turned out next to impossible to find junior auditors who meet the inclusion criteria for the study. The inclusion criteria for the study read that every participant must have at least 4 years of experience at their current place of work and be hired at their current place of work before the beginning of the COVID-19 pandemic. This is because those who started work during and after the COVID-19 pandemic had limited knowledge on how their organisation approached the GCA process before the pandemic. In Kuwait, however, junior years who have at least four years of auditing experience are normally promoted to a senior position. Many junior auditors, who receive no promotion upon completing four years at their place of work, leave their employer to seek for better employment and promotion prospects elsewhere. In attempt to find enough participants

for the study, the researcher approached 66 auditors, 21 of which junior author, but only one of them met the inclusion criteria for the study.

The researcher also conducted interviews with 12 regulatory authorities in Kuwait. These participants comprised a diverse group of professionals from various sectors, including a member of the Financial Stability Division at the Central Bank of Kuwait (CBK), a Senior Policy Advisor from the Kuwait Chamber of Commerce and Industry (KCCI), Financial Analysts from the Capital Markets Authority (CMA), employees at the Ministry of Finance. The participants' professional experience ranged from 8 to 22 years, reflecting their significant expertise in financial issues, policy advising, risk management, corporate finance, and auditing in Kuwait. All regulators interviewed for the study were male, and such a sample is an adequate representation of the population as the vast majority of Kuwaiti regulators (especially those with extensive experience in the job) are also male. The researcher is conscious of the potential gender bias in the study and has attempted to mitigate it by approaching female regulators. In total, five different female regulators were approached for the research; however, none of them agreed to participate in the study. The researcher believes that the reason for the refusal of female participants to participate in the study is because of the pervasive ideas of gender segregation that persist in the country that discourage female members of society from sitting in one-on-one conversations with an unfamiliar male. The table presented in Appendix 5 provides a short description of the experience and current employment of each regulator interviewed for the work.

4.10 Data analysis

Qualitative data analysis can be conveniently analysed through thematic analysis, a data analysis technique that requires the researcher to uncover, extract and process reoccurring codes through the dataset in order to derive the key themes (Creswell 2013)

Yates et al. (2001) argue that thematic analysis is most suitable for examining the viewpoints of different individuals and for critically assessing and categorising them to uncover common patterns within the dataset. Such a conclusion is supported by Saunders et al. (2023), who also acknowledge that thematic analysis has enormous value in analysing case studies because it can highlight how certain events influence individual behaviour. However, thematic analysis has one notable drawback: the technique cannot provide the desired reliability of study results, as the results obtained through thematic analysis can be subjective and open to interpretation due to its reliance on participants' perspectives (Saunders et al. 2023). Furthermore, the successful performance of thematic analysis is dependent on the researcher's skill and expertise, and as a result, two researchers might arrive at different conclusions even when using the same dataset (Gee, 2005).

The next two chapters of the study present the results of the study, the main themes extracted during the data analysis process, and direct quotes from the study participants to improve the confirmability of the findings. Melnyk and Fineout-Overholt (2011) recommend that researchers present a sufficient number of quotes to ensure that the researcher has correctly represented the opinions of the research participants, which is dependent on the capacity of the investigator to demonstrate the emotions and experiences of the study participants. Confirmability of the study can be further enriched

by ensuring that the researcher's claims are connected to the actual data (Melnyk and Fineout-Overholt, 2011). By using direct quotes from participants and cross-referencing these with the themes identified in the analysis, the researcher has demonstrated that the study results are well-grounded in the collected material.

The themes presented in Chapter V and Chapter VI of the study used the structured framework for data analysis recommended by Braun and Clarke (2021). First, the interview material was read multiple times so that the researcher could get familiar with the data and identify the key takeaways from the dataset. Second, the researcher identified the preliminary codes from the data by highlighting the common topics that were found across the conducted interviews. Third, on the basis of the initial codes, the researcher identified the key themes and effectively grouped the codes into themes of similar topics. Fourth, the obtained themes were reviewed and optimised to reduce redundancies and overlaps and arrive at the final list of themes. The last two stages of the data analysis process required the researcher to come up with the final names of the themes and to write the empirical data analysis chapter (Braun and Clarke 2021). To ensure that the themes were grounded in the data and reflected the participants' opinions, the developed themes were not developed in consideration of the theoretical framework developed for the work. Nonetheless, for each theme, the researcher has engaged in an extensive discussion that shows the theoretical significance and relevance and how the material has confirmed, validated and extended the selected theories.

The thematic analysis was conducted in the following manner. First, the researcher perused the interview transcripts multiple times, highlighting in the same colour the material the material that conveyed meanings to the same ideas. The initial coding

resulted in the production of 45 different codes. In the next stage of the thematic analysis, the researcher attempted to organise the codes into larger themes, which resulted in the production of 20 different themes classified into seven different categories. Subsequently, the data was perused again with the idea of finding common themes among the different categories and conceptualising the data. The process resulted in the final coding scheme that was used in the research. Namely, five different themes emerged from the data: remote auditing during the pandemic (which had four sub-themes), the impact of COVID-19 on the process of making the going concern assessment (which included five different sub-themes), the key differences in the going concern methodology before and after the pandemic (which included three sub-themes), operational challenges faced by auditors in doing their going concern assessments and auditors' responses in the going concern process in the post-pandemic period. Similar approach has been employed by Kushuma (2024) to examine the impact of the COVID-19 pandemic on the auditing practice and by Sian (2024) to explore the introduction of virtual audit rooms during the pandemic, so the approach has received growing attention in the audit practice.

The coding process plays a vital role in thematic analysis, and researchers have various techniques to code their data appropriately. Open coding involves assigning labels to concepts, while axial coding focuses on linking categories, and selective coding is the process of identifying the core category that is most strongly connected to other codes, helping to confirm relationships (Esteves et al., 2002). For this study, open coding and axial coding were used to explore the impact of COVID-19 on auditing practices. As a result, key themes were developed based on the research questions and the data collected from the study. The coding and the thematic analysis performed in this thesis

resulted in the discovery of five different themes, 2 of which are presented in chapter V and another three presented in chapter VI.

While there is different software that can be used to support the coding process, the researcher had chosen to rely on manual rather than electronic coding. While electronic coding could speed up the data analysis process (Basit 2003), the researcher perceived that manual coding would not provide the necessary data accuracy. O'Dwyer (2004) also argues that different coding software might facilitate the coding of qualitative data; however, there is a genuine risk that the automatic coding might result in overqualification of the data or aid the detachment of the researcher from the coding process. O'Dwyer (2004) also suggest that the software for coding the data is incapable of capturing the contextual factors, the tone and the voices of participants during the interview and as such, they are merely a tool that can aid the research process rather than an instrument that can effectively contribute to the research process. O'Dwyer (2004) has analysed the data by beginning with data reduction, where the recorded interviews were transcribed, notes and reflections were reviewed, and key themes were identified. The transcripts were read multiple times, and open coding was applied to label sub-themes, using markers and cross-referencing to capture emerging patterns. Data from both recorded and unrecorded interviews were integrated, and summaries of each interview were created to capture the overall impressions, contradictions, and refined themes, forming a comprehensive basis for further interpretation. The same approach has been employed for the study to aid the data analysis process.

Manual coding allows researchers to fully immerse themselves in the data, capturing subtle meanings, context, and underlying emotions that automated tools may miss (Adu

2019). Manual coding also allows for fine-tuning of the codes and themes produced as the researcher is more heavily involved in the analysis of the data than he is when the data is processed through software (Adu 2019). Iterative data analysis is much more difficult to conduct with automatic systems. Furthermore, the researcher acknowledges that different participants could attribute different contexts and meanings to the same words and expressions, and those variations in meaning cannot be captured with automatic software. Considering the numerous limitations of the coding software and the increased sensitivity that manual coding provides, manual coding was preferred for the work.

4.11 Reliability of the research

The reliability of any research can be described as the ability of other researchers to arrive at similar results and conclusions by reproducing the study under the same conditions and the same methodology (Saunders et al., 2023). Some of the methodological decisions that were made for this project (such as doing case study research and selecting participants through maximum variation sampling) have reduced the reliability of the study, as qualitative studies have much lower reliability than quantitative investigations (Ruane 2016). The research used data obtained from 36 different participants and the large sample size guarantees the reliability of the study. Research reliability was also ensured as the auditors interviewed for the study had extensive experience in the preparation of going concern reports and could provide relevant insights on the changes that were made to the auditing practice because of the COVID-19 pandemic.

Research reliability can also be enhanced if the results are an accurate representation of a real-world situation and if the participants of the study are perceived to be knowledgeable and credible (Pellissier, 2007). The interview material collected in this study has been obtained from trustworthy participants, each of whom has significant expertise and subject-specific knowledge in the auditing sphere, which further guarantees the reliability of the findings.

4.12 Ethical issues

A number of ethical issues had to be addressed before the data collection took place. This project has received ethical approval from the University of Essex, which has confirmed that the pertinent ethical issues have been fully addressed. This research did not involve any member of a vulnerable group (such as individuals who cannot give their informed consent freely), and all of the participants of the study were over 18 years of age.

All of the auditors and regulators who participated in this study have been informed about the purpose of the project, its aims and objectives, and why data was collected from them. A participant information sheet has been drafted (see Appendix 2) to inform participants of their rights and responsibilities as research subjects and how they can effectively exercise them. The sheet also explained to participants what their participation involved and what was expected of them and acknowledged the benefits and risks associated with participation.

All participants were given sufficient time to decide whether they would like to participate and were also given an opportunity to ask the researcher any question relevant to their participation. Participation in the study was entirely voluntary, and no compensation was

offered to anyone. Informed consent was obtained from each participant as the researcher asked all who agreed to take part in the study to sign an informed consent sheet (see Appendix 3) to indicate their consent. The auditors and the regulators were also informed that they could withdraw from the study before the data was collected from them, during the data collection stage, and for a limited time after the interview was completed. The participants were also informed that they could refuse to answer any question they did not like to answer without giving the researcher any reason to justify their refusal. They were also not expected to provide a reason for withdrawing from the study.

4.14 Conclusion

The methodology chapter presented above aimed to justify the different methodological decisions that the researcher had to make to arrive at the most suitable research design for the study. This study has embraced an interpretivist research philosophy, an inductive approach to research, a case study research strategy, a qualitative research paradigm, a cross-sectional time horizon, semi-structured interviews and maximum variation sampling as those research choices were deemed much better than the alternative options. Through the chosen research design, the researcher aimed to produce in-depth and trustworthy findings that could provide breadth and depth for the investigation. The chapter also addresses the threats to the validity, generalizability, and reliability of the study and the steps that the researcher has taken to overcome the methodological limitations of the work. The next two chapters of the study will present the analysis of the interview data that were derived through the coding process described in the pages

above, examining the lived experiences of Kuwaiti auditors during the COVID-19 pandemic.

Chapter V: The Impact of COVID-19 on the Going Concern Practices in Kuwait

5.1. Introduction

This chapter and the one that follows present the findings of the study, derived through semi-structured interviews with auditors and regulators. The data analysis revealed that the COVID-19 pandemic has profoundly altered the auditing practices in Kuwait, presenting auditors with unprecedented challenges and opportunities to reassess their methodologies and approaches. Not all of those changes were intended, as auditors in Kuwait faced significant obstacles in ensuring the validity and quality of their going concern assessments and in making the necessary adjustments to their auditing methodologies.

This chapter will discuss those challenges by focusing on the way the GCA was conducted in Kuwait during the pandemic, extending the understanding of how the pandemic has changed auditors' behaviour and how the underlying logics of the auditing professions were altered during the COVID lockdowns. Namely, the chapter explores and examines the COVID-19-related changes to auditing that have impacted going concern decisions in big and medium-sized auditing firms in Kuwait during the pandemic and investigates how the process of preparing going concern assessment had changed during the pandemic.

5.2 2 Changes in auditing practices during the COVID-19 pandemic and their impact on going concern assessments

5.2.1 On-site visits versus remote working

The majority of participants in the study recognised the transformative effect of COVID-19 on the going concern practice as auditors had to move to remote environments and discontinue their onsite visits until further notice. In such circumstances, participants had no other choice but to embrace remote technologies such as video conferencing, artificial intelligence, new data analytics methodologies and predictive modelling techniques to be able to conduct their GCA effectively. However, the increased focus on technology-driven auditing had an uneven impact on the auditing practice. According to Albitar et al. (2020), COVID-19 had a negative effect on auditing quality not only because COVID-19 social distancing rules forced audit firms to cancel the training that they have scheduled for their junior and senior members but also because auditors faced pressures to cut their hours and client engagement. The results of the study are in line with the findings of Albitar et al. (2020), as many of the participants complained that remote auditing took more time and effort than onsite work did. This was especially true for the senior auditors, as a number of participants in the study complained that preparing a GCA during the pandemic required more time and effort than they were used to. One senior auditor mentioned that *“I had to increase the hours I spent on the job because I could not properly handle all the tasks that I was assigned (GCB6)*. Another senior auditor (GCB22) mentioned that his firm faced many technical glitches that further slowed down the work. A senior auditor, GCM2, also said that:

“Verifying the digital documents that our clients have provided us with took more time and effort. Often, the client sent us poorly scanned documents that were difficult to read and examine.”

Auditors’ responses towards the increased demands of remote working were diverse, but a common theme was that auditors felt morally compelled to dedicate more time and hours to ensure the quality of their going concern assessment. “ I know that we were working from home and that nobody is monitoring whether I sit and work during the whole working days, but I really did not want to let my colleagues down or require them to take additional work” (GCM13). Similarly, GCM18 recognised that he had to put in additional hours to manage his assigned workload; however, he also noted that “This is what most of my colleagues are already doing, and I don’t think I should enjoy any preferential treatment”. Another audit partner GCM23 also said that technological innovations during the COVID-19 pandemic did indeed make auditors’ job more difficult, “but all of my colleagues adapted well to the challenges of working remotely though often at the cost of spending the weekends at work”.

Such findings highlight the significance of community logic in auditors’ work during the pandemic. Community logic is a separate construct under the institutional logic theory, according to which the behaviour of the members of the community reflects the solidarity, trust and responsibility towards the community (Georgiou and Arenas, 2023). While the influence of professional logic on auditing practices is well-known in the literature (Coetzee, et al. 2019; Lander et al. 2013)), community logic based on the empirical data reflects a shift in logic, thus showing the influence of peer solidarity on auditors’ actions and decisions during the COVID-19 challenging time. The auditors perceived themselves

as belonging to the auditing community, which requires them to embrace more robust auditing standards and behaviours during the pandemic, despite the challenges that they have faced in getting accustomed to remote auditing. The difficulties the auditors faced stemming from the embrace of remote auditing will be examined in the section below.

Those challenges also affect the digitalisation of the auditing practice in Kuwait. The interview data revealed that the auditing firms in Kuwait were largely unprepared to switch from onsite visits to remote GCA assessments, even though some workers in the Big Four firms used to work remotely before 2020. GCM1 argued that “Some time was necessary for us to get used to remote working; we have never done this before”. Even the participants who used to work remotely before the pandemic recognised that their companies were not ready to switch to remote working on a large scale. GCB8, for example, mentioned that

“When I worked from home before the pandemic, I could rely on my colleagues who worked on-site to feed me with the information I needed to prepare my report. During COVID, this was not possible; everybody was working from home, and this was quite disruptive.”

Auditors from medium-sized firms complained that their firms did not have a protocol on how to conduct GCA if onsite visits were not possible, nor did they have the required technologies that could have enabled their entire workforce to work remotely.

“We did not know how to do our job remotely, we did not have access to client data this way, and we did not receive enough guidance from the management on how we could make our assessment without relying on the data we used to get from onsite visits” (GCM14)

One senior auditor even stated, “I could not work during the first two weeks of the pandemic; I had no laptop. It took my company two weeks to set up my VPN”. Another senior auditor from a Big Four firm, however, argued that

“Moving to working remotely resulted in data loss because we kept many notes on the premises of our clients, and we did not have access to them during the lockdown”. (GCB3)

A number of participants, especially from medium-sized firms, faced challenges in meeting the deadline. A few senior auditors mentioned that they had to submit their work after the internal deadline they had because they constantly experienced technological problems such as poor internet connection, difficulties accessing secure client data remotely, and software compatibility issues that disrupted the flow of information during the audit process.

5.2.1 Using hard copies of audited documents versus virtual audit tools

It was noted during the interviews that auditors in Kuwait embraced virtual audit tools and platforms to facilitate the data analysis process during the pandemic. The technological solutions differed from one firm to another. Participants from the medium firms said that video conferencing and digital collaboration tools were integrated to support their auditing process. Auditors from larger firms, in turn, also had access to secure document-sharing platforms and artificial intelligence tools that were not embraced by their counterparts from medium firms. Nonetheless, these tools supported real-time communication and document exchange with clients. GCM20 stated that:

“Virtual audit tools were a game-changer for us during the pandemic. They allowed us to overcome geographical barriers and keep our audit engagements on track, no matter where our team or clients were located. By using secure platforms for virtual meetings, document sharing, and e-signatures, we were able to streamline communication and work much more efficiently.”

Gong et al. (2022) suggest that virtual technologies could be imperfect substitutes for onsite work because of their lower reliability; however, this view was partially supported in the Kuwaiti context. Virtual audit tools proved indispensable during the pandemic, facilitating seamless communication and collaboration despite geographical constraints. Virtual audit tools were also positively assessed by a number of participants, with some participants arguing that such tools were essential to ensure the interrupted provision of their services, while others acknowledged that virtual audit helped them to provide their services faster and more efficiently because "all the data we needed was located on one place" (GCM15).

Another participant, GCB6, added:

“By implementing electronic data collection methods, I was able to streamline our audit processes and significantly improve efficiency. This allowed me to conduct virtual walkthroughs of client systems, perform electronic confirmations, and utilize data extraction tools, all of which greatly enhanced the accuracy and reliability of our audit evidence.”

Such a quote is indicative that there has been a gradual embrace of technology logic among the Kuwaiti auditing firms. The technology logic emphasises that the embrace of cutting-edge technologies is being used by different firms to enhance efficiency, achieve

market leadership, support innovative practices and strategic market positioning (Walzer et al. 2024). Indeed, many of the research participants believed that technological innovations that were made during the COVID-19 pandemic had a positive impact on their work. GCB17, for example, stated that “Technology made our work easier and more efficient. Of course, we needed some time to adapt them and to learn how to use it”, which further highlights that new technologies inform the strategic choices of the Kuwaiti auditing firms.

Participants from the study also reported that senior auditors, especially from the Big Four firms, were the ones who had fewer difficulties in embracing virtual auditing tools as most of them were already familiar with the virtual auditing technologies their employer provided because they had been used to working remotely before the pandemic. According to Al-Ansi (2022), virtual audit proficiency is a significant determinant of the auditor’s performance and auditing effort during the pandemic, and such a proposition seems to be valid in the Kuwaiti context. Most of the participants interviewed in the study reported that they accommodated well to the virtual technologies that they used (and continue to use two years after the work-from-home mandate has ended) and that they have received adequate guidance on how to conduct virtual audits. Participant GCB19 stated, “I face no challenge to work from home. The technologies we use are pretty intuitive”. Participant GCM10 also said, “I think virtual auditing is the future of the profession; the new technology really made the preparation for going concern reports one idea easier”, again highlighting how deeply embedded among auditors are the ideas of technological logic in their professional practice.

5.2.2. Before and during COVID-19 technological tools

The transformation of external auditing into a profession that can be performed remotely from the office and away from the clients has been extensively studied in the literature. On the one hand, scholars such as Bhattacharjee et al. (2024) argue that remote working can provide a strong impetus for improved auditing performance by encouraging creative problem-solving and improving decision quality. Remote auditing also has a number of advantages, such as a higher degree of objectivity, lower risks, greater focus on the auditor procedure and easier access to documentation, which were demonstrated during the COVID-19 pandemic (Mizdraković et al. 2022). On the other hand, some authors claim that remote audits inevitably lead to a decline in auditing quality because personal interactions are as relevant for auditing work as adequate access to complete documentation (Bennett and Hatfield 2018). Remote auditing also faces technological challenges, including low preparedness of the audit firms to conduct audit procedures remotely, cyber security risks and a general lack of preparedness to abandon onside practices and embrace digital ones (Daidj 2022).

A senior auditor, GCB4, also said that *“remote working affected the productivity of our junior members. They had not received enough training on how they could do their jobs remotely.”* The interviews with senior auditors suggested that junior auditors struggled more in adapting to the new reality because few junior auditors used to work remotely before the pandemic and were not accustomed to the remote auditing practice and procedures. A junior auditor interviewed for the study, GCB7, said that he did not experience many difficulties in adapting to the digital environment but experienced delayed feedback from supervisors, as presented below:

“When we worked in the office, I could go to the next desk and ask a more experienced colleague if I had any problem and get a reply in 5 minutes. When we worked from home, we could not get that prompt feedback. I had to wait sometimes more than an hour if I needed help, which made my work much more difficult.”

Such a quote is also indicative that the embrace of technology logic among the Big Four firms has not yet yielded the expected efficiency gains that innovation and technology are supposed to produce

The theory of planned behaviour predicts that lower behavioural controls and higher levels of uncertainty decrease individuals' confidence that they will be capable of performing the behaviour (Bobek and Hatfield, 2003; Yuniarwati et al., 2011). That lower confidence definitely affected the performance of the junior auditors who lacked the required training so that they could adapt to the new technologies and prepare adequate going concern decisions. Technological difficulties also negatively affect the performance and efficiency of auditors, directly undermining the main reason why audit firms embrace technological logic: namely to promote innovation, obtain market advantage and ensure higher efficiency of their workforce.

Technological challenges surrounding the migration to remote work also affected the Kuwait regulators' ability to carry out audit regulatory oversight. Neither the Ministry of Finance nor the Central Bank of Kuwait allowed teleworking before the pandemic, and they did not have the technological infrastructure required for a work-from-home mandate. Commenting on these challenges, REG4 mentioned that:

“Many of my colleagues feared potential data breaches, so they only worked with sensitive data when it was necessary.”

Technological difficulties also impacted the going concern assessments by slowing down the auditing processes, forcing auditors, regulators and accountants to work with incomplete data, increasing the risk of oversight of important information. Such issues were best summarized in the response of GCB19, who remarked,

“During the pandemic, I had to work with less reliable data than before. There was a constant pressure to deliver the going concern assessments even if we did not have the required material to make accurately our analysis”.

The results of the study are in line with the observations of the academic literature. Similar to Gong et al. (2022), this study has uncovered that virtual auditing tools are imperfect substitutes for onsite work. The results of this study also support the findings of Hannon (2020) and Gerged et al. (2020), who also uncovered that remote auditing is marred with technical difficulties that prevent its effective integration into the auditing practice. Technological adoption can place greater pressure on auditors concerning timelines, increase the challenges in obtaining audit evidence, and increase the potential for uncertain judgments in areas like going concern (Kaka 2021). This presumption is also supported in the Kuwaiti context, as the study’s results indicate

Several participants (mostly from the Big Four Firms) also said that they relied on big data analytics and artificial intelligence (AI) tools to analyse large volumes of financial data and identify anomalies and problems in the material provided by the clients or uncover potential risks. These technologies enabled auditors to perform substantive audit procedures more efficiently and effectively in remote settings.

“Integrating data analytics into remote audits allowed us to gain deeper insights into financial data trends and anomalies,” noted the auditor. “We leveraged AI-

driven tools for predictive analytics, anomaly detection, and trend analysis, which enhanced our ability to identify audit risks and focus on areas requiring closer scrutiny.” (GCB5)

We had to use data analytics in remote audits. AI-driven tools such as pattern recognition, trend analysis, and predictive modelling enabled us to conduct thorough data analysis, providing deeper insights into client operations and helping us to identify risks proactively to enhance audit quality.” (GCB8)

However, the auditors' experiences in integrating artificial intelligence and big data technologies into their auditing practice differed, which suggests that there was a conflict between the technological logic theory and the professional logic theory in the auditing practice in Kuwait. As acknowledged by Orsingher et al. (2019), “The ideal-typical technological logics clearly lack the kind of normative commitment of the professional logic, and as well it is not primarily concerned with the economic impact that regulations may comport”.

Similarly, a participant from a Big Four firm (GCB22) was sceptical of the results that the AI predictive tools provided for their going concerns assessments because of the concern over the validity and accuracy of the AI models. He said, “AI often makes mistakes and often makes conclusions that are not supported by evidence; I cannot trust it”. Similar scepticism was also articulated by another participant, GCB4, who highlighted the need for conducting additional checks to validate the results obtained through artificial intelligence: *“I don’t trust the results of artificial intelligence, and I always double-check it because I think that sometimes the results are biased”*. According to a number of participants, the AI did not ease their going concern assessment; instead, it merely added

a layer of complexity and increased their workload as they had to validate the conclusions from the AI models manually.

However, the application of AI was more accepted among the new generation of auditors. Commenting on how older peers were sceptical about the potential of AI to revolutionise the way the audit firms performed the going concern assessment, an audit partner, GCM11 stated:

"I think they [his older colleagues] think that AI is just another fancy trend that will die soon enough, and we will be back to using the old auditing procedures they know very well. This is why they are not making much effort to learn it."

One participant, GCB3, also acknowledged that the integration of artificial intelligence did not make his work faster or more reliable because he was required to spend additional time preparing the data so that the AI would not make mistakes or misinterpret it. What further diminished the capacity of artificial intelligence to assist auditors in making their going concerns assessment was that the auditing firms had not provided sufficient learning materials and training to their employees to ensure that they were using the tools correctly. "GCB7, the only junior auditor interviewed for the work, further states that

"Junior auditors were not included in the training on artificial intelligence; only senior auditors participated. They allowed us to use AI after six months of testing period. We had only one training session, which I don't think was sufficient. I think the expectation was that we are going to learn from our peers on how to use artificial intelligence."

Professional logic demands that auditors must exercise a degree of professional scepticism towards all types of data they use for their analysis and adhere to the international professional standards when making their judgement (Lander et al. 2013). The quick integration of new technologies (especially AI technologies) during the COVID-19 pandemic highlighted the emerging tensions between professional logic and technological logic. While technological solutions (such as AI) were introduced to improve the performance and efficiency of going concern works, they were also far less reliable than traditional methodologies. They forced the auditors to question themselves about whether they should put their faith in technological innovation or rely on their professional judgement and established standards when evaluating their data. The additional scrutiny to which the auditors subjected the AI-generated content suggests that professional logic still trumps the demands of the technology logic even though the management of the Big Four firms believed in the capability of new technologies to revolutionise the auditing practice.

However, a number of participants from medium firms argued that they did not believe that Big Four firms obtained any competitive advantage from integrating artificial intelligence into their practice, as stated by GCB3: *“Clients did not trust new technologies, and they don’t want us to use artificial intelligence.”* The auditors’ resistance towards artificial intelligence technologies can be explained by the high standards of auditor’s work demanded by professional logic. According to professional logic, auditors must maintain high professional standards, deliver outstanding service to the clients and exercise care and caution in all of their assessments (Kent and Liempd, 2021). The integration of artificial intelligence, although supposed to contribute to faster and more efficient

performance, is likely to undermine the reliability of the going concern assessments, which, as mentioned above, clashes with the professional logic. Such findings support the results of Zemánková (2019), who found that auditors need to be very cautious about AI results because the algorithms might be biased and might replicate human errors. Bizarr and Dorian (2017) also argue that AI tools are a poor substitute for human beings in the sphere of accounting and auditing because they lack the heightened sense of scepticism towards financial data, which is the fundamental quality that an auditor needs to possess, a belief that some of the study participants also shared.

The revolutionary role of AI in auditing work, however, should not be underestimated. Participants recognised that AI technologies have an immense potential to transform the manner in which they conducted their going concern assessments by improving the quality of audit information. For example, participant GCB6 said that Artificial intelligence *“helped me to spot errors in the reports I would have missed otherwise”*. Another senior auditor from a Big Four firm also mentioned that:

“Artificial intelligence is not a good substitute for human auditors. But, it is useful for performing boring and routing tasks that take too much time and effort. I used it for such things. It was faster and more reliable than if I had done those tasks manually.” (GCB5)

All of this suggests that artificial intelligence is a promising tool that could revolutionise the auditing practice in Kuwait as more and more companies, especially among the Big Four, have begun embracing the technology logic in expectation that they could improve their performance and efficiency through technological innovation. Artificial intelligence

must receive much wider acceptance than it currently has and improve the accuracy of the data that is produced, which currently needs to be additionally validated.

5.2.3 Before and during COVID-19 technological tools

Another major concern among the participants interviewed for the study relates to the data security and data privacy challenges that auditing firms faced during the pandemic.

Remote auditing mandates the utilisation of digital tools and technologies for communication, data collection, and analysis, raising concerns about cyber security risks and data privacy (La Torre et al., 2021). The empirical data revealed that auditing firms in Kuwait have conducted have attempted to ensure uninterrupted provision of service and address some of the data security risks encountered in remote auditing practice. Many of the interviewees utilised secure file-sharing platforms and electronic data interchange (EDI) systems to collect financial statements, transaction records, and supporting documentation from clients electronically. For example:

“Remote data collection posed significant challenges, but we effectively leveraged technology to overcome them. The pandemic compelled us to virtual document reviews, electronic data extraction, and secure remote access to client systems, ensuring the audit process continued seamlessly despite the limitations of not being physically present.” (GCM2)

Remote auditing practices also introduced new challenges related to safeguarding sensitive audit information and client data amidst heightened cyber security risks and regulatory requirements. The shift towards remote audit engagements necessitated auditors to implement robust data security measures to protect confidential audit

information from unauthorised access, data breaches, and cyber threats. Auditors adopted encryption protocols, secure file-sharing platforms, and multi-factor authentication to safeguard sensitive audit documentation and client data. GCB19 stated:

“Ensuring data security was a top priority in remote auditing environments. Specifically, the implementation of stringent access controls, encrypted data transmission channels, and conducted regular security audits gave us the opportunity to mitigate risks and comply with regulatory standards.”

The growing attention towards data privacy and data security signals the growing willingness of audit companies to embrace technological logic.

The findings of the study reveal that the Big Four firms were the industry leaders in implementing the relevant data security protocols and guaranteeing that the client data they process is adequately protected and secured. One of the Big Four firms in Kuwait conducted due diligence assessments of third-party service providers to evaluate their data security practices and compliance with confidentiality agreements. They established contractual arrangements with service providers to outline data handling responsibilities, confidentiality obligations, and incident response procedures, stating that:

“Collaborating with trusted service providers was integral to maintaining data security and confidentiality in remote audits. This involved establishing clear communication channels, defining service level agreements, and closely monitoring service provider compliance with contractual obligations.” (GCB17)

“Enhancing data security was a top priority in virtual audit environments. We collaborated with IT participants to implement stringent security protocols, conduct

regular vulnerability assessments, and educate audit teams and clients on cybersecurity best practices to mitigate risks.” (GCB3)

Participants from the Big Four firms have also confirmed that they have received extensive instructions from their managers and superiors at the very beginning of the pandemic to ensure that their behaviour does not compromise the security of their auditing practice. GCB17 further mentioned that “one of my colleagues received a warning from the management for his failure to follow the information security protocols....” I think we have done enough to make sure that we have addressed system vulnerabilities”.

However, fostering a data security culture was not always an easy endeavour, as some audit colleagues flout it. Participant GCM20, who was an audit partner, for example, lamented that his colleagues have not always followed the relevant security protocols. “ I think some people are just negligent when it comes to security, and my colleagues are not an exception.”

Another participant also acknowledged that getting in touch with the IT team was more challenging during the pandemic because the technical specialists were no longer working in the office, and any security vulnerability took days to address. Some of the older employees interviewed for the study have also struggled to comprehend the importance of new security protocols and procedures during the pandemic. In particular, GCM23 said that he followed the applicable security protocols that his firm imposed during the pandemic, but *they [the security protocols] were not needed to guarantee data security; our system used to be strong enough even without them*”. He was not the only one who believed that his firm had invested more resources in the remote IT system and

data security during the pandemic than they should have to. According to participant GCM18, “the *money should have been spent to recruit more auditors to reduce our workload and not on IT systems*” Such quote indicates the inherent tensions between the technology logic and the professional logic that auditors adhere to, as technological logic seems not directly related to the core auditing work and audit responsibilities, some participants like GCM23 and GCM18 have experienced troubles in adhering to this logic even though it was clear that his firm has prioritised technological innovation during the pandemic

Thus, it can be concluded that auditing firms in Kuwait have made attempts to improve data security during the Covid-19 pandemic by leveraging new technology and embracing a proactive stance in addressing systemic vulnerability, but there are gaps in the affronted projection as some older employees considered data security and unnecessary expense that has conferred only limited benefit to the auditing firms.

While the COVID-19 pandemic provided the required impetus to strengthen the existent data security practices and protocols, some of the participants interviewed for the study, especially from the medium-sized firms, have not appraised sufficiently the importance of data security for the remote auditing that was conducted during the pandemic. Some participants were of the view that they were not fully aware of the data security protocols that their firm implemented during the pandemic and that such a lack of awareness among auditors could expose the firm to increased security risks. An audit partner from a medium firm also acknowledged that the training he received on data security during the pandemic was very limited as only one session was conducted, and many of his colleagues did not attend the meeting. GCM11 further stated, “*There are very few things that you can learn*

from a single training session, especially if you have no prior experience with data security protocols.”

Nonetheless, none of the participants from the medium-sized firms in Kuwait experienced any hacks or security breaches during the pandemic or after it, which supports the presumption that the firms have introduced the relevant security practices and protocols even if the employees were not fully familiar with them. A few participants were also asked whether they recollected if their colleagues experienced security breaches, and they could also not remember any incidence of a company-level security breaches. As participant GCB5 put it, *“We did not experience any security issues during the pandemic. Our IT team had implemented several layers of security measures, which proved to be effective during this time. There were initial concerns about remote work increasing vulnerabilities, but I think we addressed them”*.

The regulators have also positively evaluated the data security and data protection measures that auditing and accounting firms have undertaken during the pandemic. The regulators recognised that the adaptation to a remote working environment presented significant challenges related to data security; however, the participants were not aware of any significant data security vulnerabilities. A participant from the Central Bank of Kuwait REG11 suggested that there has been significant technological diffusion, especially among auditing firms that have offices in other states, because of the Kuwaiti branches.

“used the same security solutions that were used in the Western firms. This guarantees that Kuwaiti branches [of the big four firms] maintain the same high standards of data security and protection that are used in the firm headquarters”.

Participants also mentioned that the Kuwaiti auditing firms have invested substantial resources in data security because they perceived that remote working would be a long-term trend. It was believed that building the infrastructure required for remote work would provide them with a competitive advantage. *“A lot of them [audit firms] believed that their competitors will steal their workers if they don’t offer remote work in the future. So they took the investment in remote solution seriously because they perceived that it would affect their ability to retain talent”*. (REG6) Such thinking highlights the growing importance of technology logic within Kuwaiti audit firms, with more and more firms appraising that the investment in technological solutions might be one of the key ways to address staffing and human resource issues, maintain their competitiveness and create an appealing working environment. Still, REG7 recognised that the auditing firms in Kuwait operated on tight budgets (especially as there were demands from their clients to reduce the auditing fees during the pandemic), which reduced the opportunities for technological innovation, with the participant acknowledging that *“I think there is still a lot to be desired from the remote working solutions that Kuwaiti auditing firms implemented”*. Nonetheless, the attention to technological innovation during the pandemic was not fully warranted because, as section 6.4 will show, remote working was not that popular after the pandemic had ended, as auditors largely believed that they were more productive at the office rather than when working remotely.

Thus, it can be concluded that as far as the regulators and the participants interviewed for the work are concerned, Kuwaiti auditing firms have made significant and progressive attempts to guarantee data security.

5.2.4 Before and during COVID-19 data security

Unlike many other countries, Kuwait does not have dedicated data protection legislation. However, there are some legislative instruments that have addressed privacy and data protection issues (see Data Privacy Protection Regulation No. 26 of 2024, which applies to the telecommunication sector and Cyber Security Framework which applies to the Kuwait Banking sector). However, none of those laws are binding on the audit profession even though audit firms operate with sensitive data, as Kuwait banks do. The only regulation in relation to data protection and data security is The Electronic Transactions Law under Law No. 20 of 2014, which obliges individuals and corporations not to unlawfully access and disclose any data that is obtained through the electronic processing of data. As such, it covers the electronic auditing data that was stored and processed during the pandemic. However, unlike data security, which was strengthened during the pandemic, as noted in the text above, data privacy and data protection in medium Kuwaiti auditing firms did not change significantly. A few of the interviewees working medium firms noted that the Kuwaiti Association of Accountant and Auditors have its professional code of practice that regulates the auditors' conduct, including the exposure and release of client financial data, which has been prohibited in the code even before the pandemic. An audit partner (GCM11) mentioned that.

“Nothing has changed about data privacy during the pandemic; we just moved from physical to digital records but followed the same procedures to protect our clients.”

A similar opinion was that an audit partner from another medium firm, GCM16, argued that *“publishing the client's data was illegal even before I became an auditor”*, and the participant did not notice any change to the applicable regulatory and professional

standards related to the protection of client data, so one can conclude that the pandemic did not alter much the manner in which such issues were handled by Kuwaiti auditors and accountants working in medium firms.

Arguing that the pandemic did provide an opportunity to improve data protection and data privacy in the Kuwaiti auditing sector is a bit imprecise. The literature has recognised that firms that have access to financial data or personal sensitive data must undertake additional measures to prevent an accidental release of that data by implementing robust data privacy and data protection protocols (RBC 2020). What was further problematic during the COVID-19 pandemic was that remote working arrangements (including video conferencing) were implemented quickly, as many firms have missed assessing whether these new arrangements meet the required standards of vetting and controls (RBC 2020). Such concerns were recognised by the Big Four firms, which handled matters related to data privacy and data protection seriously. While it is true that the regulatory standards did not change and the expectations that regulators have about the behaviour of the auditors remained the same, the Big Four In Kuwait have introduced new cyber security protocols that paid increased attention to privacy and protection of client data.” *We were prohibited from carrying out flash drives with client data and the management asked us to use the firm VPN system when accessing clients’ records*” said participant GCB8, who argued that such procedure, was introduced to guarantee that client data is not exposed or mishandled.

Participants from the Big Four firms have also received training during the pandemic on how to protect the firm from accidental leaks of client data and migrate effectively to remote working models.

“We were told not to use personal computers for work even if there were problems with our work computers. The data from the client, we were told, was not supposed to leave our work computers”. (GCB3).

To comply with the data minimisation principle, which requires data controllers to collect only the data that is necessary, one of the Big Four firms has come up with *“a checklist of what data we can collect with the client and with a list of data we cannot request our clients to provide”* (GCB5). The training of the employees in the Big Four firms also included guidance on what data could be released to third parties, what data should be prepared for a public release and what data should be kept private and confidential (as noted in the interview with GCB22).

“They drilled it into us during training—know your data. We were taught to distinguish between what’s safe to share, what needs careful preparation before going public, and what should never leave the confines of the firm. It wasn’t just about compliance; it was about protecting the trust that clients place in us” GCB22.

According to the interview participants from the Big Four firms that discussed data privacy and data protection, their firms have implemented sufficiently robust measures to ensure that the client data will be adequately protected even when auditors have to work in remote environments.

The subject of data privacy and data protection was very briefly mentioned in the interviews with regulators. Mentions were made that the auditing firms in Kuwait have generally complied with the data protection rules and with the industry guidance, and there are no reasons for concern about the matter. A participant from the Kuwait Chamber of Commerce and Industry stated that he is expecting the state of Kuwait to strengthen

the legislation dealing with data protection issues in the near future and that Kuwaiti firms will be required to follow more stringent standards for data protection. Still, a participant from the Capital Market Authority mentioned in his interview that the Big Four firms in Kuwait have copied the data protection protocols that are used by their branches in Europe and the United States, where the data processing mechanisms are much more stringent than the ones in Kuwait.

“The Big Four firms in Kuwait already know how to address data protection challenges. In Europe and the United States, there is more focused legislation on data protection, and the Big Four firms comply with it. Their Kuwaiti branches use the same practices” (REG 12).

The participant said he does not expect the Big Four firms to face any issues in accommodating more stringent regulatory requirements when they are introduced in Kuwait.

The literature examining the data privacy issues in remote auditing has produced interesting but often conflicting insights. On the one hand, Castka et al. (2021) argue that the data protection protocols were largely followed during the pandemic; however, the auditing data could be easily traced as it was transferred through unsecured channels. Ribeiro (2021) suggests that compliance with the relevant data protection measures is not the only thing that guarantees that the client's data is sufficiently protected; instead, firms must assess the data protection and data security protocols that are implemented by their service providers. The findings of the study indicate that the Kuwaiti data protection measures are behind international standards due to the regulatory gaps in the sphere; however, some firms have taken extra steps to ensure data privacy by liaising

with their service providers, as Ribeiro (2021) recommends. Auditing handling financial or sensitive personal data must implement strong data privacy measures, but the rapid shift to remote work during COVID-19 often bypassed proper security assessments and controls (RBC 2020). The results of the study confirm this assumption, but only for medium audit firms in Kuwait, which have largely missed the opportunity to upgrade their data privacy protocols during the pandemic. The Big Four firms in Kuwait have adequately appraised the data protection challenges which arose during the pandemic and have taken extensive measures to ensure that the pandemic does not compromise the privacy of the auditor-client interaction.

As the material in this section uncovered, privacy and data protection have not been at the forefront of the auditors' agenda during the pandemic, though the Big Four firms have introduced new protocols for addressing the matter. The main reason why Kuwait is a bit behind the international trends on data protection is the lack of dedicated data protection legislation that places additional burdens on data controllers. Nonetheless, it can be concluded that Kuwaiti auditing firms have recognised the importance of treating client data confidentially and preventing accidental leaks or information disclosure to third parties. Such safeguards are particularly important to ensure that the going concern statements that auditing firms prepare are conducted with the highest standards of data privacy and security. Since going concern assessments involve sensitive financial and operational data, that data must be adequately safeguarded to maintain the clients' trust and to reinforce the credibility of the auditors' going concern opinion.

5.3. The impact of the changes in the factors on the process of making going concern assessments during the COVID-19 pandemic period”

The evidence gathered in this study demonstrates that the process of GCAs preparation during the COVID-19 pandemic was significantly influenced by the COVID-19 crisis and the factors that were examined in the pages above. The unprecedented disruption to economic activity, the rapid shift in working arrangements, the abrupt transformation of the regulatory environment collectively heightened uncertainty and placed additional strain on audit processes. These factors exposed weaknesses in way audit companies deliver training to their employees, in the way the auditing data is being processed and interpreted and in the manner in which auditing standards have been properly and consistently applied. The findings of the study also revealed a pervasive the lack of clarity regarding the financial impact of pandemic-related measures which further complicated the auditing process, and the GCA preparation in particular. As a result, the reliability and comparability of GCAs were undermined, The following sub-sections examine these challenges in greater detail through the specific themes identified in the empirical findings.

The section is divided into five different sub-themes. Section 5.3.1 will examine how the lack of adequate training and guidance on GCA during the pandemic compromised auditors' work and reduced the reliability of their assessments. Section 5.3.2 will build further upon those matters to reveal the obstacles that auditors faced in maintaining adequate audit quality during the pandemic. Data interpretation challenges will be examined in section 5.3.4, which will reveal how the auditors struggled to estimate the impact of pandemic closures properly in their going concern assessment. The last section in this theme discusses the difficulties auditors face in properly accounting for the impact

that government subsidies will have on the liabilities of their clients and what those challenges mean for the process of making a going concern assessment.

5.3.1 Lack of training and guidance on CGA during the pandemic

Poor preparation and training also affected the capacity of Kuwaiti auditors and accountants to deliver well-prepared, relevant CGAs. Participants from the medium auditing firms lamented that they had not received guidance and training on how they were supposed to conduct GCA remotely and what data and information they could rely on if they had no access to the clients' premises. In fact, only a few of the auditors interviewed for the study mentioned that their firm had organised training with a specific focus on remote preparation of GCA, and they were all working in Big Four firms. An audit partner from a medium firm argued that very little had been done by the regulator and the auditing firms themselves to guarantee that auditors are effectively trained to deliver quality GCAs while working remotely. The participant continued by stating:

“We had fewer trainings during the pandemic, and most of them were not related to remote work. We had to learn on the spot and from each other what we could do with all this data that the client was sending us.” GCM11

Some of the regulators interviewed from the study also admitted that they missed providing timely training and guidance to auditors on how the GCAs should have changed so that the auditors could be able to provide more accurate estimates and take into consideration the supply chain disruptions and the uncertainty that the pandemic caused. According to the participants, there were a number of reasons why the regulators delayed issuing guidance on how the GCA should have been done during the pandemic. REG11, for example, mentioned that guidance was late because they believed that the pandemic

would not last long and no additional guidance would be needed. REG5 also stated that the Kuwait Ministry of Finance was expecting guidance from the Capital Market Authority and was reluctant to issue additional regulation and guidance. *Another* regulator(REG2) added by stating ,

“The International Auditing and Assurance Standards Board was late in providing guidance to auditors on how to change their going concern assessments during the pandemic. We waited for them to come up with best practices before we recommended a change, and I think we should have come up with our own set of recommendations before them”.

Last but not least, regulators had conflicting priorities during the pandemic as they perceived that they had more urgent tasks they needed to address instead of the concerns of auditors on how GCA are to be prepared. "The Ministry of Finance was more focused on stabilising the economy and managing emergency financial aid during the pandemic," explained REG6. "Our concerns about how GCA should be prepared took a backseat to these more pressing national priorities." (REG6) It can be concluded that the Kuwaiti regulators have largely missed the opportunity to provide clear methodologies, guidance, and protocols on how the GCAs should be made during the pandemic.

Serag and Daoud (2021) argue that a barrier many auditors faced at the onset of the COVID-19 pandemic was the inadequate training they received on how they had to conduct remote audits, which impacted their ability to analyse audit evidence adequately, use the audit procedures effectively, and provide an impartial assessment of the gathered material. The shift towards remote working also requires a paradigm shift in how training for auditors is conducted and substituting the current methods for training auditors with

new methodologies that integrate simulations, augmented reality and artificial intelligence technologies, which were not introduced before the COVID-10 pandemic began (Castka and Searcy 2023). The findings of the research support the Serag and Daoud (2021) conclusion that auditors' training was not carried out properly and promptly, and there were gaps in the domestic and international guidance on how junior and senior auditors should be trained in remote auditing to deliver outstanding work (Serag and Daoud (2021).

Another concern that senior managers and regulators had at the time was that the sudden move towards remote work resulted in the deterioration of the quality of the auditing practice, as the digital tools used were imperfect substitutes for onsite data collection. Not only were auditors unable to inspect adequately the firm inventory, but they also missed the direct communication with the managers and employers, which used to reveal vital information about the firm's financial strength. One senior manager even stated

We had only short calls with our clients. And those calls were useless because I could not determine whether the information they were feeding me was authentic or complete. When I asked a question, they rarely had satisfactory answers, and my clients kept telling me that we would have another Zoom meeting to address this issue, but this Zoom meeting was not organised (GCB5),

Such findings support the argument of Bhattacharjee et al. (2020) and Alma'aitah et al. (2024), who also note that the lack of physical presence at client premises may limit auditors' ability to assess contextual factors and environmental cues that could inform their judgment and decision-making processes.

Some of the auditors believe that remote working suffers from an increased risk of data manipulation because *“clients thought that they could just get away with it [data manipulation] because there was no way we could go to their offices and check the data”* (GCM16). Such a view, however, was not shared by the participants from the Kuwaiti regulator, who expressed an opinion that data quality issues during the pandemic were not the result of the deliberate efforts of firms to conceal their actual financial situation but rather from the imperfect forecasting methodologies that were used at the time. As shared by a participant who worked at the Kuwaiti Ministry of Finance:

“Financial reporting during the pandemic was bad; many firms underestimated how long the pandemic would last and what effects it would have on their businesses. Firms also struggled to forecast the changing consumer habits and how the lockdowns would impact their financial positions and profitability well. But I don’t think they tried to conceal the actual financial situation of their firm purposely. We had never had a pandemic before, and firms and auditors did not know what to expect from such events.”

Some audit partners interviewed for the work also shared this opinion. Mentions were made that many questions were raised by the clients relating to the relevancy of the data/information reported or which information is particularly important. Some participants from the Big Four firms also raised concerns that many clients provided incomplete data for remote audits because they did not know that the data they were missing was relevant to the auditing process. Such findings indicate that the quality of the GCA in Kuwait, to a large extent, suffered during the pandemic due to a number of factors. First, auditors and regulators had not received sufficient training (see section 5.3.1) on how to conduct GCA

remotely. Second, the quality of the data the auditors were fed was below the standard either because the clients were trying to distort the data or because they were unaware that such data is required for the contemporary remote auditing practice. Third, Kuwaiti auditors missed visual and contextual cues that they used to obtain during onsite visits that could not be collected as effectively through remote means of communication. Fourth, traditional auditing procedures that relied on historical data to project the clients' profits and revenues proved to be unreliable during the pandemic, and there were concerns among the Kuwaiti auditors (in both big and medium firms) on what data they needed to be able to make an accurate GCA. As such, the findings support the conclusions of Hazaea et al. (2022), who also acknowledged that the pandemic has undermined auditing quality due to the inability of auditors to follow the proper auditing procedures adequately. Levy (2020) argues that the higher uncertainty that the pandemic produced has also contributed to more complex, but at the same time, less reliable estimates and the same problem was also observed by the participants in the study who had to work with incomplete and less accurate data sets to make their estimations.

5.2.2 Data Quality concerns during the COVID-19 pandemic

Remote auditing necessitated innovative approaches to gather and analyse financial and non-financial data from clients while maintaining audit quality and effectiveness. COVID-19 disrupted traditional methods of data collection, requiring auditors to adapt to remote work environments and implement new strategies for accessing and verifying audit evidence remotely. According to the participants, auditors faced challenges related to data availability, reliability, and accessibility, necessitating proactive measures to address

these issues, as both big and medium firms have introduced novel methodologies and approaches to address the emerging risks surrounding poor data quality.

For example, most of the interviewed auditors complained that data quality and data availability during the pandemic were poor. GCM1 stated that *“many of the physical records that the firms had could not be quickly digitalised, so we had to conduct our assessments without them”* Another senior auditor said that he was concerned that some of the firms he had to audit deliberately told auditors that their records were not digitalised to deny them having access to them “It raised red flags—especially when you know that most companies had already transitioned to digital systems before the pandemic. It made me wonder if they were trying to hide something.” (GCM10) Other participants also mentioned that their clients were late with providing their financial reports, which further prevented them from making timely and accurate going concern assessments.

“Those firms that were most severely affected by the pandemic were late in giving us all the data we need; I think they hoped that their financial performance would improve if they just sent the material a few weeks later” (GCM10).

REG2 has also acknowledged that more firms were sanctioned during the first year of the pandemic (2020) than in the previous year because of the poorly prepared financial reports, which further indicates that the managerial reports on the basis of which the CGAs were made during the pandemic were poor and inaccurate. “In 2020, we saw a noticeable spike in sanctions. It was clear that many financial reports were poorly prepared, likely due to the chaos and disruptions of the pandemic” (REG2)

Clients were required to provide auditors with additional documents (such as financial forecasts, revised revenue estimates, and updated information about loans and liabilities),

and many of the clients have been unable or unwilling to provide them with the required documents. Commenting on the preparation of such a GCR report, one senior auditor, GCB3, stated, *“Those reports were incomplete, or some estimates were completely wrong, and the data could not be relied upon”*. The statement shows that COVID-19 negatively impacted the way Kuwaiti firms have prepared their going concern reports and other financial statements, and as a result, auditors had to operate with incomplete and inaccurate material and were required to go the extra mile to ensure the quality of their GCAs.

Another reason for the poor data quality during the pandemic was that firms have largely ignored the regulators' instructions and international guidance that required them to remake their financial estimates in spring 2020 to account for the impact of the pandemic. “Our recommendations were clear; the financial statements of all companies that were affected by the pandemic had to be redone so that the new financial estimates are accurate. Not many companies did this”(REG9).

The literature has acknowledged that both auditors and firms had to redo their financial forecasts to take into account the reduced volume of sales, the liquidity risks that the firms had faced because of the pandemic, and the impact prolonged lockdowns are going to have on the firm profitability (Kaka 2021; Wardani and Hartanto 2023). However, many of the participants have raised concerns that Kuwaiti firms have struggled to come up with adequate and precise forecasts for their revenue, profit and liabilities during the pandemic. GCB12, a senior auditor from a Big Four firm, for example, argued that

“The reports I got from my clients often presented that the impact of COVID was far smaller than it really was. They all expected to take a couple of months of losses

and then compensate with higher sales at the end of the year. I often disagreed with such optimistic assessments”.

Some audit firms were inundated with questions from their clients on how they could account for the pandemic’s impact on their operations and how to report their revenues and liabilities during the pandemic, which further hints that firms in Kuwait have expertise in crisis auditing and accounting. The firms most impacted by the COVID-19 closures were unable or unwilling to present revised financial forecasts because they believed that potential going concern warning is going to adversely impact their capacity to qualify for a government loan and additional subsidies because, as stated by one participant. GCM10: *“Nobody will be willing to give money to a firm that has received a going concern warning. Some of my clients were reluctant to revise their reports fearing potential negative assessment.”*. However, the argument that those firms were deliberately presenting erroneous financial forecasts to avoid receiving a negative GCA was challenged by one of the respondents from the Kuwaiti Ministry of Finance interviewed for the study:

“Yes, I agree that there were many irregularities in the reports firms made during the pandemic. And I also think that some firms tried to conceal their actual financial status... But, most firms did not really know how to make correct reports. Nobody knew back then what would happen and how the pandemic would evolve. We had never had a crisis similar to COVID. Everyone made incorrect assumptions, but many of those assumptions were not made in bad faith (REG8).

It was not only the firms that struggled to make sense of the economic conditions during the pandemic; the auditing and the accountant experts in Kuwait, in general, also

experienced difficulties in coming up with timely, relevant, and accurate going concern estimates. Poor data quality undermined the capacity of auditors to conduct accurate GCA, as they could not rely on the risk assessment methodologies and analytical procedures that they used before the pandemic, as the historical data was a poor predictor of financial performance at the time.

I think the biggest challenge I faced during the pandemic was how to determine with sufficient certainty that a firm will remain operational during the next year (GCA11).

A similar sentiment was expressed by a senior auditor from a Big Four Firm who claimed that”

I think my colleagues and I underestimated how much time we would remain in the lockdowns. This resulted in inaccuracy in our going concern reports.... We also did not know how much money the government would spend to support the firms during the pandemic...” (GCB19).

The observation of auditors that the data they worked with during the pandemic was of poor quality was also shared by the regulator. A regulator from the Kuwait Ministry of Finance, for example, mentioned REG5

“I did not take seriously any going concern warning that a firm received during the pandemic. Auditors were just too cautious and gave going concern warning even when the firm was not at risk of bankruptcy”.

Other participants, mainly regulators, were also concerned that the auditors had not estimated the impact of the state subsidies and financial support for the struggling

enterprises correctly (see section 5.3.5) when they issued their going concern warnings. As a result, firms who made a profit during the pandemic were incorrectly flagged as firms at risk of bankruptcy.

The findings of this study are in line with the trends observed in the literature. Similarly to Grassa et al. (2022), this study has also uncovered that the risk of material mis-assessment has been much higher during the pandemic than it was before it. Gong et al.(2022) study suggests the Big Four firms were able to maintain the same levels of audit quality during the pandemic as they did before it, while the audit quality of the medium firms significantly declined in that period as those firms struggled to overcome efficiently the challenges of working in a remote auditing environment. The results of this study did not support the conclusion of Gong et al. (2022) as the audit quality of both the large and medium firms in Kuwait declined as a result of the poor quality data which was collected during the pandemic Duh, Knechel and Lin (2020) report that approximately 27% of auditors observed an increase in audit risk related to the completeness of liabilities and the valuation of assets. In conclusion, COVID-19 posed unprecedented challenges for auditors, as they had to likely work with inaccurate and incomplete data, as well as with financial statements that did not reflect the impact of the pandemic on business revenues, profits, and liabilities.

5.3.3 Data interpretation and data validation challenges during the COVID-19 pandemic

What further undermined data accuracy during the pandemic was that the interviewed participants were unsure how to interpret the data, as there were a number of factors they had to take into account to determine if a firm would remain a going concern. For example,

negative operating profits are one of the criteria auditors traditionally use in their methodology for going concern assessment, as was acknowledged in the literature (Desay et al. 2017). Firms that record negative working capital are also more likely to be issued with a going concern warning (Beryansyah and Arrozi, 2022). A particular challenge that auditors in Kuwait experienced during the pandemic was to determine whether the sharp reduction in profits that many firms experienced during the pandemic was sufficient reason for them to issue a going concern warning.

“We understood that many firms experienced financial problems because of the business closures. Restaurants and tourist venues were hit particularly badly. We knew that they were short on cash, but we did not know whether such short-term liquidity problems should make us declare that those firms are likely to go bankrupt.” (GCM21)

Some of the audit partners interviewed also argued that their firm has been extra careful not to issue false positive going concern opinions, fearing potential loss of clients for the next financial year if they put a going concern warning to an enterprise that manages to remain operational in the next twelve months. “GCM21, for example, stated “We have to be extremely cautious because if we flag a company as a going concern risk and they are not, we risk losing their trust—and their business.”

. To reduce the number of false negative going concern opinions, some of the Big Four auditing firms interviewed for the study have introduced internal controls and required more experienced auditors to redo the assessment. As noted by participant

“Our senior managers were informed if a firm was to receive a negative going concern assessment. They double-checked the reports and the data that was used

for those reports. We also prepared four different scenarios on how the pandemic would develop and checked whether each firm would be operational in each of those scenarios (GCB19)

The regulators also noticed that the number of false negative going concern assessments increased during the pandemic but attributed the rise to general economic uncertainty rather than to the lack of adequate controls and reviews on the going concerns warnings. For example, REG1 said

“I also noticed that too many firms received negative going concern opinions because the auditors believed that COVID-19 liquidity problems would persist even after the lockdown restrictions are lifted. We just assumed that the worst-case scenario would happen, and this affected the assessments”.

Despite technological advancements, the interviewed participants encountered challenges in verifying the authenticity and completeness of electronically submitted data as there had been significant changes in the data validation procedures. Some of them implemented rigorous data validation procedures, cross-checked information against external sources, and performed data integrity tests to ensure the accuracy and reliability of audit evidence. GCM11 stated:

“Verifying remote data authenticity necessitated stringent validation processes and robust control mechanisms. This involved conducting data reconciliation, reviewing audit trails, and verifying electronic signatures to mitigate risks of data manipulation or inaccuracies.”

Other participants, however, acknowledged that they have struggled to ensure the validation of remote data collected for the research. Such problems were mostly experienced by the older participants, who seemed to have been less technologically savvy. One audit partner even said that he did not adhere to the social distancing protocols and has been to the office of some of his clients to double-check the information that he has received from them. The perceptions varied according to the maturity of the participants, as older participants seemed to have relied on the help of their younger teammates and colleagues to validate the auditing material to ensure data quality and data reliability, as remote data validation was outside his competencies. Nonetheless, this appears to be an isolated experience as most of the participants admitted no struggle with data verification procedures that their firm implemented during the pandemic to ensure the quality of the going concern assessments.

Such challenges warranted a transformation on the going concern practice which will be examined in the next chapter of the work.

5.3.4 Liquidity risks and government subsidies during the pandemic

The COVID-19 pandemic also required auditors to take into account a number of factors in their going concerns statements that were previously not part of the procedure. Factors such as government stimulus packages, loan forbearance programs, and temporary financial relief measures have distorted the usual methodologies utilised to estimate income and liabilities in financial statements, complicating auditors' efforts to discern the true financial position of organisations (Kaka 2021). The auditing profession relies on historical data to project future trends; however, most of those estimates had to be redone

during the pandemic to ensure that auditing estimates are properly accounting for the risks to firm profitability that the pandemic has presented (Levy 2020).

The participants also experienced such challenges. The participants recognised that they had to take into account additional factors before preparing their going concern reports. Determining whether the firm had sufficient liquidity during the pandemic was a challenge that was reported by most of the interviewed participants in the study. Accurate estimates of the firm liquidity were even more difficult for firms which relied on face-to-face interactions and were forced to remain closed during the pandemic as the auditors could not predict when the firm would be operational, nor could they effectively estimate whether or when the post-pandemic revenue will match the pre-pandemic level.

“One of my clients was a firm that provided catering services for large events and weddings. They had to shut down all operations for a few months in 2020. It was very difficult for me to prepare a going concern statement because I did not know when the government will allow mass gatherings and whether the customers will be likely to hold large gatherings during and after the pandemic” (GCB7)

“Preparing going concern assessments for the hotel industry was problematic. We had to determine how COVID will change the future revenue of the hotel for the next calendar year. Will more people travel because they are tired from the lockdowns and need a break? Or will more people stay home because they are afraid of getting sick? There was no way we could decide which scenario would happen. Such problems made my going concern reports very uncertain”. (GCB19).

Other auditors also noted that they have struggled with estimating the liquidity and the risks to liquidity that their clients have faced. According to one audit partner, many firms

in Kuwait had to renegotiate with their clients and suppliers new repayments terms during the pandemic and extend the deadlines for the payment of any invoices, making it difficult to forecast whether the firm would have sufficient liquidity to cover its current and future expenses. Furthermore, as expressed by one senior auditor from a Big Four company:

“We had data about the month-to-month firm expenses so that we could estimate whether the firm has enough resources to cover its current liabilities. We could say that the firm would remain solvent even if the lockdowns continue for three or five months. But we were missing a lot of data. We could not predict if the banks would extend the loan terms because of the pandemic and if they would do so for how long. We could not predict when and what subsidy a firm will get from the state. We also failed to predict that the price of oil would plummet during the pandemic and remain low for more than a year, which made it difficult for the government to assist. If we knew about this, we would have changed our going concern reports (GCM15).

Not surprisingly, some participants acknowledged that they had to revise their going concern statements as the pandemic progressed because the initial estimations were incorrect or because they relied on incomplete data to make projections about clients' liabilities. For example, an audit partner from a medium firm noted that he had to change a going concern warning for one of his clients because the firm was able to secure a last-minute, long-term loan that helped ensure the necessary cash flow to cover short-term expenses. Another senior auditor, also employed in a medium firm, argued that his firm mandated auditors to redo the going concern assessment for all clients on the date when Kuwait announced the opening of the economy, as the previous estimates relied on wrong

projections on how much time the economy would remain closed. *“I think this was the correct decision. We had more work, but in the end, we saw that some of our preliminary reports could not be released in this way”* (GCM18)

The subsidies and the temporary financial relief measures that the Kuwaiti state provided to the firms most affected during the pandemic were also factors that auditors struggled to properly account for their going concern assessment for a number of reasons. First, it was not clear during the first months of the pandemic which firms qualified for the different relief programmes that the state of Kuwait offered and how much money would be given to each firm. A senior auditor stated:

“When the state was closed, the government said that they would support the hotel industry, the restaurant industry, and the travel industry because those industries were most affected by the pandemic. But there are a lot of small and medium firms in other sectors that have also closed, and the relief for them was announced at a much later date.” (GCB8)

Participants further added that the Kuwaiti government promised employers to pay for the wages of the furloughed workers; however, one participant from a medium firm (GCM13) remarked, *“We did not know for how many months the government will pay for the wages and whether they will pay for the full wage or only a portion of it”*. As a result, it was not clear to both firms or the auditors whether the government subsidy would be able to compensate sufficiently the business owners for the pandemic closure and whether the government subsidy would be sufficient to maintain the business as a going concern.

The timing of the government programmes, loans and subsidies also complicated the going concern assessment. Some participants recognised that there had been some

delay from the time the firm was approved for a government grant to the time that the firm received the money, which created additional uncertainty on whether the support would arrive.

“You see, I had one month left to prepare my going concern report, and my client called me to tell me that they got approved for a grant. But I did not know when they will get the money and whether receiving the loan should be a reason to revise the going concern statement” (GCB19).

Furthermore, clients struggled to properly account for government assistance in their reports because the grant was provided on a monthly basis, and nobody knew how long the state would keep with the monthly payments. However, the participant also stated that “my managers told me that I need to redo the report to include the impact of the government loan” (GCM9) because the conclusion on whether the client would remain a going concern would not have been accurate.

Last but not least, there were ambiguities surrounding the repayment terms of the government loans that firms received during the pandemic. As participant GCB4 noted, some of the government pandemic relief support was not supposed to be repaid, while other grants had to be paid back at a later date. As a result, the going concern opinion had to take into account not only whether the firm would remain liquid because of the government support but also whether the firm would be able to meet its obligation to the government when the loan matures. However, that estimate could not always be certain because

“there was a presumption that if a firm struggles to pay back its loan, the government will extend the repayment period or that the loan will be waived because the state does not want the business to go bust:” (GCM1).

Indeed, the auditors were correct in assuming that the government loans would be extended. Some participants mentioned that some of their clients renegotiated the loan payment terms to secure smaller monthly fees and better repayment terms, which helped the firm balance the liabilities effectively. However, for auditors, the flexibility surrounding the government loan programmes complicated the process of going concern assessment because it was not possible to determine whether a client would get more favourable terms or not if they attempted to renegotiate it. Such a problem was noted by participant GCM23, who said:

“I really do not know what criteria the government uses to determine which firms can delay their payments and which firms cannot. The process looks so random. And it impacts my work because I cannot estimate the current liabilities of my clients correctly.”

From supply chain disruptions to potential liquidity issues, businesses faced unprecedented uncertainty and volatility. These emerging risks went beyond traditional frameworks, compelling auditors to adjust their risk assessment methods to effectively identify, evaluate, and address these evolving challenges (Kend and Nguyen, 2020). The literature has acknowledged that a significant challenge that auditors faced during the COVID-19 pandemic was to properly account for government grants and for the other forms of state aid that was provided during the pandemic and appraise the conditions on which aid has been provided (Mitevaska et al.2021) Kaka (2021) further suggest that auditing firms faced the challenge of determining whether state support should be classified as a government grant and accounted for under relevant SAS provisions

governing the recognition and disclosure of government assistance. This study builds and expands on those findings. In the Kuwaiti context, it was not only challenging to account for the support that the state would provide properly but also to determine the duration for which the firm would receive a stimulus package and whether and under what conditions the state aid was supposed to be repaid. The participants also acknowledged the need to revise their going concern assessment when the government changes its policy or when it changes the repayment terms for the clients, increasing the workload that the participants faced during the pandemic.

5.3.5 Theme summary

The findings demonstrate that the absence of timely, targeted training and clear regulatory guidance significantly undermined Kuwaiti auditors' ability to conduct reliable GCAs during COVID-19. Most medium-sized firms received no structured support on remote auditing, and regulators delayed issuing detailed guidance to assist them, as most market player assumed that the pandemic effect on businesses would be short-lived. Even Big Four auditors, who had better access to training and guidance, reported gaps in their perceived preparedness to carry out GCA during the pandemic. Those problems made auditor experience difficulties in adapting audit procedures to account for remote auditing and had little knowledge how to properly assess supply chain disruptions in their financial forecasting. Without updated guidance, training and advice, auditors relied heavily on ad hoc peer advice and trial-and-error approaches, increasing inconsistency in their assessments. The situation illustrates how inadequate training and guidance, both at firm and regulatory levels contributed to reduced audit quality, and weakened the reliability of going concern opinions issued in this period.

During the pandemic, the quality, completeness, and timeliness of data available for GCAs deteriorated sharply, affecting both large and medium-sized audit firms. Remote

work hindered the physical inspection of records, and some clients delayed or withheld information, whether due to logistical constraints, misunderstanding of requirements, or reluctance to reveal negative performance. Many financial forecasts failed to take into consideration the impact of the pandemic on their businesses, while historical data proved a poor predictor of future company performance. As a result, auditors were often forced to base their judgments on incomplete, outdated, or inaccurate material. Regulators observed a sharp uptake in sanctions for poor reporting, which further highlights the structural and systemic issues that impacted on GCA preparation. This deterioration in data quality meant that standard risk assessment tools could not be applied with confidence. Ultimately, the compromised data integrity during COVID-19 pandemic made the preparation of reliable GCAs exceptionally difficult, as auditors navigated heightened risk of misstatements and material misassessment under volatile economic conditions.

Even when data was available, auditors faced numerous challenges in interpreting that data properly. Conventional indicators such as negative operating profits or working capital shortages temporary closures, short-term liquidity shocks, and unprecedented state interventions were factors that had to be taken into account in the GCAs. However, many of the interviewed Kuwaiti auditors struggled to determine whether these factors could indicate genuine insolvency risk or a temporary economic difficulty that does not undermine the capacity of an entity to remain a going concern. To mitigate the risk of issuing both false positives and false negative reports, some firms introduced or relied on additional data validation (most often performed by experienced analysts) and scenario modeling though there is little evidence that such measures contributed significantly to improving the audit quality. Verification of remotely submitted data also a challenge, with

older auditors in particular reporting difficulties in applying new digital validation procedures. While technological controls helped in addressing pandemic pressures in some cases, uncertainty over how to weigh pandemic-specific factors remained pervasive in both large and small auditing firms in Kuwait. Those interpretation challenges further compounded the risks to GCA reliability, as auditors were required to make judgments in an environment where established benchmarks were no longer accurate and predictive assumptions carried unusually high error potential.

In addition, one must recognise that the liquidity assessment during COVID-19 was complicated by rapidly changing operational conditions and unpredictable government interventions. State subsidies, wage support schemes, and loan forbearance measures temporarily improved liquidity of many enterprises affected by pandemic closures in Kuwait but made it far more challenging for auditor to judge whether the audited companies would remain going concern.

Auditors could not reliably predict the duration, amount, or repayment conditions of such assistance, nor the timing of state provided disbursements, leading to frequent reassessments of prior GCA conclusions. Industries reliant on face-to-face operations were particularly hard to evaluate, as future revenue estimates were grossly wrong and unreliable. Moreover, flexibility in loan repayment terms introduced additional unpredictability into liability estimates. These factors meant that liquidity analysis during the pandemic required auditors to make unconventional assumptions and estimates, which further increased the workload and risk of misjudgement..

5.4 Conclusions and implication

The findings presented in this chapter support the fundamental premises of the institutional logic theory and the theory of planned behaviour. According to the theory of planned behaviour, attitudes, subjective norms, and perceived behaviour controls are the key factors that influence behavioural intentions and practices (Ajzen, 1985). The findings of the study indicate that the auditors' attitudes towards the remote working practice were diverse; nonetheless, the negative experiences predominated as remote working was associated with technological difficulties, poor data quality, challenges in maintaining the routine auditing practices and the need to embrace new digital solutions, which explains why auditors were not particularly enthusiastic about moving from the office environment to remote settings. Banerjee and Ho (2020) theorise that an important component in understanding individuals' behaviour is the descriptive norm, or more precisely, what is considered normal in their social circles. The findings of this study demonstrate that auditors depended on descriptive norms to rationalise their pandemic behaviour as the process of preparing going concern opinions was inherently influenced by what auditors perceived to be a behaviour that the other auditors have embraced to construct their going concern assessment. The risk assessment methodologies during the pandemic did change as the focus of the assessment moved away from financial to including non-financial indicators, but that trend followed the adoption of a descriptive norm that such change is appropriate for the auditing practice, considering the changing macroeconomic realities during the pandemic. The theory of planned behaviour also predicts that subjective norms influence auditors' behaviour as auditors are under the social influence of colleagues, supervisors, clients, and national regulatory bodies (Nasution and

Östermark, 2012). The findings presented in the chapter above support this argument as the determination of auditors to adhere to more rigorous standards for data protection and data privacy is a direct consequence of the more stringent view that regulators have adopted in relation to those issues.

Institutional logic theory predicts that any professional must reconcile a number of competitive logics in their work, which also informs their behaviour. The normative dimension includes professional norms and values that shape auditors' roles and ethical standards; it contains principles such as integrity, independence and objectivity (Dyhati et al., 2022). The findings presented in the chapter above demonstrate the strong role normative factors had in auditors' behaviour as during the pandemic, auditors have embraced much higher expectations towards their own work despite the challenges that they faced in adapting to the new realities. Both regulators and auditors interviewed for the study noted that auditors approached their work during the pandemic with integrity, aiming to provide quality services to their clients even though they had to work in difficult environments and with poor-quality data. Past research on the topic has revealed that auditors often have to operate in environments where the profit-maximisation logic (or the corporate logic) challenges the fiduciary logic according to which the auditors must act as the best agent for their clients (Thornton et al., 2005). The material presented in this chapter identifies the most important determinants of auditors' behaviour during the pandemic, which were factors that were beyond the control of the auditing firms, such as the changing macroeconomic circumstances.

The results presented in this chapter indicate strong support for the presumption that professional logic is the main type of logic influencing auditors' behaviour. According to

institutional logic, auditors' decisions must be based on impartiality and professionalism, as the auditor's main prerogative is to serve the public interest (Spence and Carter 2014). Professional logic further posits that auditors must ascribe to accounting and auditing standards and the professional code of ethics and employ significant technical expertise in the preparation of their auditing reports (Hyvönen et al. 2009). To accommodate the institutional logic, the Kuwait auditors have taken additional workloads and have embraced new auditing procedures to ensure that the material they were working on during the pandemic was of adequate quality.

The technological innovation, however, has created a significant clash between the professional logic and the market logic. As the findings of the project indicate, the Big Four firms have embraced the market logic and have aimed to reduce auditing costs and improve audit efficiency by integrating video conferencing and AI technologies in the auditing work during the pandemic. For the Kuwaiti auditors, however, the abrupt adoption of new technologies without adequate training and guidance went contrary to what professional logic demands, as professional logic requires auditors to exercise their professional scepticism towards all the data and procedures they use in their auditing work, including the one produced by artificial intelligence. Lander et al. (2013) observe the clash between market logic and professional logic in mid-level auditing firms to uncover that while many firms remain committed to professional logic, their auditors gradually embrace market logic over professional logic. The findings of this study are in sharp contrast to those derived by Lander et al. (2013), as the auditors in Kuwait remain committed to exercising professional scepticism and resist the co-optation of new technologies, especially if those technologies are going to affect negatively the quality of

the audit output. Further analysis of auditor sense-making during the COVID-19 pandemic in light of the institutional logic and theory of planned behaviour will be provided in chapter VII of this work.

Nonetheless, some of the challenges that auditors experienced during the pandemic, such as lack of sufficient training, increased workload, and lack of effective guidance from the auditing firms, could be attributed to the attempt of auditing firms to reduce costs and maximise profits during times of economic uncertainty. Those issues will be further examined in chapter VII which will present the discussion of the study. The next chapter of the research will address the next three research questions of the study by further delving into auditors' responses to pandemic challenges.

Chapter VI: The Covid-19 Pandemic: challenges, long-term impact upon the auditing practice and auditor's responses

6.1 Introduction

This chapter offers a continuation of the results presented in the previous chapter and presents the other three themes that were uncovered in the data analysis process.. The first theme examines the key principles underpinning the going concern decisions that have governed the auditing practice in Kuwait before the pandemic and how the pandemic has transformed the methodologies and procedures used by the Kuwaiti auditing firms (both big and medium) in preparing their going concern reports. The second theme in this chapter builds upon the material presented in the previous chapter by highlighting the key challenges that the auditors faced during the pandemic in adequately assessing the risks their clients face and in preparing accurate and timely GC opinions. The last theme presented in this chapter explores the long-term impact of the pandemic on the auditing practice by highlighting the transformational effect COVID-19 had upon the fundamental assumptions of Kuwaiti auditors, highlighting the key takeaways that the auditing firms were able to make during the pandemic. Such insights are instrumental in showing the current and future trends in relation to the manner in which the GCA is prepared in the Kuwaiti context. The chapter underscores the need for auditors to develop greater flexibility and reassess their risk management strategies in the face of new market uncertainties and to rely on international and domestic standards to guide them in providing high-quality work.

6.2. Key differences in the GCA methodologies before, during and after the pandemic

The empirical data revealed that the methodologies for conducting going concern assessment had changed significantly during the pandemic as auditors began requiring the firm management to provide them with data that had not been part of the GCA before 2020. Furthermore, there had been a noticeable change in the auditing procedures both before and after the pandemic, as the interview data indicated that the COVID-19 pandemic had become an important catalyst for Kuwaiti auditors and regulators to strengthen the auditing procedures. Last but not least, the pandemic has led to a cultural change in the auditing practice, with more and more firms demanding that their auditors comply with international auditing standards and practices to guarantee the quality of the GCAs. These issues will be examined in the following subsections.

6.2.1 GCA before the pandemic

The primary source of information for the GCAs has been the financial data of an undertaking, and naturally, most participants emphasised that they used the key financial metrics of their clients to determine their ability to continue as a going concern before the pandemic. Most of the interviewees argued that the information for the assets, profit and liabilities was the one that they relied on most to determine whether they should issue a going concern warning or not. Auditors from big and medium firms suggested that before the COVID-19 pandemic, financial indicators (including the sources of liquidity, the expected liabilities, the debt that is about to mature in the next 12 months, the expected cash flow and the sources required for the firm to maintain operational) were the primary

indicators around which the auditors have built their going concern reports. GCM14, an audit partner during the interviews, stated

"Before 2020, the process of preparing the going concern opinion was relatively simple and straightforward. We have to gather all the information that we could gather about the assets, the expenses, the liabilities and operating costs for us to determine if a firm will remain a going concern".

Participants from both the Big Four and medium firms have emphasised that a review of revenue was conducted before the pandemic to determine if an entity was to remain a going concern and whether

"the firm will generate enough revenue to meet its financial obligations during the year, and if the banks are likely to extend the credit line if the firm is not able to do so" (GCM14).

Most of the participants in the study expressed the view that financial indicators were the most telling ones in the preparation of going concern opinions. A focus on the financial metrics in the preparation of GCA is not surprising as the ISA 570 standards also argue that the key responsibility of an auditor is to "obtain sufficient appropriate audit evidence regarding, and conclude on, the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements" (IFAC 2016). Lamprecht and Van Wyk's (2020) framework for the context-specific indicators influencing the preparation of going concern reports is almost exclusively focused on financial indicators, which also highlights the general trend of relying mostly on the financial metrics in making the GCA. From the institutional logic perspective, it can be argued that the going concern preparation before the pandemic was overly informed by the "financial

logic” or the understanding of the auditors that their main prerogative is assessing the financial performance of their clients.

However, those participants who had extensive audit experience argued that even before the pandemic, they had to look at factors that were left outside the financial books to be able to issue an informed and well-prepared judgment. Indeed, while the senior auditors emphasised that their analysis before the pandemic had a heavy focus on the financial metrics to determine the quality of going concern decisions, the audit partners have recognised the importance of non-financial metrics for GCA decision-making. GCM20, an audit partner, for example, argued that his firm not only reviewed the financial reports prepared by the management but also examined the conditions of the loan agreements that the firm has entered, which also included

"reviewing what consequences the firm will face if it delays or falls to meet its debt obligations."

Another audit partner, GCB4, in turn, suggested that going concern assessment even before the pandemic was a process that required the auditor to forecast how the firm is going to perform if it faces adverse market conditions, arguing that

"We issued a going concern warning to the firms that failed the basic stress tests".

Nonetheless, non-financial metrics were not the primary sources of data for the GCAs before the pandemic, and they were of secondary importance even for the auditors who used such data to make their informed opinion about the capacity of their clients to continue as a going concern. According to the International Auditing and Assurance Standards Board (2007) ISA 570 standard, auditors shall use a number of indicators to challenge managerial assumptions that the entity will continue as a going concern. Those

include net liabilities, approaching fixed-term borrowings that cannot be renewed or repaid, negative operating cash flows, delays in the payments to creditors, inability to secure the necessary financial resources for both new product development and investment, inability to satisfy the current obligations to creditors in a timely manner, supply chain shortages, labour shortages, especially for the high-level managerial positions, legal difficulties among others. The evidence obtained from the research indicates that those factors were mostly considered during and after the COVID-19 pandemic (see section 5.3.5), while before the pandemic, the focus of the reporting was on financial indicators. It can be concluded that before the pandemic, the auditors largely ascribed to the financial logic as their assessments were mostly informed by the financial metrics of their clients.

A common theme that emerged during the interview was that the going concern methodology was rather uniform before the pandemic, with auditors relying on structured and well-established procedures to prepare their GCA reports. Such standardisation was mostly prevalent in medium firms, where *all clients*,

"both small and large, were evaluated through the same model. We aimed to use a standard process so that we could not be accused of evaluating clients in the same circumstances differently." (GCM9)

Auditors from medium firms also reported that before the pandemic, the going concern report from last year provided a strong evidential basis for the going concern decisions.

As GCM13 noted

"We updated the going concern assessment on the basis of last year's report rather than doing them all over to save time and costs."

From an institutional logic perspective, the quest to simplify the auditing practice reflects the market logic as the common standardised framework for GCA helps reduce auditing and training costs. Kend and Nguyen (2023) report that another influential logic in auditing decision-making is the legalistic logic, according to which the auditor's decision-making is influenced by the duty of care that the auditor has towards the client as there is an expectation that an auditor is going to face a risk of litigation of that duty of care is being breached. The evidence from the interviews also supported the presumption of legalistic logic and the desire of auditors to stay out of trouble. As GCM2 has stated,

“We wanted to follow a clear process when making the going concern reports. Too many things can go wrong otherwise. I really did not want my clients to complain that we did our job poorly”.

In Big Four firms, however, the procedure was a lot different. Senior auditors reported that while the going concern process relies on the same procedures, the process was not entirely standardised as auditors could ask for additional data and conduct additional procedures if they considered it necessary. Unlike medium firms, in Big Four firms, the last year's data was rarely utilised to support the recent going concern assessment as auditors from Big Four firms argued that reliance on the previous reports is a *“recipe for disaster”* (GCB17), which is *“going to undermine the audit quality”* (GCB8). On the basis of this data, one can conclude that auditors from the medium firms in Kuwait had to balance between two competing logics when making their decisions regarding their going concern.

First, there is a growing expectation from auditors to make the going concern assessment on the basis of last year's reports to reduce time and effort, even though it could have

compromised the audit quality. The logic that best ascribes to such an expectation is the market logic, which presupposes that shortcuts in audit reporting are being undertaken in the quest to reduce costs and billing hours and eventually improve the financial performance of audit firms. Second, professional logic demands auditors to act as fiduciaries of the client and adhere to the professional standards in audit reporting and thus safeguard the quality of the going concern assessments. The interview data indicates that the decision regarding the going concern opinions before the pandemic mostly followed the market logic as the underlying principle was to reduce costs, maintain the current client base, and attract new clients. An orientation towards market logic by the auditing firms is also observed by Lander et al. (2013), who acknowledge that medium audit firms prioritise optimising their financial performance over other institutional logics. The regulators interviewed for the study also noted a number of trends in how the going concerns decisions were made before the pandemic. Back then, regulatory authorities primarily understood the concept of going concern through the lens of financial health, embracing the same financial logic that was also embraced by the participants from the study. According to most regulators, the main source of data for the going concern assessments before the pandemic was financial information, with the expectation being that auditors should be able to prepare their going concern assessment on the basis of mostly financial data. REG10, for example, acknowledged that the last time the Capital Markets Authority (CMA) updated the regulatory guidance on going concern decisions was in 2009, in the aftermath of the global financial crisis when the CMA

"made a list of financial metrics that auditors must consider for their going concern decisions. That list had not been updated until 2020".

Nonetheless, even before the pandemic, the Kuwaiti Ministry of Finance has encouraged auditors to exercise their professional scepticism when evaluating the financial data provided by the clients, which further highlights that there was an expectation for auditors to go beyond the financial indicators for the going concern assessment.

There were notable differences between the views of the interviewees of the Capital Market Authority and the views of the interviewees from the Ministry of Finance on what indicators were used by the auditors before the pandemic. Interviewees from the Ministry of Finance emphasised that auditors were supposed to examine the financial performance of the firm and focus their assessment on those indicators, which indicates that the members of the Ministry of Finance ascribed to financial logic by emphasizing adherence to the best practices in financial reporting for the preparation of GCAs. REG6 from the Ministry of Finance, for example, said,

“A good going concern report should evaluate the firm performance and make conclusions about the financial health of the firm”.

REG8 also underscored that

“We need to look first and foremost on the profits and liabilities of the firm when making a going concern report”.

Interviewees from the Capital Market Authority, in turn, shared the opinion that domestic accounting standards provided the most telling information on how the auditors should approach their going concern assessment. There had been a clear emphasis that professional logic must guide auditor’s behaviour in the responses of the members of Capital Market Authority as REG7 said that *“auditors’ main responsibility was to deliver*

reports that respect auditing standards” while REG12 argued that “*financial assessments must be made through the prism of auditing standards*” which further highlights that there was an expectation for auditors to adhere to the auditing standards rather than merely assess the financial indicators...

6.2.2 The GCA assessments during and after the pandemic

However, both regulators and the auditors acknowledged that the auditing practice had changed significantly during the pandemic and post-pandemic period, as financial indicators alone could not provide sufficient insights into the firm's performance and whether the firm will remain a going concern. In addition to accounting for the revenues and liabilities of the firm both during and after the pandemic, auditors had to consider the wide-reaching economic impact of COVID-19 on the firm performance, which required them to significantly expand the information they had to collect and consider such an assessment. The impact of COVID was a central factor influencing the preparation of the GCA as auditors admitted that they had been obliged by the CMA to introduce a specific section in their reports that assesses how the firm is going to deal with pandemic-related challenges that present to their ability to continue as a going concern and assess whether the firm has taken adequate measures to cope with that uncertainty. To prepare that material, auditors had to consider factors that were not traditionally used in the GCAs. More importantly, the findings of the study reveal that many of the factors that were first considered in the going concern assessment during the pandemic continue to be used in the GCA decision-making in the post-pandemic period.

A common theme that emerged from the interview was that auditors from the Big Four and medium companies have taken to heart the recommendation from international

accounting and auditing boards on how the assessment of COVID-19 during the pandemic and after the pandemic should be performed to ensure an adequate assessment of the emerging risks. GCB12, for example, stated

“One of the important factors that we considered was the potential loss of market and customers that they [the clients] faced because of the pandemic and whether the company can find new clients.”

Participant GCM20, who was an audit partner, also stated that

“We began to consider how supply chain shortages will affect the client. We tried to determine if supply chain issues will make it more difficult for the clients to perform their contracts”.

GCM2, a senior auditor, also stated that supply chain issues were an important consideration during the pandemic because there was a general failure of the clients to *“estimate that they will be facing supply chain shortages and that the prices of so many raw materials are going to rise massively during the pandemic”.*

The three participants also admitted that those factors continue to inform the GCA decision-making in the post-pandemic period as auditors today consider the loss of market and supply chain issues when determining whether their clients should be issued a negative going concern assessment. For GCB12

“Loss of markets and customers is an important indicator in the going concern reports that we prepare today. It is a good proxy variable for estimating cash flow; if the company is bleeding customers, it might have underlying economic problems that must be examined.”

Such opinion was also shared by GCM14, who argued that

“We kept many of the risk assessment procedures that we introduced during the pandemic. We thought that if they can provide valid information during the crisis, they can also work in normal business conditions.”

A number of participants from the medium firms also mentioned that they also had to take into account the potential loss of markets some of their clients suffered during the pandemic in their going concern assessments. GCM15, for example, mentioned,

“We had to consider whether our clients will lose some of their international customers because of the [pandemic] closures and if this is going to affect their capacity to continue as a going concern”.

According to the International Federation of Accountants, evaluating the potential market disruptions and estimating the potential liquidity issues that the firm should face during and after the pandemic was recommended for auditors to guarantee the validity of their going concern assessment (Arnold, 2024). Similar steps have been embraced by the Kuwaiti auditing firms, with significant changes being made to the going concern methodology. The evidence from past research shows that the COVID-19 pandemic has also underscored that the resilience of any undertaking to financial risks should be estimated through a review of factors such as current and expected profitability, the ability of the firm to access new financial sources, its ability to update its debt repayment in the conditions of uncertainty and the effect of the pandemic on the dividends payout (Savova, 2021). The going concern assessment procedures of both medium and Big Four firms have been amended to cover those issues, with many new factors being added in the making of the going concern assessment, as shown above.

Changes in the going concern methodology in the post-pandemic period were made in the medium firms. Participants spoke about the introduction of new risk management procedures (GCM23), a new forecasting approach that takes into account the long-lasting consequences of the pandemic and the subsequent market disruptions (GCM1), increased involvement of the senior management in the preparation of the going concern reports, which was claimed to contribute to better evaluation of the financial information (GCM14), changes in the sensitivity analysis (GCM9). However, those changes were not always successful in bringing positive outcomes. According to GCM9, the abrupt transformations of the auditing procedures in the post-pandemic period resulted in

"multiple errors in the analysis because we did not receive enough training on how to use the new tools".

Participant GCM14 also complained that the changes had led to a cognitive overload for auditors who, because his firm laid off some people, made it more difficult for the rest of the team to complete their auditing responsibilities.

The findings discussed in this section provide provisional support for existing academic literature and prior research on the topic. One of the main conclusions of the IAASB (2020) report is that COVID-19 required auditors to intensify their scrutiny of the management estimates in the aftermath of the pandemic, and the same intensification is reported by the participants from the study, who also mentioned that the internal procedures introduced during the pandemic required an additional validation of the managerial estimates and correction of existing forecasts. Gutierrez et al. (2020) further also observe a noticeable increase in audit procedures designed to assess the reasonableness of management's assumptions underlying these estimates, which is also

true in the Kuwaiti context, as the material presented above indicates. In addition to evaluating the financial status of the firms, auditors had to consider issues such as the path of economic recovery, market fluctuations, potential loss of customers and how the changes in those factors will impact the ability of a firm to remain operational for the next twelve months (Moll et al., 2019). Kuwaiti auditors had not only to consider such issues in their going concern assessments, but they were also instructed to account for the impact supply chain issues will have on the viability of the audited enterprise. Chen and Wang (2021) further argue that the pandemic required auditing firms to recalibrate their forecasting and risk assessment methodologies, and a similar trend is also observed in this study with many auditing firms, both big and medium, revised the standardised tools that they used to better account for the emerging risks during the pandemic. Many of those forecasting and risk assessment methodologies that were adopted during the pandemic have remained integral to standard procedures, reflecting a lasting shift in how organisations approach financial risk and decision-making in an increasingly volatile business environment.

The finding of the study also revealed that COVID-19 produced a lasting change in the way the post-pandemic going concern assessment was prepared by encouraging the auditors to consider indicators that were not normally included in the GCA before the pandemic, as most participants admitted that the assessments that they do today follow the same approach as the ones they had to make during the pandemic. Participants from both the Big Four firms and the participants from the medium firms noted that transformation. GCM2 argued that

"We still consider issues such as supply chain shortages, how the firm plans to deal with market risk, or how the future cash flow can be impacted by uncertainty."

A participant from a medium-sized firm, GCM1, also argued that the CMA guidance that was released in 2021 still applies today and the changes to the auditing practice that COVID-19 has brought will stay today unless *"there is another financial crisis that forces the government to change the rules"*.

Such practices are also in line with the IAASB (2020) recommendations on how auditing practices must adapt during the pandemic and post-pandemic period to ensure the delivery of quality work. If, before the pandemic, the auditors were guided by the financial logic, which encouraged them to consider financial indicators in making their assessments, COVID-19 challenged this logic by encouraging them to be more focused on the non-financial indicators and embrace the professional logic that demanded them to consider the recommendations of international bodies, many of which recommended auditors to consider non-financial metrics in their GCAs. As GCM24 says, “

Today, we don't focus that much on what the financial records are telling us. We try to be proactive. We follow the CMA guidance to make sure we have not omitted an important variable in our assessment."

This does not mean that the professional logic was not dominant in the auditing sector before the pandemic; rather, it merely shows that faced with an uncertain market environment, auditors preferred professional logic over the financial logic to guarantee the accuracy of their going concern reports.

The regulators also noted that there had been a significant transformation of the procedures used for the GCAs in the pandemic and post-pandemic period, which they

attributed to the new guidelines issued by the CMA. According to most regulations, both medium and large auditing firms had to embrace more rigorous methodologies for risk assessment in the aftermath of the pandemic, even though this practice required them to increase the auditing costs and work hours dedicated to the assessment. According to REG11,

"The auditing process became much more robust.... and auditors had to spend additional time and effort evaluating managerial reports. Many of them used new technologies and relied on new forecasts to determine whether the managerial assumptions were true."

In the context of the theory of planned behaviour, CMA guidance acts as a form of obedience pressure that influences the subjective norms that auditors have to ascribe to (Johari et al., 2019). The evidence from the study indicates that auditors in Kuwait were subject to significant pressure to embrace more rigorous auditing practices during and after the pandemic, which even came with a threat of revocation of the license of those auditors who failed to embrace the new CMA standards. As mentioned in the interview with REG12, *"We were very strict after 2021. And the penalties increased. If you don't follow the rules, you can risk your licence."* A number of participants (both regulators and auditors) also mentioned that to ensure audit quality, the CMA also increased the sanctions on those auditing firms that fail to deliver quality auditing work or do not follow the guidance on how the audit work should be performed during and after the pandemic which, according to a participant employed in the Capital Market Authority was instrumental for guaranteeing that auditing firms come forward with accurate GC reports. Those sanctions were in place not only during the pandemic but also in the post-pandemic

period to guarantee the quality of audit work. This material indicates that one of the guiding logics in the post-pandemic environment has been the legalistic logics that inform the behaviour of those auditors that aim to protect the interest of the shareholders and escape legal liability. Faced with the growing risks of increased sanctions from the CMA, which heightened its scrutiny over auditor's work during and after the pandemic, the auditors became extraordinarily cautious and attentive to ensure that they were not being sectioned.

The research also uncovered a shift in the institutional logic in the post-pandemic period. There was far greater emphasis on professional logic, as auditors considered that adherence to professional standards would provide them with a relevant strategy for overcoming the uncertainties that they faced during the pandemic. Those behaviours stuck around in the post-pandemic period. The embrace of professional logic was also aided by external factors, namely the greater involvement of regulators in monitoring the implementation of auditing standards in medium firms. Another notable trend was the growing salience of the market logic in the post-pandemic period, which will be examined in the material provided below.

The participants also observed the heightened scrutiny of the data provided during and after the pandemic; indeed, most participants acknowledged that they had spent more time and effort to validate the client data and ensure that the material they used reflected the actual financial status of the firm.

"The number of risk assessments we had to do during the pandemic doubled. We introduced a new risk assessment method, and every firm had to be evaluated according to that methodology,"

said GCB4. The additional procedures and data validation mechanisms during the pandemic have made some auditors, especially those who had less than 10 years of experience, reluctant to perform the going concern assessments because of the increased time and demand this activity required. Both GCB6 and GCM18 argued that they did not like performing the going concern assessment during the pandemic because of how complex the going concern assessment had become. GCB6, for example, mentioned,

“I think the going concern had become unnecessarily difficult during the pandemic. We had to do this and then do that. It was a really frustrating experience, and I am glad that my colleagues helped me with it.”

Such sentiment was also shared by GCM18, who mentioned, “

“Our clients made our job more difficult during the pandemic. Everything was more difficult at the time.... Yes, I would not say I liked performing going concern assessments during the pandemic, but it was part of our job, so we had to do it even if it was more difficult.”

Such findings support the theory of planned behaviour according to the negative attitudes towards the behaviour (the preparation of the going concern reports), and the lower individual confidence to perform the behaviour explains individual disinterest in performing the said behaviour (Ajzen 1985). According to Thoradeniya et al. (2015), the behaviour intentions can be strongly positively influenced by the following three factors: first, there must be a positive attitude towards the behaviour; second, the individual must believe that others expect him to undertake this behaviour, and third, the individual must have the ability to undertake this behaviour. The experience of Kuwaiti auditors (if that

can be inferred from the opinion of GCB6 and GCM18) during the pandemic indicates that they struggled to meet two out of the three criteria for planned behaviour outlined by Thoradeniya et al. (2015) as they expressed negative attitudes toward the GCAs and they lacked the capacities to perform the action properly due to the complexity that the GCA during the pandemic involved. Nonetheless, there was a strong expectation that their colleagues and regulators would perform the going concern assessment effectively despite the challenges that auditors faced at the time, which explains why both participants performed the behaviour. None of the participants interviewed for the study reported asking their supervisors to assign the GCA to another colleague during the pandemic or in the period after it, which further indicates the strong influence of the subjective norms in the process of the preparation of the going concern opinion.

The findings presented under this sub-theme support some of the conclusions of the academic literature. Baskan (2020) argues that both financial and non-financial metrics constitute an indelible part of the data used for the going concern reports. The results of this study also indicate that the COVID-19 pandemic prompted a transformational shift of methodology employed for GCA as auditors across Kuwait had to undertake a more rigorous approach and include indicators in their analysis that were not widely used in GCAs before the pandemic and were maintained today in the post-pandemic period.

In the Kuwaiti context, auditors have to be far more careful when preparing their assessments because of the changing CMA guidelines and rising expectations about the auditing work that were applicable in the post-pandemic period. Contrary to Hey et al. (2021) predictions, the impact of COVID-19 on the auditing practice in Kuwait was far-reaching as COVID-19 prompted an update on the auditing guidelines, which last

changed in the aftermath of the 2008 financial crisis and were maintained in the aftermath of the pandemic. Đorđević and Đukić (2021) argue that auditors need to take into account the following conditions when making a GCA: loss of main markets, exchange rate fluctuations, changes in the valuation of the long-term assets and delays in launching new products, which affected the ability of a client to continue as a going concern. In Kuwait's context, however, only a few of those factors were deemed relevant. Loss of markets was a factor that definitely influenced the going concern decisions both in the pandemic and the post-pandemic period, while delays in the valuation of assets and the impact on the capacity of the firm to launch new products were not adequately examined. None of the participants of the study considered exchange rate volatility a factor that they had to consider for their GCAs (most likely because of the significant exchange rate stability in Kuwait and the neighbouring Gulf States).

6.2.3 Compliance with the auditing standards before, during and after the pandemic

Auditing standards (both domestic and international) play an important role in informing auditors' behaviour and in setting the professional expectations that auditors must comply with, though there are different opinions in the literature on whether extensive standardisation of the auditing profession contributes to audit quality and effective auditing practice (Harber et al., 2023). Studies report that auditors' adherence to international auditing standards has increased as a result of exogenous shocks such as the COVID-19 pandemic (Kim et al., 2024), and it was interesting for this study to explore Kuwaiti auditors' opinion on the role of professional standards in their professional practice. Adherence to professional standards signals the significance of professional

logic in auditors' decision-making as it underscores the centrality that professional norms of conduct affect auditors' behaviour.

Both regulators and auditors mentioned the changes in professional auditing standards as a result of the COVID-19 pandemic and whether the pandemic influenced auditors' willingness to comply with those standards. While some of the participants (as acknowledged in section 6.2.2 argued that the pandemic has provided an important impetus for a transformation of the auditing and auditing standards, some participants argued that COVID-19 did not fundamentally alter the auditing standards that they had to adhere to. A senior auditor (GCM2) stated that:

The purpose of the standards is to ensure that a client will receive the same audit assessment regardless of which firm does the audit for him. I don't think COVID has changed the auditing standards because the assessment process remained the same. After all, if a firm is to receive a negative assessment before the pandemic, the same firm should also receive a negative assessment during the pandemic if its financial situation has not changed."

GCB7 was also of the opinion that the main driver for the changes in the auditing standards is not the COVID-19 pandemic; instead, even before the pandemic, the auditing firms have exerted pressure on auditors to comply with the international auditing standards "*because they believed that compliance is the way to achieve audit quality.*"

The view that the auditing standards did not change much during and after the pandemic, however, was not shared by some of the senior auditors, who emphasised that while COVID-19 did not require them to abandon the previously established standards, it

required them to adopt new ones that were better fit for the auditing practice during the pandemic.

"There was a new guidance from the International Auditing and Assurance Standards Board that we had to implement during the pandemic. It was mostly about how we can maintain the audit quality during the uncertainties that COVID brought about" (GCM18).

It is difficult to determine on the basis of the data collected for the study what factors prompted a cultural change in the Kuwaiti auditing firms, but auditors from both medium and large firms argued they pay far greater attention today in the post-pandemic to the auditing standards than they did before the pandemic. One important driver for the higher compliance with auditing standards in the post-pandemic period has been the threat of sanctions and consequences of the auditing behaviour falling behind the standards, but as the quotes below show, legal troubles were not the only reason. According to one audit partner:

"I demand for my colleagues to follow closely the standards because any deviation from the standard is going to result in errors. We can be sanctioned for our work if we deviate too much from them" (GCM11)

GCB22 also argued that the notices that were issued by the Auditing and Assurance Standards Board were very helpful in the aftermath of the pandemic

"they pinpointed what issues we need to consider when we audit the firms that were affected by the lockdown. They told us how to increase our professional scrutiny and what procedures we need to follow to reduce errors in our assessments".

A senior auditor, GCB5, also mentioned that his firm was very quick in implementing and adapting the new international standards because

“We believed that strict adherence to auditing standards could provide us with a competitive advantage. My managers tried to convince new clients to join us by telling them we follow all the standards.”

What is interesting about the above quote is that it signals that the adoption of the new auditing standards supports the objective of the market logic, aiding auditing firms in maintaining their competitiveness. While market logic and professional logic often time have competing priorities and objectives (see section 6.3.3), professional logic can be harnessed to effectively achieve the objectives of market logic, reducing the tensions between those two logics. Such a conclusion is also reinforced by the opinion of the GCB12, who stated

“The new auditing standards aimed to make us more capable of challenging managerial assumptions. The CMA wanted to make us revise our initial forecast and consider the impact of COVID on businesses.”

In addition to the international guidance, the Big Four firms have created their own internal standards to guide auditors on the best professional practices, and that internal standards were also updated as a result of COVID-19. Mentions were made during the interviews that internal standards changed once when the COVID-19 pandemic began and again when the war in Ukraine started to ensure that the auditing profession responds well to external changes. GCB22 said that

“In 2020 and 2021, it was COVID, and we had new standards to follow. But then in 2022, the war in Ukraine started, and we had to consider new issues and new standards”.

GCB8 also noted that

“The expectations for our work have increased. And the same can be said about the standards that we had to follow during the pandemic. We are very cautious about potential liability that we could face if our reports are found to be wrong and inaccurate.”

The growing significance of professional logic in the Big Four firms was maintained after the pandemic. Not only were auditors supposed to follow more rigorous internal professional standards, but they also faced increased consequences if they failed to adhere to the professional standards. GCB22 admitted that “two of my colleagues were sacked in 2023 because they did not follow the internal rules”, which also highlights the heightened accountability measures that were implemented in the Big Four audit firms in the aftermath of the pandemic. However, one should be cautious about attributing the growing professional accountability to challenges presented by the COVID-19 pandemic, as there might have been other factors that encouraged the Big Four auditing firms in Kuwait to tighten their internal policies in the aftermath of the pandemic.

The Big Four were not the only ones who rushed to promote new auditing standards and guidance to guarantee the integrity and transparency of financial reporting; national regulatory agencies also used their standard-setting powers to transform the auditing work. GCM13, for example, stated that

“We welcomed the CMA initiatives to reform the auditing guidelines during the pandemic. I believe that those that were introduced in 2021 promoted higher accountability.”

Such a view was also supported by GCB4, who also stated “,

“I believe that the greater regulatory oversight and the new standards during the pandemic was a step in the right direction. We needed a more accurate standard that reflected the challenges that we faced when auditing firms at the time.”

As mentioned in section 5.3.5, the guidance and the standards provided by the CMA arrived late but offered important suggestions for the auditors to follow. REG3 stated that the main difference between the pre-pandemic and post-pandemic auditing guidelines was that the new ones provided

“more extensive guidance on what procedures the auditors need to follow in cases where there are material uncertainties”.

REG9 also shared the opinion that the new CMA guidance improved evidence gathering by extensively detailing the procedures that the auditors have to follow to collect all the relevant data from their clients. According to him:

“The new CMA guidance has significantly enhanced the process that auditors had to follow to gather evidence from the clients by providing detailed and structured procedures. We wanted to make sure that auditors can collect all relevant data from the client, leaving no critical information overlooked”

The guidance on fraud detection was also enhanced according to REG11, who said,

"Many firms who experienced difficulties in 2020 and 2021 provided incomplete and even fraudulent reports, so in our guidance, the main priority was to provide instructions to auditors on how they can best detect those omissions."

Furthermore, effective compliance was also ensured as regulators increased their scrutiny of the auditor reports during the pandemic, leading to more stringent reviews of the performance of the auditing firms and heightened expectations for the quality of work. REG12 acknowledged that he has indeed found that some medium firms struggled to comply with the regulatory requirements during the pandemic *"and that there were firms that were fined for providing poor quality of work"*.

REG7 argued that

"We did not ask auditors to make many changes on how they audited their clients during the pandemic..... Our department hired new people so that we can have more resources to examine if the auditing reports are correct."

The high compliance with auditing guidance and standards during the pandemic fits well with the theory of planned behaviour. The TBP predicts that positive behavioural beliefs are positively correlated with the performance of specific behaviour (Ajzen, 1991). The accounting literature has also supported this presumption, as Gandon (2003) highlights that behavioural beliefs shape executives' perspectives on adjusting management accounting controls. The findings of this research indicate that most auditors shared the belief that the auditing standards and guidance have been instrumental in supporting their auditing practice and informing their decision-making process, which also explains why the compliance rates among them were very high, supporting the TPB.

The auditors also argued that compliance with the CMA standards was high and continues to be high even after the end of the pandemic. Audit partners from middle-sized firms argued that their firms did their best to ensure compliance with the CMA standards because they did not want any trouble with the law (embracing the legalistic logic that presupposes that auditors follow specific behaviour to avoid dealing with the law). Other participants argued that they followed the standards not that much because they feared any backlash from the regulators but because they believed that adherence to the standards would reduce the risks of making a mistake or financial misstatement. The findings of the study also indicate that some participants perceived themselves to be personally accountable for upholding the standards as their consciousness and professionalism motivated them to adhere to the professional standards.

"I am a perfectionist, and I want to do my job well. I am not someone who shuts down the computer at 6 PM and let the whole world burn.... I follow the CMA standards and the standards of my firm because they are part of my job, and I want to do my job well and keep our clients happy," said one senior auditor (GCB12)

Another senior auditor also said,

"I would have followed the CMA standards even if my firm had not said so. It does not take much time, and it is not worth the risk" (GCB12).

Such findings are indicative that professional logic continues to be the predominant construct that guides regulatory behaviour, as professional logic is evident from auditors' adherence to the professional codes of practice, ethical norms and behaviour, reporting guidelines and regulatory rules (Cerbone and Maroun, 2020) Kent and van Liempd (2021) argue that we are currently witnessing the transformation of the accounting organisation

from one which is focused on providing client-centred services, adhering to ethical values and acting in the spirit of corporate social responsibility to one that prioritises profits, revenue and growth. The research indeed uncovered that in some cases, market logic indeed takes precedence over professional logic (see section 6.3.3 below); however, it can be concluded that many auditors in Kuwait are still using professional logic to guide their behaviour, prioritising accountability and adherence to the standards to deliver services that meet clients' expectations.

Prior work states that auditors must provide professional, standard and evidence-based reporting which adheres to international and domestic standards (Yanık and Karataş, 2017). Nonetheless, previous research has also uncovered that middle accounting firms have selectively adhered to practices that support the market logic over the trustee and professional logic (Lander et al., 2013). In the Kuwaiti context, the presumption that middle-sized auditing firms selectively embrace market logic is not fully supported, at least when it comes to compliance with domestic and international standards. Nonetheless, this study supports the Kim et al. (2024) conclusion that the Big Four auditing firms were better able to adapt to the changing guidelines than the medium auditing firms. The Big Four companies have embraced much more stringent internal regulatory standards to guarantee the quality of the auditing effort and improve auditing accountability. Nonetheless, both medium and large auditing firms aimed to comply with the challenging standards, which could be attributed to the significant uncertainty that the pandemic brought to the auditing practice, which called auditors from both firms to seek answers in the regulatory guidance to overcome the challenges that they were facing. Furthermore,

the regulatory guidance was instrumental in helping auditors overcome the uncertainties that they faced. As GCM16 has put it,

“The CMA guidance was very helpful during the pandemic. It helped us to address the questions that we had at the time. It also provided us with clear instructions on what indicators we need to focus on in making our going concern assessment”.

Past studies have also shown that the COVID-19 pandemic prompted regulatory bodies to revise standards and guidelines, providing clearer direction to auditors and firms but also adding complexity to going concern assessments in an effort to enhance transparency and accountability (Leoni et al., 2022). Similar concerns were raised by the participants of this study, who stated that the international and domestic auditing standards were instrumental in helping them address the uncertainty they faced during the pandemic and helped them maintain the quality of auditing work. Nonetheless, the adherence to the evolving auditing standards did not come without costs, such as increased workloads, heightened compliance demands, and the need for additional training and auditing firms (which, as acknowledged in Chapter 5.3.1, firms struggled to provide effectively). Many of the auditors interviewed for the work complained about the pandemic workloads, with some, like GCB3, directly stating that

“I think that the changing regulatory requirements made our work more difficult....We had to make additional estimates to support our reports, and they took much more time than usual”.

It can be concluded that audit firms have struggled to provide the required behavioural controls that could make auditors more willing to accept the new behaviours, which,

according to the theory of planned behaviour, is essential to ensure that new behaviours are adequately adopted.

6.3 Operational challenges faced by auditors in their going concern assessment

The previous chapter of the study explored in detail the challenges that the auditors faced in migrating from onsite work to fully remote practice, including the difficulties they faced in ensuring adequate protection of the sensitive data of the client. The present section examines the operational challenges associated with the preparation of going concern assessment during the pandemic and identifies the specific coping mechanism that auditors have adopted to address the challenges that they have faced.

6.3.1 Determining material uncertainties during the pandemic

The fundamental purpose of the going concern assessment is for the auditors to determine whether there is any material uncertainty and indicate to stakeholders if there is an emerging doubt that such material uncertainty will affect the ability of the firm to continue as a going concern (Baskan, 2020). ISA 570 mandates that when a material uncertainty exists, the auditor must assess whether the financial report adequately discloses significant events or conditions impacting the entity's ability to continue as a going concern, along with management's plans to address them. Additionally, the auditor must ensure that the report clearly states any material uncertainties that could affect the entity's ability to realise its assets and meet its liabilities in the normal course of business (International Auditing and Assurance Standards Board, 2007)

The auditors that were interviewed for this study argued that determining whether there is a material uncertainty was a key challenge during the pandemic because there was little information on how long the pandemic closures would be put in place and whether

the firms would still suffer from loss of customers once the restrictions on travel and face-to-face interactions were lifted. According to GCB7:

"Auditing a firm that was affected by the pandemic, such as the hotels or airlines, was very difficult. Many of those firms had very little revenue for at least three to six months....However, we could not say that there is material uncertainty because we do not know how long the country will be closed and what will happen once it opens. You cannot simply say that a firm that existed without any financial difficulties for five or ten years will go bankrupt because of several-month pandemic restrictions".

The participant was not the only one who experienced that struggle; some participants also reported challenges in determining material uncertainties as there had been an internal conflict between what the financial reports showed and what their personal beliefs on the matter were. Some participants reported being reluctant to put a going concern warning to firms who used to perform financially well during the pandemic as those firms.

"had no previous record of material difficulties, and I did not believe that such warning was deserved" (GCB3).

Many studies report that auditors are much more willing to give a going concern warning in times of economic uncertainty (Geiger et al., 2014; Rickling et al., 2020) as the main purpose of the going concern opinion is to warn the shareholders about the impending financial difficulties that the firms are facing. In the Kuwaiti context, the auditors were overly concerned about issuing false negative going concern reports because there was a pervasive belief that firms would be struggling in the long run if a negative GCA was being issued.

"Nobody wants to give loans to firms who have received a negative going concern opinion. This was the case even before the pandemic. By giving going concern warning, we contribute to the financial troubles some of our clients experience."
(GCM13).

According to Gainau (2021), if an individual does not have the skill, confidence, knowledge and experience to perform a certain behaviour, that individual is less willing to engage with the behaviour in question. This study has also found a decreased engagement of auditors in the going concern assessments during the pandemic as some senior auditors complained that they transferred the preparation of the GCA to their junior colleagues as they did not have the time and the patience to prepare a good report. GCB12 claimed that he disliked preparing GCAs during the pandemic, not only because such assessments were much more difficult to conduct but also because the process involved a lot of negative interactions between himself and the clients, as clients of the struggling firms often disagreed with the auditor's assessments. As said by GCB12,

"I did not become an auditor to listen the whole day to how the client tries to say that I am wrong, and we had too many such interactions during the pandemic."

This further highlights that the auditors' professional judgement was questioned at the time, even though there was a growing reluctance from the audit firms to issue negative going concern warnings. Ajzen (1985) suggest that individual behaviour is influenced by the subjective attitudes of the individual towards this behaviour; in the case of the COVID-19 pandemic in Kuwait, the auditors harboured a subjective belief that the negative going concern warnings during the pandemic were likely to be biased or incorrect and subsequently, were much more reluctant to issue negative going concern warnings, even

though professional logic demands from them to heighten their scrutiny and increase their vigilance in difficult macroeconomic conditions to protect the interest of the shareholders. Participants from the Big Four firms have also complained that the procedures for conducting a GCA during the pandemic have become so sophisticated that they are not entirely sure whether they have carried out all the required procedures or not. GCB7, for example mentioned

“There were too many different things to do to prepare the going concern opinion. And we had to do different tests for every client. That was really challenging... You don’t know if you had done it correctly or not.”

It can be concluded that determining material uncertainties during the pandemic has become not only more complex as new auditing procedures have been introduced to ensure audit quality but also because the auditors themselves could not remain fully objective and set aside their personal beliefs about the firm's long-term financial performance when making their going concern reports. According to the theory of planned behaviour, perceived self-efficacy is one of the most fundamental factors that affect the successful performance of any behaviour, as the higher the perceived self-efficacy is, the more likely a person is willing to perform that behaviour (Terry and O'Leary, 1995). It can be argued that many auditors in Kuwait experienced a declined self-efficacy during the pandemic as a result of the uncertainty they faced and as a result of their personal beliefs, increased workloads and inability to follow the new guidance for conducting going concern assessment, which impaired their capability to provide an effective and impartial going concern assessment for many of their clients. Furthermore, auditors were also too cautious as they did not want to issue a negative warning where that negative warning

was not fully warranted and further undermined the precarious financial situation that many of their clients were facing. Such finding is interesting as prior literature has observed that during time of economic uncertainty, the propensity of auditors to issue negative going concern opinion increases not only because the bankruptcy risk is higher but also because auditors tend to exercise greater professional skepticism, heighten their risk assessment, and adopt a more cautious approach to avoid litigation risk or reputational damage associated with audit failures (Geiger et al. 2014)

Some auditors also disagreed with the specific procedures that their firm has required them to follow for the going concern assessments as they perceived that the process of determining material uncertainties during the pandemic has been unnecessarily complicated. GCB8, for example, stated that he had to conduct risk assessments and audit procedures for his going concern reports; however, he argued that some of those procedures were not necessary, especially for auditing big firms, *"because the government will come and save them if they experience any financial distress."*

The audit partners were also critical about the auditing procedures they were asked to follow GCM14, also stated that,

"Many of the changes to the procedures [for determining material uncertainties] that were introduced in 2020 were not kept for the next year. My manager did not believe that they improved the auditing process that much."

Another audit partner (GCM11) also noted that “

"All changes that we made during the pandemic did not address the main issue. Our work was challenged because managerial assessments were bad....We had to do the work of the internal auditors of our clients."

The audit partners were the most sceptical about the auditing procedures that were followed in their firms, partly because they had faced increased workloads during the pandemic and because they had to conduct most of the new auditing and risk assessment procedures that their firm demanded them to follow. GCM1

“I could not delegate the job to my junior colleagues. They did not know the procedure, and there was a growing risk of mistakes. I had to take additional hours of work to ensure that everything will be done correctly.”

GCB4 also said

“My senior colleagues and I had to pilot every single new test and procedure that we tried during the pandemic. This made our job very difficult... We also had to help our junior members every time they struggled with the new procedure”.

The interview with the auditing partners reveals another guiding logic that informed the decision-making process during the pandemic, namely the community logic. Community logic is a separate construct under the institutional logic theory, according to which the behaviour of the members of the community reflects the solidarity, trust and responsibility towards the community (Georgiou and Arenas, 2023). The auditing partners interviewed in the work perceived that during the pandemic, they had the responsibility to pilot the new risk assessment procedure and provide guidelines to junior colleagues on how they should perform their jobs, even if those additional responsibilities further increased their logic. That shared responsibility to the community was also evidenced in the quote was also noted in the interview with GCM23, who said, “

“During those challenging times, it wasn’t just about doing our job. We had to think about how our actions affected the entire team. I spent hours explaining procedures and reviewing work to ensure no one felt overwhelmed or left behind.”

However, the interviewees in the study also acknowledged the challenges of determining the material uncertainty during the pandemic because auditors had to consider additional factors such as loss of clients or the inability of the firm to raise the funds it needed for the lockdown (or revise the initial forecasts or deal with potential backlash from the clients who have contested their assessments which were issues that they did not experience to the same extent before the pandemic. GCM24 (an audit partner from a medium firm) further argued that auditors struggled not only to determine if a firm was facing material uncertainties but also to ascertain whether the management had come up with an adequate plan of action to address the events or conditions that gave rise to material uncertainties.

Another important insight from the interview was that Big Four firms recognised the internal challenges auditors faced in determining material uncertainties and were quick to come forward with updated guidance on how material uncertainties should be reported during the pandemic. GCB22, a senior auditor from a Big Four firm, stated that the focus of such guidance was placed on quantified metrics that auditors could use to validate the managerial reports and guarantee the reliability of their assessment.

A number of different safeguards were introduced in the Big Four firms to guarantee the reliability of the GCA during the pandemic. GCB3 mentioned that

“my company commissioned an additional review of financial and non-financial data to make sure that our assessments are correct”.

Another senior auditor, GCB19, also mentioned that:

“We brought in an experienced audit partner to work closely with the teams handling the going concern reports”

Which further improved the validity of the assessment. GCB7 also observed a significant improvement in the peer support network in his team during the pandemic

“Because my senior colleagues were more willing to collaborate, share insights, and help each other.”

Such measures were done to improve the perceived self-efficacy of the auditing teams and to enhance the behaviour controls, which, if alleviated, can increase the engagement of the individual in the activity (Bobek and Hatfield, 2003). The attempt of the Big Four firms to reduce the uncertainty and enhance the self-efficacy of their employees appears to have worked, as GCB19 stated

“I had enough peer support during the pandemic. This increased my confidence that my assessment was right and the firm was behind my back”.

Another participant from the Big Four Firm GCB22 also mentioned that

My manager had an open chat policy. We could ask him any question at any time. If we did not know what to do and how to interpret the data, we could also go to him for support”.

It can be argued that COVID-19 has provided an impetus for the Big Four firms to become learning organisations, which can be defined as organisations that prioritise individual and collective learning and adapt to external exigencies (Santa, 2015). Organisational

learning is a collective and individual process, and successful learning organisations can combine different learning approaches, including both formal and informal ones (Watkins and Marsick, 1993) so that a firm can obtain a competitive advantage. By having an open chat policy, by designating an experienced audit partner to help junior auditors handle the going concern assessments and by providing adequate guidance on what data should be collected for the GCAs, the Big Four have been effectively embracing behaviours that could enhance the perceived behavioural controls and improve the confidence of auditors in their capacity to deliver their going concern assessments. According to Joshi (2020), the uncertainty produced by the COVID-19 pandemic requires the auditors to perform a new sensitivity analysis to determine the material uncertainties. The findings of the study also indicate that the Kuwaiti auditors were required to adopt new auditing procedures and challenge their assumptions; more importantly, medium firms had to update their methodologies to ensure data quality and validity of their going concern estimates. From the standpoint of accounting, reporting, and auditing, the challenge that emerged during the pandemic lies in how each entity can "interpret" the impact of those macroeconomic conditions into dependable estimates for its own financial metrics (Liu et al., 2020). Both auditors and their clients have struggled to determine if material uncertainties exist and whether the pandemic conditions would create material uncertainty. Despite the efforts of the auditing firms and regulators to come up with instructions on how the auditors should conduct their GCA during the pandemic, auditors' perceived self-efficacy declined as there had been cases where auditors' views on whether a firm would be able to continue as a going concern clashed directly with what their estimates showed. The strategy of auditors, in this case, was a reluctance to issue negative going concern reports as

auditors were very wary of potential type II errors², which was informed by auditors' expectations that the pandemic would create a short-term loss from the client.

6.3.2 Dealing with uncertainty before, during and after the pandemic

The researcher was interested in establishing the steps that auditors made to assess whether the managerial going concern assumptions were correct and valid during the pandemic. This was necessary as it helped in establishing how different auditors approached uncertainty, particularly before, during, and after the pandemic. Before the pandemic, auditors generally followed standard procedures that included discussions with management, review of business plans, and cash flow analysis over a three-to-five-year period. For instance, one participant noted that they engaged in "discussions with management and the audit committee" and "reviewed business plans and cash flows. This was our normal practice [before the pandemic]." (GCM15).

Another senior auditor, GCM10, mentioned that before the pandemic, there had not been significant variation between the factors that were taken into consideration for the going concern assessment as *"all firms had to be assessed through the same procedures at least in 2018 and 2019."*, auditors have faced uncertainties; however, the most difficult clients to audit were the largest firms with the most extensive portfolio of assets and liabilities. As GCB17 noted,

"The problem before the pandemic was that there were some big clients who did not follow the proper auditing process. We had to revise substantially their financial reports so that they conform to our rules and practices."

² Type II error is a false negative error, or in the context in the study giving a negative going concern opinion to a company that did not result in subsequent insolvency. (Wertheim and Robinson (2011))

What, however, helped auditors to deal effectively with uncertainties they faced in preparing their going concern reports before the pandemic was the significant experience that they gained in preparing GCAs. GCB3, a senior auditor from a Big Four firm, said,

"I am confident in my going concern assessments. There are few things that can go wrong with them. You need a couple of years of experience, and you will learn everything you need to know about them".

The only junior auditor interviewed for the study, GCB7, also expressed strong confidence in the quality of the going concern assessments he prepared before the pandemic by stating.

"there was always a person I could refer to if I experienced any difficulty. We are a very supportive community and learn from each other's mistakes."

Most of the interviewees reported a positive attitude towards the preparation of the going concern statement before the pandemic, and though some participants reported heavy workloads, increased demands from the regulators (and poor quality of managerial reports prepared by the clients, however, they were confident in their abilities to provide work that adheres to the high expectations that clients and regulators had for their work. Such finding supports the basic premise of the theory of planned behaviour, for which an important prerequisite for meaningful performance of a specific behaviour is the positive attitude towards the behaviour, which should contribute to stronger behavioural intentions to execute their duties effectively (Yuniarwati et al., 2011), and the findings of the study confirm such supposition. The auditors have reported that they received significant institutional support (such as help and advice from colleagues) before the pandemic, that the firms have prepared adequate guidance and support on how to do GCA, and that they

have enjoyed significant peer support, which is other factors that support the adoption of positive behaviour as institutional control could be an important behavioural control (Bobek and Hatfield, 2003)

However, the main challenge that auditors experienced during the pandemic was that they had to support their clients throughout the entire auditing process and ensure that the proper financial report had been prepared, which is a task that goes beyond what auditors are normally expected to do. Both big and small clients struggled to follow the proper financial reporting procedures as some clients, as acknowledged in 5.2.2, concealed important information that further burdened the auditors attempting to prepare the going concern reports” As GCM16 noted

“I don’t know what happened during COVID, but our clients just forgot how to do financial reporting correctly. I had to return one report to my client five different times with comments until they got this right”.

GCM18 attributed the failure of their clients to prepare adequate financial reports to the pervasive uncertainty that the pandemic has brought, arguing that the clients’ coping strategy has been to

“They just waited to see what was going to happen. They delayed preparing their financial reports, then they had to rush them because there was no time and sent us poorly prepared estimates that required many corrections”.

The Big Four firms respond to the challenge by disseminating guidelines to the clients on how to prepare their financial reports during the pandemic effectively and what additional information they should have included in their work to ensure that the auditors would not

return the report for corrections. However, some participants acknowledged that the clients have largely disregarded their recommendations. GCB22

“Most of the reports I have dealt with during the pandemic did not include any estimates on how pandemic lockdowns will affect the business. There was no estimation of whether the client will lose client, or whether it will be affected by supply chain problems. And we expressly told clients to make those projections in the report.”

Auditors implemented a number of coping strategies to deal with material uncertainty during the pandemic. One notable example, as acknowledged in 6.2.2, was the greater reliance on domestic and international standards to inform the auditing practice. At the peak of the pandemic, the guiding institutional logic had become the professional logic, with auditors striving to exercise due care, transparency and integrity. GCB5 noted, for example

“Preparing a going concern report during the pandemic was difficult. There were new procedures and new processes that we had to follow....What helped me to ensure that my job was done correctly was that I constantly questioned the data I was given. You have to be vigilant when you audit, and if you pay close attention to the data, you cannot go wrong.”

Other coping strategies during the pandemic included double or triple-checking the financial data (mentioned in the interview with participants GCM10, GCM16, and GCM21), engaging a more experienced colleague to help with the report (mentioned in the interview with participants (GCB7 and GCB6), which also reinforces the presumption that when the uncertainty during the pandemic was high, the auditors relied on professional

logic to inform their behaviour. Professional logic also requires the adoption of a critical mind and professional scepticism, which allows auditors to never take the presented data at face value but exercise due diligence in evaluating its accuracy (Dimitrova and Sorova, 2016). Professional logic demands the respect of the codes of practice that underpin auditors' legitimacy, authority, and competence, and it is thus one of the key logics to adopt (Hancu-Budui et al., 2020).

The significance of professional logic in the evaluation of managerial reports during the pandemic was also implicitly acknowledged by the auditors interviewed for the work. GCM24, for example, they stated that

“I advised my colleagues to be critical and sceptical about any data they get from our client. We had to question and redo any estimate to ensure that everything was correct.”

GCM20 also mentioned

“Professional scepticism was my most redeemed quality during the pandemic. The more cautious and critical you are to the data you are getting, the more reliable your reports are going to be”

Nonetheless, the participants recognised some issues that emerged between their attempts to maintain the corresponding levels of professional scepticism and the need to embrace new remote auditing technologies during the pandemic, which signals the ongoing tensions between professional logic and technology logic. Participants recorded frustration with the remote solutions that their companies have embraced (see 5.2.1), which, in many cases, hindered rather than aided their work. Remote auditing also added a new layer of uncertainty as the auditors were not confident whether the different

technological solutions that they have implemented throughout the work during the pandemic have contributed to improved performance and increased audit quality. As GCB3 put it

“The problem we had to address during the pandemic was how to guarantee that our new risk assessment models were correct. We used new tools and new processes we had not tested before.”

Other participants also lamented that they could not effectively exercise their professional scrutiny in a remote audit environment, arguing that the remote audit solutions were imperfect substitutes for in-person visits.

“How can we conduct proper inventory management when working remotely? You cannot be even sure that the inventory exists, let alone that someone had not tampered with the different items in the inventory without me or my colleagues noticing me” (GCM9)

What further complicated the auditor’s attempt to deal with uncertainty during the post-pandemic period was the push to maintain many of the technological solutions that were introduced in the pandemic period to support the decision-making under the guise that they (including AI models) worked well during the pandemic. GCB19, for example, stated that

“I don’t think that the technology helped us to become better auditors. Many people depend too much on it when they make their reports, and often they do not pay attention to the details because of that”,

which further indicates that the abrupt technological adoption in the Kuwaiti audit firm had negatively impacted upon the audit quality. Similar opinion was shared by GCM21 who recollected that. “

Today, there is much pressure to rely on forecasting for the going concern assessment. This is wrong. A good report should rely on multiple methods for effective assessments of the risk, and this is what we need to teach to our new colleagues.”

The experience that the auditors attained during the pandemic period was the main factor that helped them to deal with uncertainty during the post-pandemic period. Most participants recognised that the preparation of the GCA report now is less challenging than it had been during the pandemic. “*We know much better what we need to do in such circumstances*” (GCM16). Similarly to the pre-pandemic period, the participants noted a significant level of confidence regarding the validity and reliability of their going concern reports today.

“We’ve developed better models and clearer processes for preparing our going concerns report. This made our estimates more reliable compared to those that we did during the pandemic” (GCM14).

Thus, it can be concluded that the pandemic provided an important learning opportunity for auditors on how to effectively handle the preparation of going concern reports during an uncertain market environment.

6.3.3 Reduction of auditing fees and competitive institutional Logic during the pandemic

The manner in which the GCA has changed was extensively discussed in section 6.2; however, there is one additional institutional factor that impacted the way auditors approached their going concern assessments. Auditors from both big and medium firms have complained that there have been demands from the clients to reduce the number of billing hours during the pandemic, as many firms have struggled to pay their auditing bills. GCM24, an audit partner from the medium-sized firm, stated that

"Many of our clients could not pay their invoices during the pandemic and called us to renegotiate better payment terms".

In the Big Four firms, there was an increased demand for reducing the number of billable hours, especially from the clients who were most affected by the pandemic as GCM15 said that

"Clients wanted us to do less and less so that they could pay less".

Clients' payment struggles were also recognised by the members of the other medium firms, which were reluctant to audit some clients due to potential delays in clearing the auditing invoices. The implications of the reduced auditing fee were manifold. As mentioned in 5.2.2, the audit quality during the pandemic suffered, and some participants attributed that decline to the reduction in audit fees. GCM18, for example, mentioned that the reduction of auditing fees reduced the recruitment budget for his firm and that fewer senior auditors have been hired during the pandemic. GCM23 also stated that the reduction of auditing fees had encouraged his firm

“We had to delegate more and more work to new employees. And some junior auditors did not have the knowledge and the skills.... The result was that we found some errors in the reports that could have been avoided”.

One can argue that the reduction of auditing fees during the pandemic has made the auditing firms prioritise market logic by making decisions (such as hiring fewer audits and relying more on inexperienced auditors) that could secure profits even though they might have a negative impact on the client or the audit quality.

The clients' demand for lower auditing costs was so strong that it affected the quality of the auditing process, as auditors were reluctant to do their job until the payment was cleared. GCB8 also complained that his manager had instructed him to delay the audit of one of his clients until the client had paid their current auditing bill, which resulted in a substantial delay in the submission of the auditing reports to the point that

"The client almost missed the deadline date. Another day of delay, and he would have been obliged to pay significant fee" (GCB8)

Such behaviour indicates that the auditing firms in Kuwait have moved to embrace the market, and the corporate logic as an important concern during the pandemic was maintaining the profits and the bottom line, even if this means that the clients are going to face regulatory backlash. Such behaviour, however, is not unwarranted. According to the literature, an increase in auditing fees is expected in difficult market conditions as the expectations that auditors should provide quality work increases, and so is the time and effort the auditors must spend to provide reports that meet shareholders' demands (Zhang and Huang, 2013). In the Kuwaiti context, the corresponding increase in auditing fees during the COVID-19 pandemic did not happen; in fact, auditing firms were required to do

an increasing volume of work with a reduced number of auditors and increased expectations about audit performance. During the COVID-19 pandemic, auditors have to learn how to integrate new technologies, learn new methods for risk assessment, and deal effectively with the incomplete and poor data provided by the clients, which naturally increases the time they spend at work even though their clients have demanded a decline in audit hours. As mentioned in 5.2.1 and 6.2.3, most participants complained about the unrealistic workload they had to deal with during the pandemic, which was a direct consequence of the client payment difficulties and the lower audit fees during the pandemic period.

Furthermore, client payment difficulties seem to have negatively impacted the motivation of the auditors to engage proactively, as evidenced in the response of the GCB19, who argued thatL

"It was very demotivating to do going concern assessments during the pandemic. Some clients could not pay on time, and you felt that you were working pro bono for firms that will not settle their dues any time soon".

It can be argued that the declining auditing fees during the pandemic could be perceived to exercise a negative influence on auditors' perceived behavioural controls (Gainau, 2021) and explain the negative attitude towards the going concern assessment that some auditors harboured at the time.

None of the interviewed auditors mentioned that auditing firms experienced financial difficulties during the pandemic, but medium-sized firms had to undergo a significant restructuring so that they could remain profitable. Some participants were of the view that their firms have scaled down significantly the recruitment process (GCM9 GCM14),

whereas others raised concerns that they had to deal with an increased volume of workload during the pandemic and increased workloads have the potential to undermine the audit quality(GCM21; GCM20). GCM1 also said,

"I felt squeezed out because there was so much work and so little time to handle it".

Some auditors interviewed for the work emphasised that the clients' payment difficulties did not affect their performance or the amount of time and effort they dedicated to making the going concern assessment. GCM18, for example, underscored that

"Finance [team] does not inform me when a client pays and how much does he pay. I am following the same procedures anyway."

Nonetheless, some participants recognised that they had received instructions to reduce the work that they did for some of their clients as there had been a growing mismatch between the volume of services provided by the auditors and the amount of work the client had paid for. GCM15, for example, argued that his firm had prohibited auditors from engaging with certain clients:

"The clients were no longer paying for their services. They also had an outstanding bill to clear."

One can conclude that both medium and large auditing firms in Kuwait have attempted to prioritise maintaining their current profit margins by reducing costs and delegating work to less experienced auditors. In a recent study, Alkebsee et al. (2023) discovered that the pandemic prompted a reduction of auditing fees of 22%, which auditors accepted as the pandemic also brought lower auditing costs as all auditing work was done online. In the Kuwaiti context, however, audit firms faced no significant decline in audit costs; in fact, as

acknowledged in 5.2.1 and 5.2.2, the auditing firms have integrated new technologies into their work, which has also increased the costs. As GCB3 put it

“We had a larger IT budget during the pandemic, and we hired more people for the IT department. When you do everything online, you cannot afford to reduce the IT costs.”

The regulators also noticed the declining auditing fees during the pandemic, but they emphasised that auditing firms were expected to maintain the same quality of audit. Regulators from both the Capital Market Authority and the Ministry of Finance argued that the expectations towards auditors are even higher in times of economic crises as this is the time when the auditor's quality work is most needed. While some of the auditors interviewed for the work claimed that they had reduced the number of services they offered during the pandemic, regulators perceived that a decline in auditing efforts was going to undermine the stability of the financial system. According to REG 4,

“We know that some auditing firms struggled during the pandemic because the fees went down.... But lower fees are not an excuse for poor performance.... We expect auditors to be more attentive during the pandemic because this is the time when the audit report needs to be most accurate”.

The interviewed auditors also recognised that there had been significant variability in the auditors' fees before the pandemic, and medium firms indeed used to charge less than their bigger counterparts, but this was not a reason to expect different performance from both the medium and the bigger firms. Nevertheless, there have been some regulators, such as REG4, who admitted that the attempt of auditing firms to reduce the auditing efforts has not been a new trend; instead,

"Many firms are trying just to cut corners rather than to hire the number of auditors that they need to perform good audits".

Such a view is also supported by REG 11, which mentions that

"Some auditing companies made very controversial decisions during the pandemic. They decided to downsize when they had to increase their number of workers to maintain audit quality."

While the regulators did not elaborate on why they perceived that auditing firms were cutting corners during the pandemic, the interviews with auditors suggested that the main reason has been the desire of auditing firms to maintain profitability at times when more and more clients struggled to pay the audit fees.

Other regulators also observed that the auditing firms in Kuwait have traditionally struggled to find enough personnel to ensure the quality of the audit. Interpreting those findings in light of the institutional logic theory, one can argue that the Kuwaiti auditing firms have gradually embraced the market logic over the state logic. That embrace has become more prominent during the pandemic when the profitability of auditing firms was threatened by declining auditing fees, rising costs, and increased demands for maintaining the audit quality for the going concern assessments.

The literature on the relationship between audit quality and audit fees has recognised that difficult economic conditions affect firms' liquidity, performance and risks, which, in turn, leads to an increase in auditing fees (Chen et al., 2019; Houston et al., 1999). An increase in audit fees during the pandemic, according to Harjoto and Laksmana (2023), could be attributed to the closure of the auditing offices, the integration of remote auditing solutions and the increased numbers of billable hours. While the present study uncovered that the

workload and the auditing effort for the Kuwaiti auditors during the pandemic did increase as the pandemic uncertainty required them to perform new auditing procedures, it was not accompanied by a corresponding increase in the auditing fees. Auditing firms in Kuwait have been pressured by clients to reduce the amount of auditing fees, resulting in a corresponding decrease in services that some auditors offered at the time. In that respect, the conclusions of this research provide partial support to the findings of Hazaea et al. (2023), who also observed a decline in auditing fees and a reduction in audit quality during the pandemic, which they attributed to the decline of auditors' salaries. The findings of the study do not confirm this hypothesis. While the profit auditors firms had during the pandemic did decline, there had been no decline in auditors' salaries in Kuwait. However, the data from the previous sections suggest that auditing firms reduced hiring costs and delegated more and more responsibilities to junior auditors in an attempt to reduce costs.

6.4. Auditors responses and the going concern process in the post-pandemic period

An interesting proposition that the thesis wanted to examine was whether COVID-19 promoted a long-term transformation in the manner in which auditors approached their going concern assessments and whether there had been a quick return to the pre-pandemic practices once the social distancing restrictions had been lifted.

The pandemic trend of doing going concern assessments exclusively online through remote and video-conferencing technologies was a trend that quickly died out once the pandemic restrictions were lifted. The majority of the participants interviewed for the study reported that they continue to work from the office, making regular visits to their client offices and collecting most documents in a paper format. According to GCB12,

"Clients still can send us the documents that we need in electronic format, but there is no point in requesting this; most of the time, we will go to their office to collect what we need."

The reliance on video technology for remote auditing was also phased out, as none of the participants of the study reported relying on video conferencing to collect data from the client for the past fiscal year. Of course, there were some participants, like GCB19, who were granted the opportunity to work from home most days; however, he was still expected to conduct onsite work whenever such was required. The Big Four firms, as the interview with GCB3 and GCB8, indicate still allow employees to work a few days out of the office, as a hybrid model of working was a positive step that the firms have introduced to reduce employees' burnout and resignations; nonetheless, presence in the office was expected when difficult tasks such as going concern assessment had to be made. GCB3 mentioned,

"We can work from home if we want it, but my boss expects me to be on-site during the busy period", while GCB8 stated " , Work from home is good for maintaining a positive work-life balance. And I can work up to 6 days from the office if I want it....Many of my colleagues decided not to look for another job because they were not expected to show up in the office every single day.

One of the main reasons why the remote working practices were scaled down after the pandemic was that they apparently failed to produce the required efficiency and optimisation of the auditing work. As mentioned in the previous chapter (see section 5.2), auditors complained about increased workload, software difficulties (GCM10), inability to obtain all information that they needed for their going concern assessments when working

remotely (GCM14), difficulties in maintaining an adequate flow of information between teammates and clients (GCB7) which explains why the practice had not been widespread after the pandemic. According to GCM20, an audit partner from a medium firm said,

"My colleagues work better from the office. They are more productive when they work onsite, and there are fewer distractions. This is why we asked them to return to the office once the state permitted it".

Claims were made that they are more productive when working in the office as they can rely on the help of their colleagues in case they face any difficulties. According to the regulators, there was no need for additional regulation of remote auditing work, nor was there any plan for the regulators to make any changes to workplace arrangements that would have prevented the return to office. In that respect, REG1 stated, “

I think the audit firms need to decide for themselves whether they want to allow their workers to work from home. We have no business in mandating them either a return to the office or work from home unless we see another pandemic.”

REG10 (A CMA employee) also mentioned that

“CMA has no intention to regulate remote auditing. We did not do this during the pandemic, and we don’t plan to do this now,”

which further indicates that the regulators perceive that workplace arrangements are a matter that they would like to regulate. Completely different was the experience of auditors with artificial intelligence and the new auditing procedures that were implemented during the pandemic. While some of the auditors remain sceptical about the potential of artificial intelligence to revolutionise the auditing practice because the AI models were inherently unreliable (see Chapter 5.5.2), some participants continue to rely on them to support their

ongoing concern assessments today. GCB5, for example, mentioned that he still uses predictive analytics and AI models to make the GCA *"because I found them very convenient to use. They were also more reliable"*. Some senior auditors working in the Big Four firms were positive that AI solutions are going to save time and effort in the long run. Such findings also support the market logic according to which the investment in new technologies is justified if it contributes to improved efficiency and productivity.

The study also uncovered that the auditing procedures that were introduced during the pandemic were also expected to stay, which was an opinion that was shared by both auditors from the Big Four Firms and the regulators. The risk assessment methodologies that were used during the pandemic were found applicable in the post-pandemic realities because

"They could help us detect better the material uncertainties that affect the operation of a firm." (GCB4).

Another audit partner, GCB17, said,

"We changed the auditing procedures in the firm during the pandemic to ensure audit quality. And we did meet and even exceeded the expectations. I don't see any reason to change the auditing procedures again now that the current ones work so well".

Another senior auditor also stated,

"Businesses today face new risks that affect their short-term liquidity. There are risks of rising inflation. There are risks of firms losing their biggest customers. There are also risks that a firm will be affected by the wars in the region" (GCB8).

According to the same participant, while the pandemic forced the auditing procedures to change so that the auditors could better assess the different risks that firms have faced during the pandemic, the same procedures could be used today to ascertain the new risks that firms face, even though those risks are no longer related to COVID-19 or to the problems with physical distancing that firms experienced at the time. GCB19 remarked that while there was no change in the fundamental practice regarding going concern, a deeper focus on the recoverability of assets and management plans emerged. This shift, GCB19 noted, introduced a

"more sceptical" approach in the auditor's mind, which paradoxically added quality to the assessments, making them more reliable and supportable".

Nonetheless, the reflections of the participants from medium firms on their post-pandemic practices revealed a nuanced understanding of the evolving challenges in going concern assessments, with some participants indicating a return to pre-pandemic norms. In contrast, others continued to emphasise the ongoing relevance of COVID-19-related adjustments. GCM21 pointed out “

"Since COVID-19, assessing financial assets through IFRS 9 has become more difficult. Companies changed their models to reduce the role of Expected Credit Loss allowances on their financial results."

This reflects an awareness of the lingering effects of the pandemic on financial reporting.

The regulators also perceived that the pandemic had provided a strong impetus for change in the auditing regulatory framework and did not expect a return back to the standards that were used before the pandemic.

"We did not change the law to make auditors change their way of working for a year or two. We did it to ensure that they maintain a good standard of work in the long term" (REG1).

A regulator from the Capital Market Authority also mentioned that

"COVID opened our eyes about the real problems that auditors were facing. We had to come up with new guidance for auditors much earlier" (REG 12).

Most of the regulators, however, believed that there would be another update on the regulatory standards and regulatory work to ensure that the auditing practice evolves and is able to address not only the challenges auditors have faced during the pandemic but also the new issues that emerged in the post-pandemic period. A few of the participants even mentioned that the Kuwaiti Ministry of Finance is planning to release new guidance about how the going concern assessments should be made.

"We are planning to standardise the way auditors make their going concern assessment further. Currently, we are in consultation with auditors on how we can develop new guidance, but I expect that guidance to be released in the next year" (REG5)

COVID-19 might not have been the main catalyst for regulatory change, but the pandemic provided an impetus for the regulatory standard to evolve in a positive direction.

6.5 Conclusion and Implications

The purpose of the chapter was to examine how the going concern decisions in big and medium-sized auditing firms in Kuwait were influenced by auditing practices during and prior to the COVID-19 pandemic. In addition, the researcher aimed to uncover the operational challenges that the auditors faced during the lockdown period in preparing

their GCA and how those challenges were addressed. Auditors' and regulators' responses to the changes in the auditing procedures during the pandemic were also extensively examined and interpreted in consideration of the main theoretical premises of the institutional logic theory and the theory of planned behaviour.

The study have been analysed through the lens of the institutional logic theory. According to the theory, society is shaped by multiple institutional orders referred to modern society's institutions, such as the bureaucratic state, market capitalism, democracy, religion, family, etc., each having its inherent practices and beliefs (Conrath-Hargreaves and Wüstemann, 2018). Each order consists of a set of cultural symbols and practices that make a specific area of social life meaningful (Friedland and Alford, 1991). The theory emphasises that each institutional order has a distinct cluster of expectations (also called institutional logic) that determine its rationality (Friedland and Alford, 1991). The institutional logic that regulators had ascribed during the pandemic was to mandate auditors to adhere to domestic and international auditing standards and maintain the same audit quality regardless of the barriers auditors faced in performing their services. For individual auditors, the adherence to professional logic during the pandemic was of paramount importance because it helped them to deal with macroeconomic uncertainties. Professional logic also aided them in the preparation of the going concern assessments, as following the professional codes, guidance, and standards was deemed to be an effective way to produce quality going concern reports.

Meanwhile, the auditing firms have adhered to the market and corporate logic as their main prerogative was to ensure the profitability of the firm at a time when more and more clients demand a reduction of auditing fees through either increasing the workload for

individual auditors or scaling down the number of services offered. Such an approach, however, bore the risk of reducing audit quality and resulted in tensions between the desire of auditors to maintain high professional standards for their work and the need for their employer to meet their profit targets. However, the study findings indicate that auditors preferred to adhere to the state and regulatory logic, prioritising audit quality even if this resulted in increased workload and professional responsibilities.

The quick return to the office for the Kuwaiti auditors could be explained with the market logic, according to which remote working practices would have remained in place after the pandemic if they had contributed to improved efficiency and productivity (Conrath-Hargreaves and Wüstemann, 2018). Remote working, contrary to what was normally observed in the other studies (Jalagat and Jalagat, 2019), did not contribute to increased flexibility, efficiency or cost reductions, so the use of the practice declined significantly as the state began rescinding the pandemic restrictions. The fact that the regulators do not plan to introduce laws and guidance to support remote auditing is also an example of how the state logic operates, as the institutionalisation of the practice can only happen if the state expresses a genuine interest in regulating the specific behaviour.

The integration of the TBP and the institutional logic theory provide important insights of provides a better understanding of GC and auditors behaviour The TPB suggests that personal attitudes towards the activity are one of the main determinants towards its subsequent acceptance (Ajzen, 2011). The findings of the study indicate that auditors remained positive that the changes that they made to the auditing process have improved the quality of the auditing work, which explains their acceptance both before and after the pandemic. The subjective norms and behaviour also had a strong influence on the

auditors' conduct as they framed the way the auditors responded to the changes in their professional practice. The more challenging the auditing work became, the more willing participants were to adhere to the domestic and international norms that guided the auditing profession. The last important notion of the theory of planned behaviour is behavioural control, or, namely, the perceived difficulties that surround the acceptance of a specific behaviour (Bobek and Hatfield, 2003). Many auditors experienced challenges, such as the increased number of clients that they had to audit during the pandemic, growing difficulties in attaining peer support, burnout and fatigue, though those factors did not affect their willingness to adhere to the new procedures for GCAs much. Participants from medium-sized and big firms were commended for meeting the regulatory expectations and for striving to achieve high-quality work despite the challenges encountered on the way.

The next chapter of the study will compare the results of the thesis with literature that was published on the topic and provide a more comprehensive analysis of how the study confirmed and modified the current literature.

Chapter VII: Discussion

7.1 Introduction

The present chapter aims to discuss how the findings presented in the previous chapters are linked to the existing literature and demonstrate how the research has contributed to the scholarly literature on auditors' behaviour and the going concern practice, highlighting the key implications of the thesis. The chapter begins by identifying the key challenges auditors have faced during the COVID-19 pandemic when preparing their going concern statements, emphasising the coping strategies that were implemented to ease the auditing practice in times of economic uncertainty. The chapter will also discuss how the sudden transition to remote auditing practice has impacted the quality and relevance of the going concern decisions and how new technologies enabled auditors to maintain the audit quality as the quality of client reporting had declined. The chapter will also outline the theoretical contributions of the study by highlighting how the study has extended the institutional logic theory and the contribution that the study has made to the theory of planned behaviour.

7.2 Transition to remote auditing and impact on going concern decisions and audit quality

The current literature on remote auditing has produced divided results on whether virtual audits, work-from-home mandates and new technologies have been able to benefit auditors and contribute to enhanced audit quality. For some scholars, remote auditing has improved auditors' performance by encouraging creative problem-solving and improved decision quality (Bhattacharjee et al. 2024) by promoting the introduction of more relevant and accurate risk assessment procedures (Mizdraković et al. 2022) by encouraging the

adoption of new data and analytics routines (Kalia 2020). Research has also demonstrated an interconnection between improved audit efficiency and remote working (Li et al. 2023), between the technological readiness of the client and improved audit quality (Alma'aitah et al. 2023), and between the technological knowledge of the auditor and the audit quality (Al Shbail et al. 2024). Nonetheless, some studies show that remote auditing may also deter audit quality because of the lower volume of personal interactions that auditors have with their clients (Bennett and Hatfield 2018) and the increased cost of evidence collection (Jin et al. 2022). None of the cited studies examines how the abrupt shift towards auditing during the pandemic has impacted the process of making going concern decisions and the quality of going concern reporting that was performed during the pandemic.

This study has uncovered that remote auditing could provide a limited substitute for onsite visits and that Kuwait auditors have struggled to realise its purported benefits. While remote auditing has spurred the adoption of new technologies (including artificial intelligence in the Big Four auditing firm), similarly to what Kalia (2020) has observed, the interviewed auditors report a pervasive lack of technological readiness for teleworking among Kuwaiti auditing firms, which negatively affected their remote working experiences. Past research on the COVID-19 auditing practice has acknowledged that the pandemic has affected auditors' ability to carry out their duties effectively, particularly in areas such as risk assessment, evaluation of the internal control systems, evaluation of high-risk activities and assets, as well as undermined the level of professional scepticism that auditors need to exercise (Appelbaum et al. 2020). Balios et al. (2020) observed that incorporating data analytics into auditing processes improves both the

accuracy and speed of risk identification. Additionally, they highlighted that the use of big data analytics allows auditors to analyse large datasets in real time, enabling more proactive risk management and enhancing the reliability of going concern assessments. This study has extended this literature by demonstrating that in addition to those challenges, auditors in Kuwait reported increased workloads, concerns about the quality of the data they gathered through remote visits and poor communication with the clients, which affected the preparation of the going concern decisions. Sian's (2024) study highlights that the COVID-19 pandemic challenged one of the cornerstone assumptions of auditing, namely that the auditor must be constantly present and onsite to be able to perform its responsibilities, but his findings suggest the expectation of being present is not as entrenched in the auditing profession as the literature seems to suggest. Such a conclusion, however, is unwarranted, at least in the context of Kuwait. Kuwaiti auditors disliked the work-from-home mandate as they had to operate with poor-quality digital data, lacked adequate interactions with the clients and had to deal with increased workloads to maintain the same standard of work that they were accustomed to. The negative attitudes of the Kuwaiti auditors towards remote working and the lack of perceived behavioural controls (which include the inability to gather data of sufficient quality, lack of adequate training on how remote going concern assessments are to be performed and poor quality of client material provided during the remote audit) is in line with the theory of planned behaviour advanced by Ajzen (1985) and explain well why going concern assessments today are mostly performed onsite with little reliance on remote technologies. The findings of the study suggest that while there had been a regulatory push to maintain audit quality during the pandemic, as there had been

significant regulatory activism to support auditors during the pandemic, many auditing firms were not capable of providing adequate solutions to the challenges that auditors faced when preparing their going concern assessments.

Technological readiness is often cited as a factor that can contribute to increased audit efficiency (Alma'aitah et al., 2023; Al Shbail, 2022), and the auditors in this study have shown significant adaptability to new technologies, audit procedures and methodologies to support their going concern decision-making. Nonetheless, the adoption of new technologies and procedures has increased the difficulties to many auditors have faced in adhering to internal timelines and deadlines, has made it more difficult for them to obtain audit evidence and has increased the risk of errors and omissions in the going concern decisions. a number of studies report that effective harnessing of technological solutions could increase audit efficiency (Li et al. 2023) because of the decreased error rates (Christ et al. 2021); however, the findings of the study also show that leveraging digital technologies is not sufficient to overcome some of the most common obstacles associated with preparing going concern decisions remotely such as poor quality of client data, inability to validate independently some of the client material through onsite visit and the need for conducting additional risk assessment and data validation procedures to ensure the relevancy of the going concern assessment. Nonetheless, the findings of the study indicate that there had been a notable uptick in professional audit procedures during the pandemic specifically tailored to scrutinise the reasonableness of managerial assumptions, which, according to Gutierrez et al. (2020) is supposed to ensure the reliability and accuracy of the management estimates, and respectively of the going concern opinions. Many of the new technologies, auditing procedures, and risk

assessment methodologies that were used during the pandemic were also maintained after its end, which indicates that the Kuwaiti auditing sector is open to innovation and is making the necessary strife to guarantee the going concern assessments have adapted to exigencies of the auditing practice in the pandemic and post-pandemic environment.

However, auditors from both Big Four and medium firms in Kuwait reported receiving poor institutional support from their firms, which struggled to provide adequate training on how to prepare going concern assessment in remote environments and maintain an appropriate level of staffing during the pandemic, which further increased the cognitive overload and the pressure that auditors experienced. Similarly to Nyberg et al. (2021), this study has uncovered that an effective transition to remote working environments can only happen if firms dedicate sufficient training, financial resources and guidelines to support the adoption of new behaviours and practices, which in the Kuwaiti case was mostly lacking. Junior auditors are those who can most benefit from increased institutional support as the findings of this study indicate that junior auditors did not receive the same level of peer and institutional support during the pandemic as the transition to remote work has disrupted the previous methods of peer support and peer feedback available in auditing firms. Farcane et al. (2023) state that "restrictions imposed by the pandemic context have limited face-to-face meetings and teamwork, thus affecting knowledge transfer from experienced auditors to early-career auditors" and similarly, the present study has discovered that the peer support rendered in the remote environment was lacking though the Kuwaiti auditors attempted innovative approaches such as creating open chat rooms policies to encourage struggling auditors to seek support even when physical interactions have been limited. Tighe (2021) argues that auditors were not

socialised adequately during the pandemic, and this presumption is also supported in this study. Nonetheless, this study extends Tighe (2021) by uncovering that the poor socialisation was not because the auditors missed the physical infrastructures but rather because the regulators and the auditing firms themselves have failed to come up with adequate guidance and support effectively the professional growth and socialisation of the auditors.

The COVID-19 pandemic has increased and exacerbated the risks associated with using electronic accounting and auditing systems as a result of the sudden increase of users who used those tools without receiving proper training and instructions (Serag and Daoud 2021). Auditing firms in Kuwait attempted to leverage new technology and ensure data security and data privacy in remote auditing and have introduced the relevant security protocols to guarantee adequate processing and control of the client's sensitive information. Nevertheless, significant cross-firm differences were recorded, with medium firms lagging behind the Big Four in introducing data privacy and data security solutions and training their employees on how to implement those protocols effectively. In that respect, it can be argued that the adoption of technology in medium firms in Kuwait has been slow, which has also been reported previously in the studies of Hassan (2022) and Nguyen et al. (2024). While previous studies have reported the gradual implementation of artificial intelligence in medium auditing firms (Busari and Idoru 2024), in the Kuwait context, the result chapter has shown Kuwaiti medium firms do not intend to integrate AI to support the going concern decision-making as there is widely shared belief among them that the artificial intelligence is unlikely to provide them with any competitive advantage. It can be concluded that the industry pressure to embrace new technological

solutions in the medium firms in Kuwait remains low, which, as acknowledged by Hassan (2022), is a critical factor for innovation in the auditing sector where technological complexity and top management commitment are equally powerful explanatory variables behind technological innovation in auditing decision-making.

Furthermore, according to the literature (see Serag and Daoud 2021), auditing information systems were also vulnerable to hacks during the pandemic because of poor internal control mechanisms and the inadequate assessment of the risks and vulnerabilities of such systems. While the present study did not uncover that auditing firms in Kuwait have experienced any security vulnerabilities that affected the capability of auditors to deliver going concern decisions, the training on those matters was deemed deficient by the participants, with many senior auditors failing to recognise the importance of existing protocols for handling clients' data. Nonetheless, the progressive steps that the Kuwaiti auditing firms have taken to ensure the smoother integration of remote auditing solutions during the pandemic were positively appraised by both auditors and regulators.

The auditing process can also be disrupted by a technical failure or glitches that can lead to loss of sensitive information and slow down the auditing process (Morris et al. 2023). Previous research among auditors has also uncovered that auditing firms have experienced cyber security risks in the past and have augmented their systems to shield themselves from potential vulnerabilities; however, auditors themselves do not believe that their systems are sufficiently protected against hacks and potential data breaches (Lois et al. 2020). In the Kuwaiti context, however, the cyber security risks are taken seriously, but mostly by the members of the Big Four firms. Auditors from medium firms,

as well as auditors who lack technological proficiency, struggle to embrace the new data protection and data security protocols that the pandemic mandated. It is difficult to determine whether the gaps in the data security and data protection have affected the preparation of going concern opinions as most of the participants of the study have abided by the firm protocols and have not given sufficient consideration to how the new protocols have affected their work. Nonetheless, this study has extended the scholarly literature by exploring the factors that affected the preparation of going concern decisions in remote environments and the adaptive responses of auditors to the challenges presented by the COVID pandemic.

7.3 The changes surrounding the preparation of going concern opinion during the COVID-19 pandemic

This thesis also aimed to examine how the COVID-19 pandemic altered the logic and the practice of preparing going concern opinions and how auditors adapted their behaviour to ensure the quality of their assessments. The current scholarly material on the auditing practice during financial and economic crises predicts that auditors are more likely to issue negative going concern opinions in the challenging macroeconomic environment (Herbohn and Rangunathan 2008) and the same propensity was observed during the COVID-19 pandemic which provoked an unprecedented surge of negative going concern opinions in many jurisdictions (Hey et al. 2021; Hategan et al. 2022) including MENA (Feghali et al. 2022). The present study adds to Feghali et al. (2022) conclusion that the COVID-19 pandemic increased auditors' scrutiny and made them more willing to issue going concern opinions, especially for the firms most affected by the pandemic restrictions such as those in the tourism, hospitality and entertainment. However, unlike previous

studies (Herbohn and Ragunathan 2008; Hey et al. 2021), which merely acknowledged the interrelationship between the challenging economic environment and the rise of going concern decisions, this study has also found that auditing firms have implemented numerous safeguards such as subjecting going concern assessment to additional review, assigning more experienced auditors to perform GCA of the most impacted firms to ensure that no firm has received a negative going concern assessment unless such is really warranted. Geiger et al. (2019) predict that the COVID-19 pandemic will spur the decline of type I reporting errors (a negative going concern assessment that is not followed by the subsequent failure of the business) in the GCAs due to the improved reporting; however, such assumption is not validated in this study. Instead, while the auditors remained confident in the validity of their reporting they were highly sensitive about potential type I reporting errors, especially in the cases where the past performance of the business and historical data did not warrant negative assessments. Evidence from recent studies (Wang et al. 2024) indicates that during the pandemic, auditors have become more risk-averse and conservative in their estimates and, as a result, more willing to issue a negative going concern opinion. The increase of conservatism in the going concern estimates, however, was not observed in this study, as auditors were aware that an undeserved going concern warning was going to adversely impact the firm's ability to find new creditors and meet its debt obligations. Auditors remained sympathetic to the struggles their clients experienced during the pandemic. Though they were supposed to exercise their professional scepticism when reviewing the client data, they were reluctant to issue a negative going concern warning to avoid type I reporting errors and undermine further the precarious financial situations of their clients.

It was expected that the COVID-19 pandemic would prompt auditing firms to change their GC methodologies and incorporate new auditing procedures and indicators into their decision-making. IFRC (2021) has recommended that auditing firms spend more time and effort preparing going concern reports during the pandemic, acknowledging the need for a greater degree of judgment than usual. The literature has also recommended auditors go beyond financial indicators for their going concern assessments and make their decisions on the basis of a wide array of indicators, which also include the potential loss of markets and customers, the decline of valuation of the fixed assets, exchange rate fluctuations among others (Đorđević and Đukić 2024). The results of the study also indicate that COVID-19 has prompted a long-term transformation in how the going concern assessment was made. If before the pandemic, auditors were mostly examining the financial data that their clients provided, in the pandemic and the post-pandemic environment, they have also built their conclusion on a vast array of indicators and have taken into account factors such as supply chain shortages, labour shortages, and government subsidies that were made available for struggling firms. While Geiger et al. (2021) argued that the change in the going concern methodology would be applicable only during the pandemic (Geiger et al. 2021), the findings of this study show that many of the pandemic-inspired changes in the GCA reporting are going to stay in the future as auditors have already seen the value of this analysis and incorporate it in its everyday practice.

Prior research on auditing decision-making has discovered that factors such as managerial overconfidence and managerial incompetence (Kim 2021) are equally important factors for the going concern decision-making as the financial data information. This assumption could not be confirmed in this study because the client-auditors'

interactions were limited during the pandemic, and the auditors were missing a number of contextual cues that could have supported their reports. Secondly, even in the cases when the interaction with the client was enabled through digital means, the auditors were unable to obtain the required data and reports they needed to prepare their going concern decisions. In that respect, the study confirms the findings of Hazaea et al. (2022) and Zamani Fard and Goudarzi (2022), who report a decline in the accuracy of auditors' estimates during the pandemic as a result of increased uncertainty and the inability of auditors to adequately predict how the businesses will be affected by the COVID-19 pandemic. However, the research has also extended the literature by demonstrating that auditors have made significant attempts to maintain audit quality during the pandemic by adhering to the evolving regulatory standards, embracing new technologies and new auditing procedures and abiding by the professional logic to ensure that their pandemic work does not fall behind the client regulatory expectations.

In comparison with previous studies which link the decline of audit quality to the reduction of auditing fees during the pandemic (Munidewi et al. 2022; Hazaea et al. 2022), this research did not uncover that the low auditing fees during the pandemic are a primary reason for the decline in the quality of the going concern reporting. Even though the number of non-audit services that the auditing firms provided to their clients declined during the pandemic as a result of the declining auditing fees, especially in the medium auditing firms, the reduction of auditing fees did not impact directly on auditors' performance as it did not affect auditors directly and did not produce a reduction of their salaries. The reduction of audit fees nonetheless made firms less reluctant to support

their clients in those activities that were entirely the client's responsibility to prepare (such as managerial reports).

There were concerns in the literature that the economic meltdown produced by the pandemic closures has increased the risk to commercial viability for firms and encouraged the management to engage in different fraudulent behaviour and manipulate the financial reports (Feghali et al. 2022b). There was also an expectation that the pandemic would make auditors more responsible for fraud, prompting the revisions of the regulatory rules on the auditors' liability (Hay et al .2021). In the Kuwait context, however, the pandemic apparently did not produce a sudden increase in the number of fraudulent managerial reports. While the study uncovered that many of the struggling firms remained uncooperative and failed to adequately support auditors in preparing the going concern reports, both auditors and regulators were of the view that the majority of firms did not manipulate their managerial reports during the pandemic. Nonetheless, many firms struggled to prepare their managerial reports and redo their financial forecasting, with many providing poor-quality material to their auditors. Incomplete and poor-quality data aided the difficulties that auditors experienced during the pandemic period, contributing to further errors and deterioration of going concern reports. However, the pandemic was an important learning opportunity for auditors and regulators on how to prepare going concern opinions in the challenging macroeconomic environment as it provided a necessary impetus for reforming the auditing practice in both medium audit firms and in the Big Four firms.

7.4 Contribution to the Institutional Logic Theory

This study's results significantly contribute to the understanding and application of Institutional Logic Theory (ILT) by illustrating how institutional logic within the auditing profession in Kuwait has been altered in response to the external shock of the COVID-19 pandemic. The ILT posits that institutions are guided by underlying logic — socially constructed patterns of material practices, assumptions, values, and beliefs — that provide meaning to their activities. These logics shape how organisations operate, make decisions, and respond to their environments (Friedland and Alford 1991). The findings from this study reveal that external shocks, like the COVID-19 pandemic, can lead to shifts in dominant institutional logic, especially as auditors face increased responsibilities, workloads and clients' demands. Before COVID-19, the dominant institutional logic guiding auditing practices in Kuwait was the professional logic, as participants in the study expressed their commitment towards maintaining high-quality work, adhering to professional standards and acting as trustees for their clients. Auditors adhering to professional logic aim to prepare their reports (including the going concern reports) without being unduly influenced by the clients; they are motivated by public duty and moral standards (Kent and van Liempd, 2021). During the pandemic, the influence of professional logic was also strong among auditors, with many participants expressing their adherence to the domestic and international regulatory standards, maintaining the same quality of reporting even in challenging economic circumstances and protecting the public interest by providing quality reporting. Sticking towards the professional logic has become the main coping mechanism of auditors both from the medium firms and from the Big Four firms, with many believing that updating their practice to match the

recommendation of domestic and international bodies is what would ensure consistent and high quality reporting. The adherence toward the professional logic was also informed by the legalistic logic. The legalistic logic is important in the audit profession as it presumes that the auditors' main prerogatives are to act in the shareholders' best interest, as they have a duty of care towards their the shareholders that they need to exercise carefully (Kend and Nguyen 2023). Auditors' who are informed by the legalistic logic also act in a manner that would shield them from potential legal troubles, aiming to provide high quality and consistent reporting to the shareholders, so that they can act in a manner consistent with the law ((Kend and Nguyen 2023). The finding of this research has uncovered that auditors from both medium and Big Four firms aimed were overly diligent in following the recommendations of the regulators to ensure that they will not face the consequences of the law. Many participants also reported acting more diligently and taking additional hours at work to ensure the quality of their going concern reports. Auditors ascribed to both professional logic and legalistic logic during the pandemic period to ensure that they have the necessary tools required for addressing the difficulties they have faced during the pandemic.

Another dominant institutional logic in the auditing sphere in Kuwait was the technology logic. The findings revealed that more and more auditing firms have invested in technological solutions, believing that new technologies such as artificial intelligence and virtual audit rooms are going to improve audit performance and help them maintain competitive advantage. According to the literature, technological logic is based on the presumption that innovation and differentiation are going to help market actors achieve market leadership to support the development of an innovation-driven economy through

a growing commercialisation of new technologies (Walzer et al. 2024). Technology logic also one of the key driver for employee up-skilling acknowledging more and more people to pick up skills and proficiencies that are relevant in the digital domain (Koivula et al. 2024)

On the one hand, most of the auditors interviewed for the work were receptive to the technology logic even though the primary driver for technological sophistication in the Kuwaiti auditing sector has been the restrictions that were brought by COVID-19 rather than the desire of the management to secure technological primacy. Most auditors, especially those in the Big Four companies noted that the COVID-19 pandemic brought new technologies, artificial intelligence modelling and new risk assessment methodologies that they had to incorporate in their work to provide quality services. Thus, as technological logic has become a dominant one it has informed the new data security and data privacy policy, has supported the successful integration of artificial intelligence technologies among the Big Four companies in Kuwait and has contributed to the introduction of new technology-reliant auditing procedures.

However, the growing salience of technology logic has resulted in a significant clash with the other dominant logic – professional logic. As auditing technologies are new (and many of them were still tested for the first time during the pandemic period) they were far less reliable than the participants have hoped them to be. There was some reluctance among the auditors interviewed for the work to share the optimism of their managers that new technologies are going to redefine the audit work and contribute significantly to their performance. In fact, there was a growing concern that the reliance on technology comes at the expense of sacrificing professional scepticism with many

auditors preferring to ascribe to the demands of professional logic over the demands of technology logic even if it took more time and effort for them. Professional logic is the foundational logic of the audit profession (Coetzee et al. 2019; Kent and van Liempd 2021) and its significance has been proven once again in this work as auditors have demonstrated significant wiliness to maintain the profession code of conduct even when the technological demands have remained strong.

The technology logic also influenced the adoption of the market logic, which, as acknowledged in the text above, more and more auditing companies in Kuwait have prioritised maintaining their bottom lines over addressing the demands of the professional logic, especially during the COVID-19 pandemic. Nonetheless, the acceptance of the institutional logic theory among the auditing circles has generated significant tensions with professional logic. A significant portion of the interviewees believed that management's obsession towards new technologies is unwarranted and that it further prevented them from focusing on their jobs. There were also concerns that new technologies were feeding them with incomplete and erroneous data, which required additional work and validation and questioned their professional judgment. As of today, the technological sophistication of the auditing profession in the Kuwaiti context has not produced the expected efficiency gains but has further complicated the auditing work. There was also a concern among some of the participants that the focus on new technologies to aid auditing work comes at the expense of hiring new auditors, undermining in the long-term the capacity of the audit firms to deliver professional audit services.

Nonetheless, the results of the study also indicate that auditing firms have begun to encourage auditors to embrace behaviours commonly associated with market logic rather than professional logic. The rapid introduction of new technologies and new audit procedures during the pandemic, despite the inconclusive evidence that those technologies will improve the auditing practice and audit quality, has been primarily motivated by the desire of auditing firms to reduce audit costs, improve audit efficiency, and reduce the number of hours. The introduction of artificial intelligence among the Big Four firms in Kuwait also follows the market logic as artificial intelligence is supposed to contribute to faster and more efficient performance, providing auditors with the capacity to do trend analysis that they could not carry out otherwise. The centrality of the market logic in Big Four auditing firms is not a new development, and previous research has also recognised that the Big Four have transitioned from traditional partnership structures to multinational commercial business models (Greenwood et al. 2006; Spence and Carter 2006). The growing involvement of the Big Four firms in consultancy work and their increased propensity to cater for the needs of the clients instead of the interests of the shareholders and the wider public also signals the reorientation of Big Four firms towards market logic (Suddaby et al. 2009). While most auditors embraced new technologies during the pandemic due to the closure of office spaces and the move to remote auditing, there had been tensions between the market logic and professional logic, with more and more auditors dedicating additional hours and making additional checks to guarantee the validity of their reports and the accuracy of the new technological solutions (including artificial intelligence) they were using. The results of this research also indicate that the dominant institutional logics in the auditing profession are subject to change. For

example, the increased reliance on digital tools and data analytics during and after the pandemic indicates an evolution towards a more technology-driven logic in the auditing field. This evolution was not merely a temporary adjustment but has become a new norm in auditing practices, signalling a long-term shift in institutional logic even though the post-pandemic environment is characterised by the growing willingness of Kuwaiti auditors to work onsite and from the office. Auditing firms that embraced technological innovation and fostered a culture of adaptability were better positioned to navigate the challenges posed by the pandemic.

That introduction of new technologies encourages auditing firms to embrace market logic has also been acknowledged by Lander et al. (2013), who nevertheless uncover that the market logic has been embraced selectively and that auditors still ascribe to the professional logic in making everyday auditing decisions. Such an assumption is also supported by this study, which has further highlighted the centrality of auditing standards and guidance in the preparation of going concern reports in Kuwait, with auditors making genuine attempts to embrace the new regulatory requirements that the Ministry of Finance and the CMA have introduced to inform their practice during the pandemic. Hanlon (1994) argues that the market and the professional logic in many auditing firms have been successfully integrated into the professional work practice, which aims to support both profit-seeking behaviour and adherence to professional norms and legitimacy. Similarly, the results of the study indicate that auditors during the pandemic have been able to effectively navigate between the demands of the regulators and the profession and the commercial imperatives that their firms have championed. Anderson-Gough et al. (2022) argue that multiple logics can blend, coexist or compete

with each other as auditors seek new ways to comply with the law, build their identities and modify their work practices. However, the main coping mechanism that auditors used to navigate the demands between the competitive logic was to increase the time and effort that they dedicated to their going concern assessment as such was necessary to effectively harness technological innovation and the increased regulatory demands during the pandemic.

Lander et al. (2013) and Coetzee et al.(2019) find out that the market logic in the decision of medium firms to expand their operation and offer a range of non-auditing services to their clients; however, this study has discovered that the scaling down of audit and non-audit services by big and medium auditing firms in Kuwait is also driven by the market logic. In the pandemic environment, what matters more for some audit firms is safeguarding their financial health and bottom line over ensuring that their clients meet their deadlines and providing them with sufficient support to enable them to prepare their managerial reports adequately.

However, what this study has uncovered is that the auditors from the medium firms in Kuwait are those who were more likely to adhere to the market logic than the members of the Big Four firms, even though commercial prerogatives had become important prerogatives of the Big Four firms before the pandemic. Auditors from medium firms report reducing the number of services they offered to the clients, delays with preparing reports, and dealing with increased workloads to compensate for the poor staffing levels inside the firms, behaviours that made sense in a time of growing uncertainty, reduced auditing fees and general unease about the economic realities.

The previous research examining the evolving and competition institutional logic in the accounting and auditing sphere has been predominately focused on explaining auditor's responses to regulatory changes or market pressures (Anderson-Gough et al., 2022; Abras and Jayasinghe, 2023; Greenwood et al., 2006; Spence and Carter 2006) and has missed appraising the significance of institutional logic in the work of the financial regulators. This study addressed this gap by providing an extensive account of the logic that informs regulatory behaviour. The results of the study indicate that the auditors' behaviour was informed by state logic, which underscores the importance of standardisation, auditors' accountability, public interest, and extensive regulatory control that shall be exercised by the auditors. Past research has acknowledged that state logic in the auditing and accounting profession tends to suggest that state logic is a relic of the past that no longer defines how auditing firms should operate (Yee 2020). While the Kuwaiti state does not impose excessive control over the auditing profession and upon the auditing practice, the main expectation of auditors was that auditing firms must abide by the regulatory rules, ensure consistent going concern reports and inform the relevant stakeholders about the material uncertainties that their clients face. Equally important for the Kuwait regulators was the professional logic that underscores the centrality of professional and ethical norms for the accounting profession. In the case of Kuwaiti regulators, however, those two logics complemented and coexisted with each other as Anderson-Gough et al. (2022) suggested rather than compete. In the Kuwaiti auditors' case, the pandemic did not prompt them to embrace new logic or adhere to new behaviours but emphasised the centrality of those two dominant logics. The results presented in the chapter above reveal that while the professional and state logic still

informs auditing behaviour, it has been complemented by the market logic of efficiency, innovation, and technological adoption.

7.5. Integration with other theoretical perspectives and contribution to the theory of planned behaviour

The study also offers theoretical contributions by utilising Institutional Logic Theory and the Theory of Planned Behaviour (to develop a more holistic understanding of auditors' decision-making processes during the COVID-19 pandemic).

The Theory of Planned Behaviour (TPB) posits that an individual's behaviour is determined by their attitudes towards the behaviour, subjective norms, and perceived behavioural control (Ajzen (1985) Bobek and Hatfield, 2003). When applied to auditing, TPB helps in explaining how auditors' intentions to perform specific actions, such as issuing a going concern opinion or adopting remote auditing methods, are shaped by their attitudes (e.g., perceived ease and contribution of the practice to their work), subjective norms (e.g., expectations from regulatory bodies and peers), and perceived behavioural control (e.g., training, past experiences and perceived confidence) (Yuniarwati et al., 2011 Wafiroh and Wuryaningsih 2024; Ryan, 2013). The study results showed that auditor's attitudes towards going concern assessments during the pandemic were nuanced with some acknowledging how more complex and difficult the preparation of going concern had become. The auditors' attitudes towards the going concern opinions were also a result of their growing workload, lower perceived self-efficacy and inadequate institutional support they have received in transitioning to remote environments. Meanwhile, there was a shared commitment towards maintaining audit quality during the pandemic, which could be attributed to the strong influence of behavioural controls such as peer support,

industry norms, and domestic and international auditing standards, even though many auditors complained about inadequate levels of training that they have received and poor quality of the data they were operating with. The preparation of going concern reports was an inherent part of auditing works, so auditors' attitudes towards the behaviour were not the only factor that impacted upon their willingness to perform it as they are contractually obligated to do it; however, the interviewed auditors have significantly altered their auditing practice (by embracing new risk assessment methodologies, by incorporating new factors in their going concerns assessment, by embracing new technologies) which further support the premise that negative attitudes towards the behaviour can be overcome as long as there are significant social pressures that encourage positive behaviours (Wafiroh and Wuryaningsih 2024). More importantly, the research has shown the critical role that regulators play in fostering positive behaviours, as it is highly unlikely that auditors would have maintained such a close adherence to professionalism and fiduciary principles (especially considering the significant external demands to reduce the services they offered to their clients) had it not been the consistent pressure from the regulatory bodies before to maintain the level of integrity and professional work during and after the pandemic.

The abrupt adoption and the subsequent abandonment of remote auditing can also be explained through the theory of planned behaviour and the institutional logic theory. The negative attitudes of auditors towards remote auditing (which took more time and effort than onsite work), combined with the lack of adequate behavioural controls (such as inadequate training to support the migration to teleworking) and the failure of regulators and legislators in Kuwait to introduce policies that support the integration of remote

auditing practice in the standard auditing work explains why many auditors struggled with remote auditing during the pandemic and why the practice was mostly abandoned once the social distancing protocols were removed. The inability of remote auditing to improve the efficiency and productivity of auditing firms (market logic), coupled with the inability of auditors to fully embrace the remote working norms and the perceived decline of auditors' self-efficacy (perceived behaviour controls), explains well why the practice did not become popular among Kuwaiti auditors.

The findings of the research suggest that changes in institutional logic, such as the shift towards market logic during the pandemic, influenced auditors' attitudes, norms, and perceived behavioural controls. For instance, the shift from professional logic to market logic in medium auditing firms has altered auditors' attitudes towards offering additional services to clients that were no longer commercially viable. The market logic also explains why auditors have embraced artificial intelligence to support their going concern judgements despite the concerns that artificial intelligence has the potential to compromise the audit quality or require additional validation. Similarly, updated regulatory guidance and the expectations of professional bodies (subjective norms) encouraged auditors to adjust their practices to align with the new standards introduced during the crisis. This integration shows that while ILT explains the broader institutional environment and logic that shapes organisational behaviour, TPB provides a framework for understanding the individual-level cognitive and social processes that drive decision-making within that environment. Together, these theories offer a comprehensive view of how both institutional and individual factors interact to influence auditors' responses to crises.

By combining Institutional logic theory and the theory of planned behaviour, this study highlights the importance of considering both macro-level and micro-level factors when analysing individuals' behaviours in a professional environment. It shows that auditors' decision-making processes are complex and multidimensional, influenced by a combination of institutional logic, regulatory expectations, organisational culture, personal attitudes, and available resources.

7.6 Conclusion

The discussion provided in the pages above has critically examined the findings of this study, focusing on the impact COVID-19 had on going concern decisions made by auditing professionals and regulatory authorities in Kuwait, highlighting the theoretical and practical contribution of the study. The chapter has shown that the pandemic has acted as a catalyst for significant changes in auditing practices and that it altered the fundamental logics and assumptions that auditors have taken for granted. By building upon the material presented in Chapter V and Chapter VI, this chapter has demonstrated how this research has confirmed, modified and extended the literature on going concern decisions and how the findings of the study support the fundamental assumptions of the institutional logic theory and the theory of planned behaviour. As the discussion above reveals, the literature has missed appraising how the integration of the theory of planned behaviour and the theory of institutional logic can support each other and that such integration would reveal important insights into the drivers of auditors' behaviour. The research shows that auditors' behaviours were shaped by institutional pressures, individual beliefs, norms, behavioural controls and institutional logics. This combination of institutional logic theory and the theory of planned behaviour underscores the

complexity of auditors' decision-making processes, influenced by institutional logic, regulatory expectations, organisational culture, and personal attitudes. The next chapter of the research will summarize the findings of the study, highlighting the limitations of the study and its contribution to wider literature.

Chapter VIII: Conclusion

8.1 Introduction

This final chapter aims to conclude the research and is structured into four different sections. It begins by revising the research questions to demonstrate that each of the posited research questions has been effectively addressed and that the research has fulfilled its main aim and objectives. Section 8.2 is dedicated to providing practical recommendations as the researcher has outlined a number of actionable steps for both regulators and auditing firms in Kuwait so that they can better support the auditors in their going concern decisions in the post-pandemic period. The next section outlines the contribution of the study to the existing literature and outlines its primary contextual and theoretical significance. The last section of the research reflects on the limitations of the study and recommends new research directions for scholars interested in the evolution of the auditing practice in the pandemic and the post-pandemic environment.

8.2 Reflection on research objectives

This research aimed to address three main research questions. First, the researcher wanted to examine what factors and practices influenced the going concern decisions in big and medium-sized auditing firms in Kuwait before the COVID-19 pandemic. Second, the study aimed to uncover how the process of preparing GCAs changed due to the COVID-19 pandemic in Kuwaiti medium and large auditing firms. Third, the objective of the research was to identify how auditors in Kuwait responded to the challenges posed by COVID-19 in the preparation of their going concern assessments in the post-pandemic period. The purpose of the present section is to present how each of those three research

questions was answered to determine if the study has been able to achieve its purpose and objectives.

In relation to the first research question, the study uncovered that before the COVID-19 pandemic, the primary sources of data for the going concern decisions were the financial performance of the firms, with little to no attention being paid to non-financial indicators. The research also uncovered that there had been significant differences in the process of preparing the GCA in Big Four and medium firms before the pandemic, with medium firms relying much more on last year's financial data and on structured approaches to make their assessments. Such a focus was not unwarranted, as before the pandemic, the regulators also demanded a focus on financial metrics in the preparation of the GCAs. The results of the present research also indicate that even before the pandemic, there has been a notable shift in the institutional logic in the medium auditing firms in Kuwait, which had begun to prioritise the market logic and market logic over the professional logic and community logic. The full transformation of the institutional logic in the Kuwaiti auditing firms from professional logic to market logic, however, did not take place; in fact, there had only been a selective prioritisation of market principles before the pandemic, a trend that nonetheless was observed in the pandemic and post-pandemic period. In the Big Four firms, professional curiosity and commitment to professional logic have encouraged auditors to seek additional sources of data for the preparation of the GCA even before the pandemic, which helped them to exercise their fiduciary duties. The role of professional auditing standards in guiding auditors' behaviour was far less pronounced before the pandemic, as the evidence gathered for the research has found robust support for the hypothesis that COVID-19 has prompted a cultural change in the auditing practice

by encouraging auditors to rely more on domestic and international auditing standard to inform their going concern assessment. One of the reasons why auditors paid less attention to the domestic auditing standard before the pandemic was attributed to the obsolete nature of some of the regulatory guidance, which had not been updated much since the financial crisis of 2008. The results of this study also indicate that there was an urgent need to review the regulatory guidance on how material uncertainties should have been prepared during the pandemic, which makes the researcher conclude that regulators have not paid sufficient attention to regulating this aspect of auditing work before 2020. The pre-pandemic period was also characterised by much lower auditors' scrutiny of managerial estimates that was observed during the pandemic and post-pandemic period. Nonetheless, the audit quality suffered during the pandemic due to the poor quality data that auditors have to operate with, a problem that did not affect the auditing practice in the pre-pandemic period. The higher quality of the audit reporting before the pandemic could also be attributed to the higher audit fees auditors received at the time. The findings of the study indicate that many auditing firms delayed the going concern assessments and reduced the services they offered during the pandemic period in response to payment difficulties some of their clients faced at the time. It can be concluded that the GCA, before the pandemic, was prepared in response to the financial data provided by the clients through standardised risk assessment methodologies and practices in an environment where the regulatory practices had a much smaller impact on audit behaviour. In light of the material presented in Chapter V and Chapter VI, as well as on the basis of the conclusions provided above, the researcher believes that the first research question of the study has been adequately addressed.

To address the research question, the researcher examined how the preparation of GCAs had changed in response to the COVID-19 pandemic, both in the medium and in large auditing firms in Kuwait. The research uncovered that there had been both process changes (which were mostly triggered by the sudden embrace of teleworking solutions and work-from-home mandates) and content changes (in the specific methodology and approach used by auditors to prepare their GCA estimates).

In relation to the process changes in the auditing practice during the pandemic, the research examined how the migration from onsite work to remote environments has influenced the auditing practice. The findings show that both medium and large firms experienced technical difficulties at the beginning of the pandemic that also impacted the accuracy and the quality of their going concern decisions. Study results also show that auditing firms in Kuwait are yet to embrace new technological solutions such as artificial intelligence, though the Big Four auditing firms do not seem to enjoy a competitive advantage in their GCAs from using AI technologies. However, most of the participants from the Big Four firms argued that AI had made their work easier. The study also discussed the data security and data privacy challenges that emerged during the COVID-19 pandemic and how they affected the preparation of the going concern opinions. It was uncovered that both big and medium firms were actively trying to ensure that the sensitive client data they handled during the pandemic was not accidentally released or hacked. Nonetheless, the study has found a significant gap in how the audit firms handled data privacy during the pandemic due to the obsolete data protection protocols that were implemented in the country. In this case, the Big Four firms also emerged as leaders in data protection and data privacy as many firms implemented the data protection protocols

that were followed by their respective branches in the other states, where the regulatory requirements for data protection are much more stringent.

Furthermore, the thesis examined a number of content changes and factors that directly affected the manner in which auditors have prepared their going concern assessments. It was uncovered that both the regulators and the auditing firms in Kuwait had missed the momentum to provide auditors with sufficient guidance and training on how the GCA methodology should change during the pandemic. The audit quality during the pandemic was also affected as a result of the poor quality data the auditors had to operate with, as clients have often submitted incomplete reports with no knowledge about the relevance of non-financial metrics during the pandemic period. Such problems increased the risk of material mis-assessment and errors in the going concern reports. The risk of false positive (type I errors) in the going concern reports was also heightened during the pandemic, even though big and medium auditing firms in Kuwait have introduced a number of safeguards to guarantee data quality, such as double-checking all the negative GCAs and tasking senior members to validate the conclusions made. The going concern assessments have become much more complex and difficult to conduct during the pandemic, which explains the negative attitude of some auditors toward the practice. Auditors also acknowledged that they faced difficulties in determining the material uncertainties at the time because they had to consider additional factors such as loss of clients or the inability of the firm to raise the funds it needed for the lockdown or deal with potential backlash from the clients who have contested their assessments which were issues that they did not experience to the same extent before the pandemic. The findings of this study nonetheless suggest that Kuwaiti auditors have been able to ascribe

sufficiently well to the logic that the Kuwaiti regulators would like them to follow, namely by prioritising the close adherence to domestic and international standards over the other competing institutional logics that might guide their behaviour. It appears that when faced with uncertainties, Kuwaiti auditors aimed to adhere to the best institutional practice to reduce the risks of errors in their GCAs. As a result, the researcher believes that he has provided a robust and extensive answer to the second research question that the project aimed to address.

The third research question aimed to examine how the Kuwait auditors prepared their GCAs after the pandemic and whether the SARS-CoV-2 outbreak prompted a systemic, long-term transformation of the auditing practice. It was uncovered that in many aspects, the pandemic-inspired transformation in the auditing practice, especially remote auditing, was not maintained in the long run as auditors preferred onsite and office work over the flexibility that remote arrangements provide. Remote auditing, as it currently functions in the Kuwaiti context, does not provide robust opportunities for client-auditor interactions and consultations with colleagues. Today, going concern assessments in Kuwait are prepared after extensive onsite work, even though auditors still have the opportunity to work remotely if a need arises. The phasing of remote working reflected the market logic as remote environments have failed to provide the expected efficiency and productivity gains that auditors were hoping to achieve.

However, many of the other changes that were introduced in the auditing practice during the pandemic were maintained after its end. Kuwaiti auditors today pay much more attention to non-financial indicators in assessing the material uncertainties that their clients face, even though they are no longer obliged to prepare an assessment on whether

their clients have made robust contingency plans. Risk assessment methodologies have become much more rigorous in the post-pandemic period than they were before it, with auditors including factors such as supply chain shortages, labour market issues, and other non-financial metrics in their assessments. Many of the risk assessment methodologies that were used during the pandemic were also adapted to fit the post-pandemic economic realities. Auditing standards (both domestic and international) play a much more prominent role in the GCA preparation in the post-pandemic period than they were in the pre-pandemic period. It can even be argued that the audit quality in Kuwait was higher in the post-pandemic period as the auditors were no longer facing the same problems in gathering data and interacting with clients that they faced during the pandemic. The regulatory standards that apply are much more advanced than the ones that were applied in the pre-pandemic period, and neither the auditors nor the regulators interviewed in the work expect a return to the past in relation to auditing standards. There has also been a noticeable increase in audit procedures designed to assess the reasonableness of management's assumptions during the pandemic, and the same level of scrutiny was observed in the post-pandemic environment. It can be concluded that the impact of COVID-19 on the auditing sphere in Kuwait was mostly positive as it encouraged a much-needed transformation in the auditing procedures, which had a positive impact on audit quality in the post-pandemic period. On the basis of this information, it can be concluded that the last research question of the study has also been effectively addressed and that the research has been able to fulfil its main aim and objectives.

The following table presents the key research objectives, key research results and recommendations:

Figure 8.1 Results and recommendation summary

Research objectives	Research results	Recommendations for practitioners
To critically analyse the factors and practices that influenced the going concern decisions in big and medium-sized auditing firms in Kuwait before the COVID-19 pandemic	• GCAs were predominantly based on clients' financial performance indicators. • Minimal use of non-financial indicators in going concern assessment • Medium firms leaned heavily on previous year's financial data and rigid, structured methodologies • Big Four firms relied on more extensive dataset for the GCA • Medium firms began prioritising market/commercial logic over professional/community logic, • Big Four retained a stronger professional logic orientation, supporting fiduciary diligence. • Limited reliance on domestic auditing standards due to outdated regulatory guidance (unchanged since 2008). • Weak regulatory engagement prior to 2020	The findings of the study indicate that auditors were cautious not to make type I errors during the COVID-19 pandemic and issue a negative going concern assessment to a company that subsequently does not fail. While some caution was necessary at the time, excessive scepticism towards the validity of going concern conclusions undermines the entire purpose of the GGA and fails to provide shareholders with relevant information about the financial health of the companies. Both senior and junior auditors must receive additional training on how to set aside their personal judgements about the financial health of the companies they audit and to heighten their professional scepticism towards any assessment that they provide.

	• Pre-pandemic GCAs benefited from higher-quality client data and higher audit fees, enabling more thorough reviews. • Lower scrutiny of managerial estimates compared to later pandemic conditions reduced potential conflicts with clients.	
To critically explore how the GC practice has changed in the medium in Kuwaiti medium and large auditing firms during the Covid-19 pandemic	• Sudden migration from onsite to remote auditing disrupted workflows and initially reduced accuracy of GCAs. • Technical difficulties were common across both firm sizes, revealing limited preparedness for digital transformation. • AI adoption remained low in Kuwait overall; Big Four firms used it more but without significant competitive advantage in GCA accuracy. • Increased risk of data breaches during remote work due to outdated data protection protocols. • Big Four firms mitigated these risks by applying stricter international data privacy standards used in their global networks. • Medium firms lagged behind, exposing a regulatory and procedural gap in Kuwait.	if the Big Four companies in Kuwait would like to be industry leaders through integrating artificial intelligence solutions to support the going concern assessments, they must conduct an extensive review of the benefits and drawbacks surrounding AI integration. The evidence that AI could support the preparation of going concern opinions that were made in this work is inconclusive: many auditors embraced AI technologies, but there were also a significant number who complained about errors and inaccuracies in AI output, which required auditors to validate the AI assessments additionally. A mandatory auditor training on AI tools and their limitations must also be provided to empower

	• Lack of regulator-led training or updated guidance left auditors without clear direction on adapting GCA methodologies. • Poor-quality and incomplete client data—especially lack of non-financial metrics—heightened risk of material misstatements. • Additional pandemic-specific variables (e.g., loss of clients, inability to raise funds, client disputes) complicated material uncertainty assessments.	auditors to critically assess and, when necessary, override AI conclusions to ensure accuracy and audit quality. Furthermore, auditing firms should establish robust monitoring and feedback mechanisms to continually assess AI performance and refine algorithms, minimising the risk of over-reliance on automated assessments in decision-making processes.
To uncover whether and how the COVID-19 pandemic has prompted a systemic, long-term transformation of the going concern decision-making in both medium and large firms in Kuwait.	• Remote auditing largely abandoned in favour of onsite work • Continued use of non-financial indicators (e.g., supply chain disruptions, labour market instability) in GCA • More rigorous risk assessment methodologies are employed compared to pre-pandemic period, adapted from those developed during COVID-19. • Domestic and international standards now play a central role in guiding GCAs, far more than in they	Research data indicates that the Kuwaiti auditing companies were proactive during the pandemic and have introduced additional procedures and protocols to ensure audit quality at times when the auditing sector faced significant uncertainties. Such proactive behaviour must be maintained even after the COVID-19 pandemic because Kuwaiti auditors continue to struggle with determining correctly whether their clients face any material uncertainty. The auditing companies in Kuwait must further enhance their internal quality control procedures to guarantee that their employees are maintaining

	played in the pre-pandemic era. • Post-pandemic audit quality is higher due to better access to data and improved interaction with clients. • Updated regulatory standards have replaced outdated pre-pandemic guidance, with no expectation of reverting to earlier practices. • Pandemic-introduced procedures for testing the reasonableness of management estimates remain in place. • Sustained higher level of professional scepticism across both big and medium firms.	the expected standards of conduct and behaviour and that they remain attentive to any innovation in relation to the conduct of the going concern assessment
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8.3 Practical recommendations

The current projects identified a number of challenges that auditors had faced in the preparation of their going concern reports, including increased workloads, lack of institutional support, and inadequate access to quality data. The present section will offer actionable recommendations to auditing firms and regulators on how to address these challenges effectively and improve the robustness of auditors' going concern assessments.

A number of changes must be made if auditing firms would like to provide remote auditing services in the future and raise their preparedness level for incoming crises that might

also require the closure of physical locations. First, audit firms must liaise with a technical professional to ensure that their technological infrastructure supports teleworking and that none of their employees experience technological difficulties when working remotely. Regular upgrades of the existing technological infrastructure must also be carried out to improve connectivity, strengthen the existing data security, and guarantee that the available auditing tools are suitable for teleworking.

Second, auditing firms must deliver relevant training to all their employees on how to conduct audits in a remote environment. This training should cover the use of digital auditing tools and secure communication platforms to ensure effective data gathering and client interactions. Additionally, the training must also provide extensive guidance to auditors on how going concern assessment must be prepared in situations where direct interactions with the client might be limited and address strategies for maintaining audit quality and exercising professional scepticism despite the limitations of remote work. Adequate training must also be delivered on how auditors should ensure data privacy and data security in remote environments. Such training must also take into account the resistance of senior auditors, especially older employees, to new processes and new technologies and develop strategies for how this resistance can be overcome.

Third, the findings of this research indicate that the sudden transition to remote working during the pandemic had compromised the audit quality as auditors had to work with poor-quality data and poorly devised managerial going concern reports. Auditing firms must develop new strategies and methodologies for assessing and verifying audit evidence and introduce new procedural safeguards that guarantee the validity and accuracy of audit estimates. Such strategies will be helpful not only for improving the audit quality in

remote working but will also support the development of a culture of excellence in onsite work and guarantee that audit firms have fully integrated the domestic and international auditing standards. Similarly, regulators in Kuwait must increase the penalties for fraud and financial misstatement for firms in Kuwait to provide a strong impetus for more diligent financial reporting on behalf of the auditing clients.

Fourth, regulators from the Ministry of Finance or the CMA must also revise the existing laws and regulations on auditing practices to ensure the gradual acceptance of remote working in the auditing profession. Clear guidelines must be developed on how client data must be handled in a remote environment, how auditors must uphold the confidentiality requirements and how audit quality must be guaranteed when audit services are delivered from a distance. Regulators must also require auditing firms to provide mandatory resources and training for all their employees working remotely and impose penalties for those firms who fail to implement the relevant protocols for remote data security and data privacy. Furthermore, the Kuwait Parliament must take into account international legislative developments in the sphere of personal data protection and come forward with updated guidelines on safeguarding client and corporate data both in remote working environments and onsite work.

Fifth, Kuwaiti regulators should also develop contingency plans on how going concern assessments must be provided during mass emergencies (such as the COVID-19) pandemic so that they have readily available plans of action if a need arises. The evidence gathered in this study shows that the Kuwaiti regulators were very slow to come forward with updated guidance on how audit services (including going concern assessments) must be delivered during the pandemic, which contributed to the pervasive sense of

uncertainty that auditors experienced during the pandemic. Emergency and contingency protocols will be helpful to Kuwaiti regulators in coming up faster and more efficiently with updated regulatory guidance for auditors, which can assist their decision-making in times of financial and economic crises. Both regulators and auditing firms must work together to establish a list of financial and non-financial indicators/data that must be analysed to determine the financial health of any firm and support the going concern decision-making. The evidence from the research indicates that auditors have struggled to account for the impact of government financial aid during the pandemic, which highlights another regulatory gap. There is no comprehensive framework in place on the conditions in which firms in Kuwait can attain financial assistance in difficult economic situations and how auditing firms could account for the effect of government assistance in their going concern reports.

8.4 Contextual and theoretical significance of the study

This research is both contextually and methodologically significant, as it investigates auditors' going concern about decision-making in Kuwait, providing unique insights into auditors' behaviours before, during, and after the pandemic. The existing research in the Kuwait context is limited, and the scholarly endeavours have been focused on exploring the significance of audit work for corporate governance (Al Mutawa and Suwaidan 2022), on identifying the factors that might influence the audit quality (Van der Zahn, M., and Tebourbi 2023) and studying the factors that affect the size of auditing fees (Al-mutairi et al. 2023). While such research is important to advance the scarce understanding of Kuwaiti auditing practice in a scholarly manner, it does not provide any evidence on how the most significant event in the past 5 years, namely the COVID-19 pandemic, has

influenced the auditing practice. The only research that the author could find on the COVID-19 impact in Kuwait's auditing sphere has been written by Masoud (2022), who examines the specific impact of audit committees on the corporate social responsibility disclosures among Kuwaiti listed firms, which, though significant has no relevance to the provision of external auditing services during the pandemic. Conducting research that examines the COVID-related changes in auditing practices during the pandemic was a matter of urgency, as there was a genuine risk that participants might forget specific details about the adaptations and challenges they faced at the time, given that the pandemic occurred four years ago. Capturing their experiences now was essential to accurately document the immediate and long-term impacts on auditing practices before memories fade, ensuring a comprehensive understanding of how the pandemic has reshaped the preparation of going concern decisions. By completing this study, the researcher has answered the call to document and identify the shifts in the GCA reporting that occurred during the pandemic period, has provided valuable insights on how the auditing profession has adapted to an uncertain macroeconomic environment and has offered guidance on the steps that both auditing firms and the regulators must undertake to ensure the reliability and quality of GCAs in cases of potential global disruptions in the future.

There was a gap in the academic scholarship as there is no study that has critically appraised the challenges that Kuwaiti auditors have faced during the pandemic and how those challenges have been overcome. The academic scholarship has recognised the potential of remote auditing to completely redefine the manner in which auditing services are delivered both in the pre-pandemic (Ismanidar et al. 2022) and post-pandemic period

(Sian et al. 2024; Hsieh et al.2023). However, no research has been carried out to uncover auditors' adaptation strategies to remote working in the Kuwaiti context using empirical data and the underlying institutional logic that affected the introduction of remote auditing. Understanding auditors' views on remote auditing both during the pandemic and after, it was important to determine whether auditing firms in Kuwait should invest more resources and develop new technologies to support technological innovation in the auditing sphere. Equally important was to determine whether the artificial intelligence solutions that were implemented in the Kuwaiti auditing sphere have improved the quality, accuracy, and efficiency of the GCAs, a topic that was addressed in significant detail in the present study. Of course, there is a need for a more comprehensive analysis of the potential for technological innovation in the Kuwait auditing sector; however, this research has provided an important stepping stone for the researchers looking to explore the issues and consequences of the technological revolution that took place in the past five years.

This research has addressed the gap mentioned above, advancing the understanding of the going concern in decision-making in times of economic uncertainties and showcasing how the auditing firms in Kuwait have adapted to the new realities. This study is also significant for the Kuwaiti context because there has been no other research that has explored the underlying institutional logics affecting the behaviour of auditors and those who regulate the auditing profession. More importantly, this study is the first one to integrate the institutional logic theory and the theory of planned behaviour, having outlined how those theories can complement each other to provide a better understanding of individual decision-making. Both theories, as the research has shown, have explanatory value in complex human systems in highlighting how personal beliefs, social norms, and

institutional pressures interact to shape auditors' decision-making. The combination of the theory of planned behaviour and the institutional logic theory that was used for this study has not only provided new insights into the factors influencing professional judgments within the Kuwaiti auditing sector but also sets a foundation for further research into the interplay between institutional forces and individual behaviour in other regions and industries.

8.5 Research limitations and recommendation for further research

There are a number of limitations associated with the chosen research design that have been acknowledged in the methodology chapter presented above that have threatened the validity, reliability and generalizability of the study conclusion. The data for the study was gathered from a diverse set of interviews with auditing practitioners and regulators, carried out with a robust sample of 36 participants. However, the sample is far from being representative of the Kuwaiti auditors' experiences with GCA. One particular limitation of the study is that only one junior auditor was represented in the sample, and most of the data collected about junior auditors' experiences during the COVID-19 pandemic has come from the second-hand accounts of the senior auditors. While the exclusion of junior auditors was necessary as the research aimed to capture the experiences of auditors who have been employed before, during and after the COVID-19 pandemic, the project has been unable to critically examine and assess the particular challenges the junior auditors face in preparing their going concern reports. Additional research must be carried out to understand the experience of junior auditors' experiences, especially those who prepare their going concern reports for the first time, identify the particular set of logics affecting their behaviour, and identify whether they receive a sufficient level of institutional

support to embrace positive behaviours. Past research on the subject has acknowledged that junior auditors are particularly vulnerable to client pressure and socio-political pressure, which increases the likelihood that they will make type II errors (Arnold et al. 2001). The results of this study also indicate that auditors were reluctant to give negative going concern assessments during the pandemic for fear of making a type I error; however, further research must be conducted to examine how the Kuwaiti junior auditors navigate uncertainty and decision-making complexities to arrive at their GC conclusions.

Another notable limitation of the study is that all the participants were male. Selecting an exclusively male sample was necessary to increase the reliability of the research as the auditing profession in Kuwait is a male-dominated field where overworking is a cultural norm that makes many women leave the profession before they have the chance to rise in the ranks. However, past research has already recognised that gender is a significant explanatory variable in auditing research as female auditors were found to provide services of higher quality than their male peers (Yang and Mai 2018); a demonstrated higher level of audit effort (Bustos-Contell et al. 2022); and significant role in improving the accruals quality (Ittonen et al. 2013). However, that evidence is far from conclusive; on the one hand, Hardies et al. (2016) found evidence that female audit partners are more likely to issue a negative GCA. On the other hand, there are also studies which reject such a premise and find out that female auditors are less likely to issue going-concern warnings (Hossain et al. 2018), a proposition that is rejected by Cameran et al.(2017) who argue that gender is not a statistically significant variable in the GCA decision-making.

In examining auditors' decision-making, various theoretical frameworks could be applied in addition to the TBP and the ILT that were employed in the study. Among those theories the stakeholder theory offers significant potential for informing the auditing practice. The theory emphasises on the importance of catering for the needs of the different stakeholders to in managing and auditing to ensure transparency, accurate reporting, and consideration of the interests of groups beyond investors (Parmar et al. 2010) However, given the specific aim of this study to explore both the behavioural drivers and the institutional forces shaping auditors' going concern assessments in Kuwait before, during, and after the pandemic, the TPB and ILT were deemed more appropriate. Together, these theories enable a deeper understanding of how individual attitudes, perceived norms, and institutional logics influence auditors' behaviour, while still recognising the various stakeholders influencing the going concern practice. Still additional research must be conducted by employing stakeholder theory to trace the impact of the COVID-19 on the different stakeholders involved in the auditing process and their response towards the pandemic.

Further research must be conducted to test the validity of those propositions in the Kuwaiti context and determine whether gender is a statistically significant determinant of audit performance. More importantly, it is interesting to examine how the female auditors balanced their obligations as parents and family caregivers with their professional obligations during the pandemic, especially when the social distancing protocols and remote auditing mandates were in place. Such research also has the potential to advance the institutional logic theory as it will demonstrate not only how the auditors attempt to

balance between market and professional logic but also highlight the importance of family logic in their decision-making.

Another limitation of this study relates to the lack of detailed discussion on the auditing standards and regulatory documents applicable in Kuwait. The researcher could have performed more extensive and systematic comparative analysis of the accounting and auditing standards in Kuwait before and after the COVID-19 pandemic. Such an analysis could have provided additional insight into whether the pandemic led to substantive changes in the scope and enforcement of Auditing standards in the country. However, while this approach would have been valuable from a practical perspective, its direct relevance to the study's main theoretical frameworks—the ILT and the TPB would have been limited, as these frameworks focus more on behavioural, institutional, and attitudinal influences than on technical regulatory amendments. One should also acknowledge that, while the interviewees occasionally referred to how changes in auditing standards impacted their work, they did not provide insights on the scope of regulatory changes nor they did dwell much on how the regulatory standards were changed in response to the pandemic and post-pandemic pressures. This limited the depth of data available on this topic and was a key reason why the study did not explore the matter further.

Nonetheless, this omission highlights a promising area for future research. Subsequent studies could examine more extensively how the Kuwaiti auditing and accounting standards have evolved over the years and how those changes have influenced the preparation of going concern assessments. Research could also investigate whether such the release of new regulatory requirements had disproportionate effects on medium-

sized firms compared to Big Four firms, or how clearly and effectively these changes were communicated to practitioners. Comparative work with other GCC countries is also necessary to determine which country has responded most appropriately to the COVID-19 disruptions and provides most robust approach to regulating the auditing profession in the region.

While the interview data from regulators, auditors and audit partners collected for this research has provided interesting insights on the challenges associated with the preparation of going concern reports during the pandemic, further research is necessary to explore the experiences of the audited firms and their managers' in the GCA preparation. According to the interviewees, auditors struggled to establish a productive collaboration with managers from the firms they audited during the pandemic, as remote auditing created significant communication barriers that could not be overcome effectively. Thus, an interesting venue for further research would be to explore the client-auditor interactions both in the pandemic and post-pandemic environment in the Kuwaiti context to provide actionable recommendations on the measures that can be taken to guarantee an effective collaboration between all the stakeholders involved in the going concern assessment. Furthermore, the results of the present study suggest that the Kuwaiti firms were not able to update their financial reports effectively as the IAASB (2020) has deemed necessary to ensure the quality of audit reporting. No studies have been conducted up to date to explain why Kuwaiti managers have struggled to prepare adequate estimates during the pandemic and how the financial forecasting methodology has been altered at the time. There is not enough data gathered in this study for one to determine whether the COVID-19 pandemic has led to a surge in fraudulent practices

among the audited firms as his subject was only briefly touched by the participants in this study, and there is a need for additional analysis on the risk factors that enabled fraudulent reporting during the pandemic and whether the regulatory authorities in Kuwait have introduced the respective counter-measures to limit such behaviour.

The findings of the present study are generalisable only to Kuwait and to the auditing practice in that national context. The researcher nonetheless recognises that the cultural, economic and regulatory factors that influence the preparation of the going concern reports in Kuwaiti are likely to be similar to those in the neighbouring Gulf States (Oman, Saudi Arabia, the United Arab Emirates, Qatar and Bahrain). It is highly likely that some of the observations made in this thesis will also be applicable to the auditing practice in those states. To confirm this hypothesis, researchers must carry out comprehensive comparative assessments on the GCA methodologies used in the Gulf States to identify which practices were effective in improving the audit quality and in reducing the levels of uncertainty that auditors have to deal with on a daily basis. A large-scale cohort survey with junior and senior auditors from the Gulf States must be carried out to identify whether the audit quality during the pandemic remained the same and what factors have influenced the audit quality both in the pandemic and post-pandemic environment. It will also be interesting for researchers to examine how the auditors in the other Gulf States have accommodated to preparing the GCA in remote environments, what measures their employers have taken to ensure data security and data privacy before, during and after the pandemic and whether they also experienced a sharp decline in the data quality when the COVID-19 hit. Blay et al. (2016) examine whether the likelihood of auditors issuing a going concern decision is influenced by the rate the GCAs are being issued in the

neighbouring states in the USA and found strong evidence for a regional contagion effect both at the national and state level, meaning that auditors are more likely to release a negative going concern decisions if the auditors in the neighbouring states do the same. Such a premise must also be examined in the GCC context to provide important information on how the external circumstances in which auditors operate influence GCA assessments. One could hypothesise that the regional contagion effect observed by Blay et al. (2016) also affects the GCA in the Gulf not only because of the significant cultural similarities between the Gulf States but also because experienced Gulf auditors could easily find a job in a neighbouring state and bring with them different professional norms, experiences and risk perceptions that could reproduce a regional contagion effect. Nonetheless, this hypothesis was outside the scope of the research, as the topic of how auditing practice is conducted outside Kuwait was not discussed in the interviews, and all of the study participants were Kuwaiti nationals who had never worked abroad. There is also an urgent need to analyse how the regulators in the other Gulf States have responded to the pandemic and whether the new regulatory requirements and standards have provided useful guidance to auditors across the Gulf on how they should carry out their work in extraordinary economic circumstances. A comparative study on the regulatory practices during the COVID-19 pandemic can also help in identifying the best regulatory decisions that were made at the time and provide important learning opportunities on how the Gulf regulatory practice must change to ensure that the regulatory authorities are effectively prepared to deal with the next economic and financial crises.

This study was the first one to appraise the role of non-financial factors in the Kuwaiti auditors' going concern decision-making. As demonstrated in the pages above, more and more auditors in Kuwait are exploring supply chain issues, labour market concerns, supply chain shortages, and government subsidies in their GCAs. However, there is a need for additional studies that examine the strategic initiatives and the operating decisions that Kuwaiti firms have undertaken during the pandemic and the effect those initiatives and decisions had on the going concern assessments. The results of this study indicate that Kuwaiti auditors did not perceive that managerial assessments during the pandemic were credible and reliable, as many firms struggled to revise their financial forecasts and provided poor-quality data and estimates to their auditors. Nonetheless, a topic that was left outside the scope of the study is whether Kuwaiti auditors perceived that their clients could accomplish their intended contingency plans during the pandemic and how this factor influenced their going concern decisions. Furthermore, new quantitative studies should be carried out with different proxies to adequately examine the changing role of non-financial indicators in the GCA and validate the conclusion of this study that non-financial indicators have increased their salience in the GCA reporting and continue to do so even though the pandemic is over.

An interesting topic that was explored within this research was how the integration of artificial intelligence and new technologies in the Big Four auditing firms affects the institutional logic as the researcher has uncovered not only the challenges that auditors face when embracing new technologies but also that the scale of technological adoption depends on firm size as medium firms are currently lagging behind the new trends. Another future research issue would be to explore whether the medium firms in Kuwait

would maintain the slower trend of technological adoption and, if they do, how low technological innovation would influence the quality of the going concern decision. Lowe et al. (2018) find that the Big Four firms have lost their technological superiority and that there has been a growing convergence in the data analytical techniques that are employed in the Big Four and the medium firms, which make them hypothesise that firm-size differences in the GCA methodologies and accordingly the resulting error rates are going to decline. Currently, there is no conclusive research, both in the Kuwaiti context and internationally, on whether the adoption of artificial intelligence in the auditing sector has contributed to a lower likelihood of both type I and type II errors or, on the contrary, the propensity of artificial intelligence solutions to hallucinate and provide fabricated results increases the chance of auditor to make critical mistakes that potentially undermine audit quality. An interesting proposition to examine in the next few years would be to explore whether the reluctance of medium firms in Kuwait to embrace AI technologies is a smart business decision or whether the integration of AI will provide the Big Four firms with a strategic competitive advantage by reducing the errors and improving the productivity of individual auditors.

Last, there is a need for further research on the accuracy of the going concern decisions that were prepared by the Kuwaiti auditors during the pandemic and whether the pandemic has led to a surge in type II errors with Kuwaiti firms going bankrupt without being issued a previous going concern warning. There has been extensive research examining the causes and the consequences of type I error during the 2008 global financial crisis (Sanoran 2018; Rickling et al. 2020; Albrecht et al. 2020), but it is too early to tell whether the COVID-19 pandemic prompted a similar surge of type I errors both

internationally and in the Kuwaiti context. A worrying trend this research has revealed was that Kuwaiti auditors were more concerned about making type II errors as they assumed that negative concern opinions would become a self-fulfilling prophecy that would undermine the financial survival of many of their clients while they should have been equally worried about making a type I error. This is a worrying trend which could undermine the accuracy of audit reporting; however, additional research must be conducted to validate the conclusions of the research and identify the reasons why Kuwaiti auditors are less tolerant towards type II errors than they are towards type I errors.

Though those research directions must be explored further, the present study has addressed a significant research gap by showcasing the evolution of the institutional logic in the Kuwaiti auditing settings and the changes in the auditing practices that have occurred in the aftermath of the COVID-19 pandemic. By building on and challenging prior research, this thesis has highlighted new perspectives on how concern decisions are prepared in a challenging macroeconomic environment, contributing to a more nuanced understanding of auditors' behaviour in the light of the institutional logic theory and the theory of planned behaviour.

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Appendix 1: Interview schedule

1. How do you understand (or define) going concern?
2. How are decisions made and operationalised?
3. As a professional, in what ways do you think the COVID-19 pandemic affected the quality and reliability of going-concern decisions?
4. In your opinion, are there challenges caused by COVID-19 regarding the issuing of going concerns decisions?
5. How are auditors responding to the challenges in preparing their going concern statements as a result of Covid-19?
6. At the individual level, what changes and/or special considerations did you have to make your professional judgments while preparing going concern decisions?
Are there specific factors you are paying more attention to in the post-COVID-19 period than in the pre-COVID-19 period?
7. How did the changes you made to your practice have impacted the preparation of going concern decisions you produced?
8. Did your organisation develop new measures for issuing going concerns decisions after the COVID-19 pandemic?
9. In your opinion, how do you perceive these changes on the organisational level in terms of their impact on the preparation of going-concern decisions?
10. How are rules, regulations, policies with regard to going concerns enacted – the rule setting process, key actors, their logics and implications

11. What is the role of professional accountants/auditing in enacting, enforcing, monitoring the rules, regulations and practices relating to going concerns?
12. How has the perception/understanding relating to going concerns changed during the pandemic and post-pandemic?
13. What challenges do you, as an auditor, face in assessing the going concern of a business?
14. How does the magnitude of these challenges change prior, during and after a major financial crisis?
15. Are auditors technically responsible for going concern issues arising due to sudden financial crisis even when the auditors declare the entity to be a going concern?
16. What steps do you take to assess going concern assumption during a period of uncertainty?
17. How has COVID-19 affected the audit procedures you perform in relation to going concern?

Appendix 2: Participant Information Sheet for Research Project: Understanding the influence of the global COVID-19 pandemic on auditors' going concern decisions within Kuwait

Dear participant,

I, Fahad Alhajraf, am currently carrying out a piece of research entitled, 'Understanding the influence of the global COVID-19 pandemic on auditors' going concern decisions within Kuwait, under the supervision of Prof Pawan Adhikari. We are investigating the challenges posed to auditing due to Covid-19, using the particular case of Kuwait, and assess the challenges and assess how auditing in Kuwait is changing in response to the challenges in the post pandemic world. This investigation is done not only to gain insights into the impacts of the pandemic on the audit process, but to also qualify for the doctorate programme at my institution. This information sheet provides you with information about the study and your rights as a participant.

What does taking part in the research involve?

This research will be conducted through semi-structured interviews with 50 professional accountants, with primary data collected through interviews. The interviews will take place at the place of work of the participants because of the convenience, and some will be done through online medial channels such as telephone interviews. Each participant will require a maximum of 15 minutes to undertake the interview. This will be convenient and

time saving enough. The data will be recorded in survey databases, as well as audio recording for the telephone interviews. Interviewees will be asked questions on the impacts of Covid-19 pandemic on their audit processes, challenges faced during the pandemic, and responses to these challenges.

Do I have to take part?

Naturally, there is no obligation to take part in the study. It's entirely up to you. If you do decide to take part you will be given this information sheet to keep and be asked to give consent to take part. If

publications or reports have already been disseminated, these cannot be withdrawn, however, these will only contain anonymised or aggregated data. If you decide to participate in the study and then change your mind in the future, you can withdraw at any point, even after the data has been collected. If you wish to withdraw from the study at any time, please contact the researcher on the details below.

Will my taking part in this study be kept confidential?

All information collected will be kept securely through password-protected computer file system and will only be accessible by the interviewee and people participating in the data analysis process. However, this research forms part of my studies at the University of Essex and therefore may be subject to scrutiny by other University staff in determining the outcome of my degree. If you are mentioned individually in any publications or reports then a participant number or pseudonym will be used and identifying details will be

removed. A list may be kept linking participant numbers or pseudonyms to names, but this will be kept securely and will only be accessible by those listed above. A copy of the information which we record about you, but not other participants, will be provided, free of charge, on request.

The information provided during the research may be retained and stored for future research needs. It is estimated that the information will be securely stored for a maximum of ten years, after which it will be destroyed. You are assured that the data will be used safely, securely, ethically, and legally, and none of your information will be used for commercial purposes. The information, upon the expiry of the use period, will be destroyed through total shredding of the folders and files containing the information using computer shredding programs.

Are there any possible disadvantages or risk of taking part?

This study will be conducted in a manner that ensures minimum risk exposure to the participant. Your information, including your names and identity, will remain private and confidential, with anonymity used in the report. The key disadvantage that you will encounter is the time taken to answer the interview questions, which is minimised to 15 minutes maximum. The subject of discussion is not sensitive, and thus is not expected to result in psychological harm.

What are the possible benefits of taking part?

Direct benefits for participating in this study would be contributing to the creation of new knowledge about the novel pandemic's impacts on the audit process. As members of the accounting fraternity, the participants will gain deeper insights on the causes, consequence, and solutions to the impacts of the Covid-19 on the audit process in Kuwait. The participants will not be paid for participating in this study, as it remains unfunded and non-commercial.

What is the legal basis for using the data and who is the Data Controller?

The legal basis for processing the data collected from this project is informed consent. The Data Controller for this project is the University of Essex and the contact is the University Information Assurance Manager (dpo@essex.ac.uk).

What should I do if I want to take part?

Assenting to the consent form is an approval of your participation in the research. This will be followed with the participant information sheet, which upon assenting will schedule an interview with the researcher. On this form are the contacts and guidelines on how to approach the research, and the appointed schedules for the interviews.

Who is funding the research?

This research is purely for educational purposes and thus not funded.

What will happen to the results of the research study?

The results of this research will be submitted in part fulfilment of my degree programme. The results could also be published as a journal article, depending on the quality of the research and outcomes. In case of publishment, the identity and contributions of the participants will remain anonymous, as privacy and confidentiality will still be upheld. Only the direct answers to the interview questions will be identifiable, but not linked to any personal identify. The results will be used in my dissertation and will be deposited in the university repository in the journal format. The findings will be available to participants upon request free of charge.

Who has reviewed the study?

I have applied for ethical approval to undertake this study. My application was reviewed and approved by the Social Sciences Ethics Sub-Committee at the University of Essex.

What happens if something goes wrong?

If you are harmed by taking part in this research project, there are no special compensation arrangements. Regardless of this, if you wish to complain, or have any concerns about any aspect of the way you have been treated during the course of this study then you should immediately inform the student and/or their supervisor (details below). If you are not satisfied with the response, you may contact the Essex Business School Research Ethics Officer, Dr Casper Hoedemaekers (choedem@essex.ac.uk) or Sarah Manning-Press (sarahm@essex.ac.uk) who will advise you further.

Name of the Researcher/Research Team Members

We would be very grateful for your participation in this study. If you need to contact us in future, please contact me (fa21316@essex.ac.uk) or Prof. Pawan Adhikari (padhik@essex.ac.uk). You can also contact us in writing at: EBS, University of Essex, Colchester CO4 3SQ.

You are welcome to ask questions at any point.

Fahad Alhajraf.

Appendix 3: Participant Consent form for Research Project: The Impact of the Global Pandemic On The Auditors' Going Concern Decision Within Kuwait

Dear participant,

This research is being carried out by Fahad Alhajraf under the supervision of Prof Pawan Adhikari.

We are investigating the impact of Covid-19 on the going concern decisions issued by auditors in Kuwait. After the pandemic, it is reported in research that many operations of auditing have changed. Therefore, it is necessary to investigate how the changes in auditing procedures has impacted the going concern decisions of auditors in Kuwait. You are selected for this research because you have been affiliated with an audit firm in Kuwait for 5+ years. The information that you share with me will undergo a thematic analysis and a discussion will be conducted in light of presently available research to reach the research results.

If you agree to participate in this study, you will be interviewed by the researcher.

The answers which you provide will be recorded through notes taken by the interviewer.

All information collected will be kept securely and will only be accessible by myself and my supervisor.

Data will be anonymised and if data which you provide is used in any publications or reports then a participant number or pseudonym will be used and identifying details will be removed. A list may be kept linking participant numbers or pseudonyms to names, but this will be kept securely and will only be accessible by myself and my supervisor. A copy of the information which we record about you, but not other participants, will be provided, free of charge, on request.

You are free to withdraw from the study at any time, without giving reasons and without penalty, even after the data have been collected. However, if publications or reports have already been disseminated based on this data, these cannot be withdrawn.

We would be very grateful for your participation in this study. If you need to contact us in future, please contact me (fa21316@essex.ac.uk) or Dr Pawan Adhikari (padhik@essex.ac.uk). You can also contact us in writing at: EBS, University of Essex, Colchester CO4 3SQ.

Yours,

Fahad Alhajraf

<u>Statement of Consent</u>	<u>Please</u> <u>initial each</u> <u>box</u>
I agree to participate in the research project, "<i>The Impact of The Global Pandemic On Auditors' Going Concern Decision Within Kuwait</i>", being carried out by Fahad Alhajraf	☐
This agreement has been given voluntarily and without coercion.	☐
I have been given full information about the study and contact details of the researcher(s).	☐
I have read and understood the information provided above	☐
I have had the opportunity to ask questions about the research and my participation in it.	☐

Appendix 4: Demographic data about the interviewed auditors

Participant identifier	Position	Employer
GCM1	Audit partner	Medium Firm
GCM2	Senior Auditor	Medium Firm
GCB3	Senior auditor	Big Four Firm
GCB4	Audit partner	Big Four Firm
GCB5	Senior auditor	Big Four Firm
GCB6	Senior auditor	Big Four Firm
GCB7	Junior Auditor	Big Four Firm
GCB8	Senior Auditor	Big Four Firm
GCM9	Senior Auditor	Medium Firm
GCM10	Senior Auditor	Medium Firm
GCM11	Audit partner	Medium Firm
GCB12	Senior Auditor	Big Four Firm
GCM13	Senior auditor	Medium firm
GCM14	Audit partner	Medium firm
GCB15	Senior auditor	Big Four Firm
GCM16	Audit partner	Medium Firm

GCB17	Senior auditor	Big Four Firm
GCM18	Senior Auditor	Medium firm
GCB19	Senior Auditor	Big Four Firm
GCM20	Audit partner	Medium Firm
GCM21	Audit partner	Medium firm
GCB22	Senior auditor	Big Four Firm
GCM23	Audit partner	Medium Firm
GCM24	Audit partner	Medium Firm

Appendix 5 Demographic data about the interviewed regulators for the study

Participant identifier	Employer
REG1	Financial Stability Division at the Central Bank of Kuwait
REG2	Capital Market Authority
REG3	Kuwait Chamber of Commerce and Industry
REG4	Kuwait Ministry of Finance
REG5	Kuwait Ministry of Finance
REG6	Kuwait Ministry of Finance
REG7	Capital Market Authority
REG8	Kuwait Ministry of Finance
REG9	Capital Market Authority
REG10	Capital Market Authority
REG11	Central Bank of Kuwait
REG12	Capital Market Authority