The Impact of Audit Value Added on Reducing Information Asymmetry and Enhancing Stakeholder Trust

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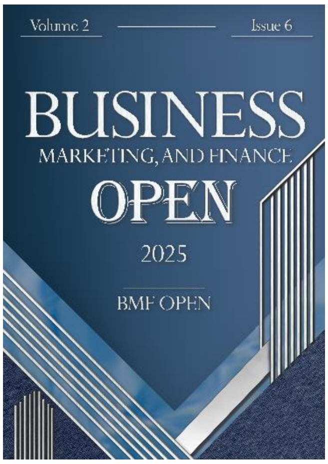

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Abstract: This study aimed to investigate the effect of audit value added on reducing information asymmetry and enhancing stakeholder trust among auditing profession experts in Tehran. This applied, quantitative, cross-sectional study employed a descriptive-correlational design. The statistical population consisted of auditing profession experts in Tehran, including university faculty members, managers and partners of audit firms, corporate financial managers, and members of audit committees. Using purposive sampling, 240 eligible participants were included in the final analysis. Data were collected through a structured questionnaire measuring audit value added, information asymmetry, and stakeholder trust. Content validity was assessed through expert review, while construct validity, convergent validity, and discriminant validity were examined through measurement-model assessment. Internal consistency was evaluated using Cronbach's alpha, rho_A, and composite reliability. Data were analyzed using descriptive statistics and partial least squares structural equation modeling. Bootstrapping was applied to determine the statistical significance of structural paths, while coefficients of determination, effect sizes, predictive relevance, and model-fit indices were used to evaluate the explanatory and predictive performance of the model. Audit value added had a significant negative effect on information asymmetry ($\beta = -0.681$, SE = 0.041, t = 16.61, $p < 0.001$, 95% CI [-0.756, -0.596]) and explained 46.4% of its variance ($R^2 = 0.464$). Audit value added also had a significant positive effect on stakeholder trust ($\beta = 0.729$, SE = 0.036, t = 20.25, $p < 0.001$, 95% CI [0.654, 0.794]) and explained 53.1% of its variance ($R^2 = 0.531$). Effect sizes were large for both information asymmetry ($f^2 = 0.866$) and stakeholder trust ($f^2 = 1.132$), and positive Q^2 values confirmed the model's predictive relevance. The findings indicate that audit value added constitutes an important mechanism for improving the corporate information environment by reducing informational inequalities and strengthening stakeholder confidence. Auditing that extends beyond formal compliance and contributes to transparency, credibility, professional assurance, and accountability can substantially enhance stakeholders' reliance on organizational information and reinforce the broader governance role of the audit function.

Keywords: Audit Value Added; Information Asymmetry; Stakeholder Trust; Audit Quality; Financial Reporting; Corporate Governance; Auditing

1. Introduction

Auditing occupies a central position in modern systems of corporate reporting, governance, and accountability because economic decisions increasingly depend on information produced by organizations whose managers possess substantially greater knowledge of internal conditions than external stakeholders. Financial statements, management reports, sustainability disclosures, and other corporate communications are therefore produced within an environment characterized by unequal access to information, divergent incentives, and varying capacities to verify managerial claims. The traditional assurance role of auditing responds to this problem by providing an independent examination of reported information and increasing confidence that financial statements are prepared in accordance with applicable reporting requirements. However, contemporary expectations of auditing increasingly extend beyond the detection of material misstatement and the expression of a formal audit opinion. Auditors are expected to contribute to reporting credibility, risk identification, internal-control effectiveness, corporate governance, ethical accountability, and decision usefulness. This broader perspective has given increasing prominence to the concept of **audit value added**, which refers to the incremental benefits generated by audit activities for organizations and their stakeholders beyond minimum statutory compliance. Research on assurance practices emphasizes that auditing contributes to the reliability and usefulness of financial reporting and remains an important institutional mechanism within the broader financial reporting environment [1-3].

The economic importance of audit value added can be understood most directly through the problem of information asymmetry. Managers and other organizational insiders generally possess more timely and detailed information about operational performance, financial risks, accounting judgments, future prospects, internal controls, and strategic decisions than shareholders, creditors, investors, regulators, and other external users. Such informational inequality can create opportunities for selective disclosure, opportunistic reporting, earnings manipulation, concealment of adverse information, or biased presentation of organizational performance. Consequently, external stakeholders must often make decisions under conditions of uncertainty concerning both the completeness and credibility of the information available to them. Independent auditing can reduce this informational disadvantage by subjecting reported information to systematic examination, challenging management estimates and assertions, evaluating supporting evidence, and communicating an independent conclusion regarding the credibility of financial statements. Research concerning audit reports has shown that the nature and content of auditors' communications can influence information uncertainty, particularly where users face heightened uncertainty about organizational financial conditions [4]. Similarly, independent auditing has been linked to the investment decisions of institutional investors, highlighting the informational significance of assurance in external capital-allocation decisions [5].

The value generated by auditing is therefore not limited to verifying historical financial figures. Audit processes may improve the quality of the information environment by encouraging management to strengthen documentation, improve internal controls, apply accounting policies more consistently, increase the traceability of financial information, and address weaknesses identified during the engagement. From this perspective, auditing creates organizational and informational value through both its direct assurance output and the behavioral effects generated by the expectation of independent scrutiny. The literature concerning internal audit similarly conceptualizes value creation as a broader contribution to governance, control, risk management, and organizational effectiveness rather than a narrow compliance function [6]. Evidence concerning external audit also suggests an important relationship between audit quality and organizational value creation, reinforcing the proposition that higher-quality audit processes can produce benefits that extend to managerial systems and stakeholder relationships [7]. Earlier work on audit value added has likewise emphasized its importance for the viability and sustainability of professional audit practice, implying that auditors' ability to generate identifiable value is relevant not only to clients but also to the continuing legitimacy of the profession [8].

A key mechanism through which this added value is produced is audit quality. An audit can reduce information asymmetry only to the extent that users believe the audit process is competent, independent, sufficiently rigorous, and capable of identifying material weaknesses or misleading reporting practices. Auditor expertise, independence, professional experience, ethical commitment, and professional skepticism therefore influence whether the assurance function provides credible incremental information. Recent evidence indicates that auditor independence, expertise, and industry experience are important determinants of financial reporting quality, thereby supporting the argument that professional capability is a central source of audit-generated value [9]. Similarly, models of auditor competency developed within the Iranian professional environment emphasize the multidimensional nature of the knowledge, skills, personal capabilities, and professional characteristics necessary for effective auditing [10]. Studies of the individual and organizational characteristics of independent auditors in Iran further indicate that audit quality is shaped by both auditor-level and institutional attributes [11]. Accordingly, audit value added should be understood as the outcome of a professional process whose effectiveness depends considerably on the resources, competencies, and conditions under which auditors perform their responsibilities.

Professional judgment is particularly important because auditing involves repeated evaluation of uncertain, complex, and sometimes conflicting evidence. Auditors must determine the significance of identified risks, assess management assumptions, evaluate accounting estimates, choose appropriate procedures, and determine whether sufficient appropriate evidence has been obtained. Factors influencing professional judgment and decision-making can therefore directly affect the quality of the resulting audit and, by extension, its informational value [12]. Behavioral research similarly demonstrates that individual characteristics and self-efficacy can influence audit judgment [13]. The ethical dimension of such judgments is equally consequential. Auditors operate in settings where economic incentives, client relationships, organizational pressures, and reputational considerations may create tensions with professional obligations. Ethical awareness, ethical judgment, and willingness to report wrongdoing form part of the broader behavioral environment supporting professional accountability [14]. Evidence also suggests that auditors' awareness of the profession's reputation for independence is associated with their ethical judgment, underscoring the importance of perceived and actual independence for assurance credibility [15]. More recent research has further emphasized the roles of auditor ethics, psychological characteristics, and professional skepticism in fraud detection, highlighting the human and behavioral foundations of effective assurance [16].

These professional attributes acquire particular importance because audit value added ultimately depends not only on technical performance but also on how stakeholders perceive the credibility of that performance. Audit credibility is fundamental to the assurance function: even a technically competent audit cannot fully reduce information uncertainty if users do not believe that the auditor is independent, objective, and capable of challenging management. Research in developing-country contexts has demonstrated the importance of credibility and confidence in audit value, showing that stakeholders' evaluations of auditing are shaped by their trust in the assurance process itself [17]. In the Iranian setting, qualitative research on audit report credibility likewise indicates that credibility is a multidimensional outcome influenced by characteristics of auditors, reporting processes, institutional conditions, and stakeholder perceptions [18]. Evidence from external audits of management systems similarly shows that audited organizations evaluate audit credibility through the perceived rigor, competence, objectivity, and usefulness of the audit process [19]. These findings suggest that audit value added should be examined simultaneously as an informational phenomenon and a relational phenomenon: it improves the quality of information while also shaping stakeholder confidence in the institutions responsible for validating that information.

Stakeholder trust is therefore a second major outcome through which the significance of audit value added can be assessed. Trust is especially important in financial and governance relationships because stakeholders usually cannot independently verify all information disclosed by organizations. Investors must trust that reported performance is not materially misleading; creditors must assess whether financial statements provide a dependable representation of risk and repayment capacity; boards and audit committees depend on credible reporting for monitoring; and regulators require confidence that corporate disclosures adequately reflect economic realities. Independent auditing can strengthen these forms of trust by reducing perceived information risk and establishing an additional layer of accountability between managers and information users. Iranian research has explicitly linked strategies for improving audit quality with the enhancement of social trust from stakeholders' perspectives [20]. Research on independent audit quality has also stressed the importance of designing audit services around stakeholder needs, indicating that the legitimacy and usefulness of auditing depend on its responsiveness to the expectations of information users [21]. Furthermore, public accountability within audit firms has been identified as an important professional concern, demonstrating that auditing itself is increasingly expected to operate within a framework of social responsibility and accountability [22].

The relationship between auditing and stakeholder confidence is also shaped by the long-recognized audit expectations gap. Stakeholders may hold expectations concerning fraud detection, assurance levels, going-concern assessment, accountability, or the auditor's responsibilities that exceed or differ from the formal scope of an audit. When these expectations are not appropriately managed, the value attributed to the audit may decline even where professional standards have been followed. Empirical research examining different stakeholder groups has demonstrated the continuing existence of an audit expectations gap and the importance of differences in how users understand auditors' responsibilities [23]. This issue reinforces the need to conceptualize audit value added from the stakeholder perspective rather than exclusively from the auditor's technical perspective. If value is to contribute to trust, stakeholders must perceive the audit as relevant to their informational concerns and capable of providing meaningful assurance. Professional auditing research in Iran has similarly emphasized improving audit service quality through greater attention to independent auditors' social responsibility, suggesting that professional value increasingly includes responsiveness to broader societal expectations [24].

Audit quality and audit value are also embedded in the broader governance architecture of organizations. Financial auditing contributes to corporate governance by supporting oversight, monitoring management, reinforcing internal-control systems, and supplying boards and audit committees with independently validated information [25]. Effective governance mechanisms can, in turn, shape the conditions under which auditing operates and the extent to which audit findings lead to organizational improvements. Research in Iran using a contingency perspective has shown that corporate governance effectiveness depends on organizational and contextual conditions rather than a single universal mechanism [26]. Recent evidence from emerging economies likewise suggests that audit quality interacts with audit committee characteristics in influencing firm-level outcomes, reinforcing the interconnected roles of governance structures and assurance quality [27]. From this perspective, audit value added is not generated in isolation but through an institutional system that includes management, boards of directors, audit committees, internal auditors, external auditors, regulators, and other parties involved in producing and validating corporate information.

The increasing complexity of firms also makes intangible professional resources particularly significant. Audit organizations compete not only through fees or scale but through intellectual capital, specialized knowledge, technological capability, reputational strength, industry expertise, and the ability to provide high-quality assurance. Research has identified competitive advantage and intellectual capital as important catalysts of audit excellence, suggesting that professional resources can contribute directly to superior audit quality [28]. At the market level, however, the auditing profession is characterized by structural risks, concentration, and substantial differences in organizational sustainability across audit firms. Recent evidence from the United States audit market demonstrates the persistence of Big Four dominance and highlights firm survival and structural risk factors as important aspects of audit-market sustainability [29]. These structural conditions matter because stakeholder confidence may partly depend on the perceived capability and resilience of audit providers, while market concentration may simultaneously create concerns regarding competition, independence, and systemic dependence on a limited number of large firms.

The organizational environment in which audit-related information is produced is also evolving through the growing use of strategic management accounting and other information-intensive managerial practices. Systematic evidence indicates that strategic management accounting has increasingly become relevant to organizational decision-making, competitive analysis, and performance management [30]. Research in Iran has likewise examined the contingency factors associated with the use of strategic management accounting techniques, emphasizing that accounting-information practices depend on organizational and environmental circumstances [31]. Other Iranian evidence suggests that management accounting practices can contribute to firm value creation, with their effects conditioned by contextual factors and the role of institutional investors [32]. These developments increase the volume and complexity of information available to decision-makers and consequently strengthen the importance of assurance mechanisms capable of enhancing the credibility of information used by diverse stakeholder groups.

The quality of the audit process itself may also be affected by economic incentives and engagement characteristics. Audit fees can reflect engagement complexity, client risk, auditor effort, bargaining dynamics, or economic dependence, and unusual fee arrangements may therefore raise questions about audit quality. Evidence from Australia has examined the association between abnormal audit fees and audit quality, demonstrating the relevance of engagement economics to assessments of assurance effectiveness [33]. At the same time, clients' willingness to engage audit firms can depend on their perceptions of audit quality, with recent research showing that audit quality can mediate the relationship between internal audit-firm factors and client engagement intentions [34]. These findings indicate that audit value added has economic consequences for both demand and supply in the assurance market. Audit firms that are perceived as generating greater informational and governance benefits may enjoy stronger client relationships and reputational advantages, while stakeholders may place greater reliance on the information associated with credible, high-quality auditors.

The consequences of audit quality can also extend to financing outcomes. When assurance strengthens confidence in corporate disclosures, it can reduce uncertainty faced by creditors and other capital providers. Recent evidence indicates that audit quality may condition the relationship between corporate social responsibility and the cost of debt, illustrating how auditing can influence the economic interpretation of corporate information by lenders [35]. This provides a further basis for viewing audit value added as an economically meaningful mechanism rather than merely a procedural attribute. By strengthening confidence in disclosures, auditing may help stakeholders distinguish credible corporate commitments from unsupported managerial claims and thereby contribute to more efficient risk assessment and contracting.

The challenge, however, is that high audit quality cannot be assumed simply from the existence of an audit engagement. Professional methods, organizational procedures, and quality-management systems influence the consistency and reliability of audit work. The integration of quality-management principles into auditing has therefore been proposed as a means of strengthening audit frameworks and improving the systematic nature of assurance processes [36]. At the same time, research in the Iranian auditing context indicates that personality characteristics may influence professional ethics, further demonstrating that organizational systems and individual auditor characteristics jointly shape audit outcomes [37]. The multidimensional character of these determinants makes audit value added an especially important construct because it captures the practical outcome of multiple technical, ethical, organizational, and relational features of auditing in a form that is directly relevant to stakeholders.

Despite this growing literature, several gaps remain. Existing studies have often examined audit quality, auditor characteristics, reporting credibility, expectations gaps, governance, financial reporting quality, investment decisions, public accountability, or professional trust as separate research streams. Although each contributes important knowledge, comparatively less attention has been devoted to simultaneously examining whether the broader value added by auditing is associated with two fundamental consequences of assurance: reduced information asymmetry and enhanced stakeholder trust. The distinction is important because an audit may satisfy formal requirements without necessarily producing substantial incremental value for users. Conversely, an audit that improves transparency, strengthens internal control, enhances reporting credibility, identifies risk, and responds to stakeholder needs may generate benefits that are not adequately captured by conventional measures of compliance or audit completion alone. This distinction is particularly relevant in developing and emerging institutional environments, where perceptions of auditor credibility, professional independence, governance effectiveness, and reporting quality may vary considerably across stakeholder groups. Studies from different professional environments point to the continuing importance of assurance credibility, stakeholder-oriented audit quality, ethical judgment, and value creation, yet their combined implications for informational inequality and stakeholder confidence remain insufficiently integrated [7, 9, 17, 21].

Furthermore, the Iranian auditing environment provides an important setting for investigating these relationships because recent domestic research has separately emphasized auditor competency, individual and organizational determinants of audit quality, audit report credibility, professional judgment, audit ethics, stakeholder-oriented audit quality, public accountability, social responsibility, and social trust [10-12, 18, 20, 22, 24, 37]. Taken together, these studies indicate a professional environment in which the legitimacy and effectiveness of auditing increasingly depend on whether auditors can produce demonstrable benefits for users of financial information. Nevertheless, empirical examination of audit value added as an antecedent of both reduced information asymmetry and strengthened stakeholder trust remains necessary. Such an examination can extend the auditing literature by moving beyond narrow assessments of audit quality and directly considering whether stakeholders perceive audit activities as generating informational and relational value.

Accordingly, the aim of this study was to investigate the effect of audit value added on reducing information asymmetry and enhancing stakeholder trust among auditing profession experts in Tehran.

2. Methodology

This study employed an applied, quantitative, descriptive-correlational research design to investigate the impact of audit value added on reducing information asymmetry and enhancing stakeholder trust. The study was cross-sectional in terms of the time dimension, as the required data were collected from respondents during a specified period without manipulating the study variables. The research framework was developed on the premise that auditing can generate value beyond the traditional assurance function by improving the credibility, relevance, transparency, and usefulness of financial and non-financial information provided to stakeholders. Accordingly, audit value added was considered the principal explanatory construct, while information asymmetry and stakeholder trust constituted the main outcome constructs. The study population consisted of experts in the auditing profession in Tehran, Iran. Given the specialized nature of the research topic, participation was restricted to individuals who possessed sufficient professional or academic knowledge of auditing, financial reporting, corporate governance, or organizational financial decision-making. The target population therefore included university faculty members specializing in accounting, auditing, financial management, and related disciplines; managers and partners of audit firms; financial managers of companies; and members of corporate audit committees. These groups were selected because they are directly or indirectly involved in the production, verification, supervision, interpretation, or use of audited information and could therefore provide informed assessments of the extent to which auditing creates additional value and contributes to reducing informational gaps and strengthening stakeholder confidence.

A purposive sampling approach was adopted because the objectives of the study required respondents with specialized knowledge and practical experience rather than a general population sample. Eligibility was based on relevant academic expertise or professional experience in auditing, accounting, financial management, corporate governance, or audit committee activities. Particular emphasis was placed on recruiting participants with adequate familiarity with audited financial statements, auditor–client relationships, internal and external assurance processes, financial disclosure, and stakeholder information requirements. University faculty members were expected to contribute an academic and conceptual perspective on audit quality and information economics, whereas audit firm managers and partners provided professional insights into the assurance process and the value generated through audit activities. Financial managers represented the perspective of preparers and organizational users of accounting information, while audit committee members contributed a governance-oriented assessment of auditor effectiveness, transparency, and stakeholder protection. This heterogeneous expert composition was intended to improve the comprehensiveness of the empirical evaluation and to reduce the likelihood that the findings would reflect only one professional perspective. Participation was voluntary, and respondents were informed that the collected information would be analyzed in aggregate form and used exclusively for research purposes. Confidentiality and anonymity were maintained throughout the data collection and analysis processes, and no personally identifying information was required for statistical analysis.

Data were collected using a structured questionnaire developed in accordance with the theoretical framework and objectives of the study. The questionnaire consisted of two general sections. The first section obtained demographic and professional information relevant to the characterization of the participants, such as professional position, field of expertise, level of education, and duration of professional or academic experience. The second section contained items designed to measure the principal research constructs, namely audit value added, information asymmetry, and stakeholder trust. Questionnaire items were formulated based on the conceptual literature relating to audit quality, the informational role of external assurance, financial reporting transparency, credibility enhancement, corporate governance, and stakeholder confidence. Responses to the substantive items were recorded using a Likert-type scale ranging from strong disagreement to strong agreement, enabling the respondents to indicate the extent to which each statement corresponded with their professional judgment and experience.

Audit value added was operationalized as the extent to which audit activities generate benefits beyond basic compliance with statutory and regulatory requirements. Its measurement incorporated dimensions associated with enhancing the reliability and credibility of financial information, identifying weaknesses in financial reporting and internal control systems, improving the quality of organizational reporting, supporting managerial and governance decision-making, increasing transparency, strengthening risk identification and monitoring, and providing stakeholders with greater assurance regarding the accuracy and fairness of disclosed information. This conceptualization recognizes that the value of auditing is not limited to detecting material misstatements but may also arise from the auditor's contribution to the quality of information environments, governance mechanisms, accountability, and decision usefulness. Information asymmetry was assessed by items reflecting perceived differences in access to relevant organizational and financial information among managers, shareholders, investors, creditors, and other stakeholder groups. The construct covered issues such as unequal access to reliable information, uncertainty regarding the accuracy of managerial disclosures, difficulties in evaluating organizational performance, and the possibility that organizational insiders possess materially superior information compared with external users. A reduction in information asymmetry was therefore reflected in perceptions that auditing promotes more transparent, reliable, timely, and comparable information and restricts opportunities for selective or misleading disclosure.

Stakeholder trust was measured through items addressing stakeholders' confidence in the credibility of financial statements, organizational transparency, managerial accountability, the reliability of disclosed information, and the effectiveness of monitoring and assurance mechanisms. The construct reflected the expectation that independent auditing reduces perceived information risk and provides stakeholders with greater confidence when relying on organizational reports for economic and governance decisions. Stakeholder trust was conceptualized broadly to encompass confidence among shareholders, potential investors, creditors, board members, regulatory bodies, and other users of corporate information. Particular attention was given to the perception that the auditor's independence, professional competence, objectivity, and communication of relevant findings can strengthen confidence in both reported information and the organization's reporting processes.

The content validity of the questionnaire was evaluated through expert review. A preliminary version of the instrument was presented to individuals with academic and professional expertise in auditing, accounting, financial reporting, and research methodology. They were asked to assess the relevance, clarity, comprehensiveness, and conceptual consistency of the items with the intended constructs. Based on their comments, ambiguous or repetitive items were revised, and the wording of several statements was refined to improve interpretability and professional relevance. Construct validity was subsequently examined through measurement-model analysis. Factor loadings were evaluated to determine whether the observed indicators adequately represented their respective latent constructs, while convergent validity was assessed using appropriate indicators such as average variance extracted and composite reliability. Discriminant validity was also examined to ensure that audit value added, information asymmetry, and stakeholder trust represented empirically distinguishable concepts. Internal consistency reliability was assessed using Cronbach's alpha and composite reliability coefficients. Coefficients meeting commonly accepted thresholds were interpreted as evidence of satisfactory reliability. Before the main distribution of the questionnaire, the instrument was also reviewed for linguistic clarity and ease of completion to minimize measurement error arising from unclear terminology or inconsistent interpretation of audit-related concepts.

Data analysis was conducted at both descriptive and inferential levels. Prior to hypothesis testing, the collected questionnaires were screened for completeness and consistency, and responses that contained substantial missing information or exhibited patterns indicating unreliable completion were excluded from the final analysis. Descriptive statistical procedures were then used to summarize the characteristics of the participants and provide an initial description of the study variables. Measures such as frequency, percentage, mean, and standard deviation were employed as appropriate. The distributional properties of the variables were also examined through measures of central tendency and dispersion and, where necessary, indicators of skewness and kurtosis. These preliminary procedures were undertaken to identify potential data-entry errors, extreme observations, and other characteristics that could influence subsequent statistical modeling.

The relationships among audit value added, information asymmetry, and stakeholder trust were analyzed using structural equation modeling. A partial least squares structural equation modeling approach was considered appropriate because the study focused on evaluating relationships among multiple latent variables measured through several questionnaire indicators and was primarily concerned with explaining the predictive relationships specified in the conceptual model. The analysis was conducted in two principal stages. First, the measurement model was examined to establish the reliability and validity of the research constructs. Indicator loadings, Cronbach's alpha, composite reliability, and average variance extracted were evaluated to establish indicator reliability, internal consistency, and convergent validity. Discriminant validity was assessed by examining the empirical distinctiveness of the latent constructs using appropriate criteria. Indicators that demonstrated inadequate measurement properties were carefully reviewed in relation to both statistical evidence and their theoretical significance before any modification of the measurement model was considered.

Following confirmation of satisfactory measurement properties, the structural model was evaluated to test the proposed relationships among the research variables. Standardized path coefficients were estimated to determine the direction and magnitude of the effects. The statistical significance of the hypothesized relationships was assessed through a bootstrapping procedure, which generated standard errors, t-statistics, and significance levels for the estimated paths. Particular attention was given to the direct effect of audit value added on information asymmetry and the direct effect of audit value added on stakeholder trust. A negative and statistically significant association between audit value added and information asymmetry was interpreted as evidence that greater value generated through audit activities contributes to narrowing informational gaps between organizational insiders and external stakeholders. In contrast, a positive and statistically significant relationship between audit value added and stakeholder trust was interpreted as indicating that enhanced assurance quality, transparency, credibility, and decision usefulness strengthen stakeholder confidence.

The explanatory power of the structural model was further assessed using the coefficient of determination for the endogenous constructs, thereby indicating the proportion of variance in information asymmetry and stakeholder trust explained by audit value added and any other relationships incorporated into the final conceptual model. Effect-size indicators were examined where appropriate to determine the substantive contribution of the predictor variables beyond statistical significance alone. Predictive relevance was also considered to assess whether the estimated model demonstrated adequate capacity to explain the endogenous constructs. Statistical decisions were made using a conventional significance level of 0.05. The interpretation of the results was based not only on statistical significance but also on the direction and magnitude of the estimated relationships, their theoretical consistency, and their implications for auditing, financial reporting, corporate governance, and stakeholder decision-making.

3. Findings and Results

A total of 240 completed questionnaires were included in the final statistical analysis. All participants were selected from auditing-related professional and academic groups in Tehran and possessed relevant knowledge or experience concerning auditing, financial reporting, corporate governance, or the use of audited financial information. Of the respondents, 55 participants (22.9%) were university faculty members specializing in accounting, auditing, financial management, or related fields, 68 participants (28.3%) were managers or partners of audit firms, 72 participants (30.0%) were financial managers of companies, and 45 participants (18.8%) were members of corporate audit committees. With regard to educational attainment, 36 participants (15.0%) held a bachelor's degree, 124 participants (51.7%) held a master's degree, and 80 participants (33.3%) held a doctoral degree. In terms of professional experience, 52 respondents (21.7%) had less than 10 years of relevant experience, 79 respondents (32.9%) had between 10 and 15 years of experience, 63 respondents (26.3%) had between 16 and 20 years of experience, and 46 respondents (19.2%) had more than 20 years of professional or academic experience. The mean age of the participants was 43.60 years (SD = 8.70), while their mean relevant professional experience was 15.80 years (SD = 7.10). Overall, the demographic characteristics indicated that the sample consisted predominantly of highly educated and professionally experienced individuals who were sufficiently familiar with auditing practices, financial information, corporate reporting, and stakeholder information requirements to provide informed assessments of the constructs investigated in the study.

Table 1. Descriptive Statistics for the Main Study Variables

Variable	Minimum	Maximum	Mean	Standard Deviation	Skewness	Kurtosis
Audit Value Added	2.30	5.00	4.08	0.58	-0.62	0.48
Information Asymmetry	1.00	4.50	2.41	0.67	0.45	-0.21
Stakeholder Trust	2.10	5.00	4.02	0.61	-0.55	0.33

As shown in Table 1, the mean score for audit value added was 4.08 (SD = 0.58), which was substantially above the theoretical midpoint of the five-point response scale. This result indicates that the participants generally perceived auditing as an activity capable of generating considerable value beyond the conventional function of verifying the accuracy and fairness of financial statements. In particular, the relatively high mean suggests that the respondents recognized the broader contribution of auditing to the credibility of reported information, improvement of transparency, identification of reporting and internal control weaknesses, enhancement of accountability, and facilitation of more reliable decision-making by organizational stakeholders. Stakeholder trust also obtained a relatively high mean score of 4.02 (SD = 0.61), indicating that respondents generally believed that effective and value-adding auditing strengthens stakeholders' confidence in financial information and organizational reporting processes. In contrast, the mean score for information asymmetry was 2.41 (SD = 0.67), which was below the midpoint of the measurement scale. Given that higher scores on this construct represented greater information asymmetry, this result suggests that the respondents perceived effective audit activities as being associated with a comparatively lower level of informational inequality between organizational insiders and external stakeholders. The standard deviations ranged from 0.58 to 0.67, demonstrating an acceptable degree of variability in responses while also indicating reasonable agreement among the participating experts. In addition, the absolute values of skewness and kurtosis were below 1.00 for all three constructs. Audit value added and stakeholder trust showed moderate negative skewness, reflecting a concentration of responses toward the higher end of the scale, whereas information asymmetry demonstrated moderate positive skewness, indicating a greater concentration toward lower levels of perceived asymmetry. Overall, the descriptive results provided preliminary support for the expectation that stronger audit value added is associated with lower information asymmetry and greater stakeholder trust.

Table 2. Assessment of the Reliability and Convergent Validity of the Measurement Model

Construct	Number of Items	Range of Factor Loadings	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Audit Value Added	10	0.714–0.861	0.905	0.912	0.923	0.546
Information Asymmetry	8	0.702–0.844	0.879	0.886	0.905	0.545
Stakeholder Trust	9	0.721–0.873	0.911	0.915	0.928	0.590

Table 2 presents the results obtained from the evaluation of indicator reliability, internal consistency reliability, and convergent validity of the measurement model. The standardized factor loadings for the indicators measuring audit value added ranged from 0.714 to 0.861, while the loadings for information asymmetry ranged from 0.702 to 0.844 and those for stakeholder trust ranged from 0.721 to 0.873. Thus, all retained indicators had factor loadings greater than the commonly recommended minimum value of 0.70, indicating that each observed item adequately represented its respective latent construct. Internal consistency was also strongly supported. Cronbach's alpha coefficients were 0.905 for audit value added, 0.879 for information asymmetry, and 0.911 for stakeholder trust. Similarly, rho_A coefficients ranged from 0.886 to 0.915, and composite reliability coefficients ranged from 0.905 to 0.928. All of these coefficients exceeded the conventional threshold of 0.70 while remaining below excessively high levels that could suggest unnecessary item redundancy. Accordingly, the indicators within each construct demonstrated a high degree of consistency in measuring the same underlying conceptual domain.

Convergent validity was evaluated using the average variance extracted. The AVE values were 0.546 for audit value added, 0.545 for information asymmetry, and 0.590 for stakeholder trust. Since all AVE coefficients were greater than the recommended criterion of 0.50, each latent construct explained more than half of the variance in its corresponding indicators. The combination of satisfactory factor loadings, Cronbach's alpha coefficients, rho_A values, composite reliability coefficients, and AVE values therefore demonstrated that the measurement model possessed adequate indicator reliability, internal consistency, and convergent validity. These findings provided sufficient statistical justification for retaining all three constructs in the subsequent assessment of discriminant validity and structural relationships.

Table 3. Discriminant Validity of the Study Constructs

Construct	Audit Value Added	Information Asymmetry	Stakeholder Trust
Audit Value Added	0.739	0.746	0.812
Information Asymmetry	-0.681	0.738	0.708
Stakeholder Trust	0.729	-0.644	0.768

The results presented in Table 3 demonstrate that discriminant validity was satisfactorily established for all constructs. Based on the Fornell-Larcker criterion, the square root of the AVE for audit value added was 0.739, which was greater than its absolute correlations with information asymmetry ($|r| = 0.681$) and stakeholder trust ($r = 0.729$). Similarly, the square root of the AVE for information asymmetry was 0.738 and exceeded its absolute correlation with stakeholder trust ($|r| = 0.644$). The corresponding value for stakeholder trust was 0.768, which was also greater than its correlations with the other constructs. Consequently, each latent variable shared more variance with its own indicators than with the other latent constructs included in the model. The heterotrait-monotrait ratio of correlations provided additional evidence supporting discriminant validity. The HTMT value between audit value added and information asymmetry was 0.746, the value between audit value added and stakeholder trust was 0.812, and the value between information asymmetry and stakeholder trust was 0.708. All three values remained below the conservative threshold of 0.85, indicating that the constructs were empirically distinguishable despite the theoretically meaningful relationships among them.

The correlation coefficients also provided an initial indication of the direction of the proposed structural relationships. Audit value added was strongly and negatively correlated with information asymmetry ($r = -0.681$), suggesting that greater audit value added was associated with lower levels of information asymmetry. Conversely, audit value added showed a strong positive correlation with stakeholder trust ($r = 0.729$), indicating that higher perceived value generated by auditing corresponded with greater confidence among stakeholders. Information asymmetry was negatively correlated with stakeholder trust ($r = -0.644$), further suggesting that informational inequality and uncertainty are associated with diminished stakeholder confidence. Although these correlations alone do not demonstrate structural effects, their magnitude and direction were consistent with the theoretical expectations of the study and provided preliminary support for the hypothesized relationships subsequently evaluated through structural equation modeling.

Table 4. Structural Model Results and Hypothesis Testing

Hypothesized Relationship	Path Coefficient (β)	Standard Error	t-value	p-value	95% Confidence Interval	Result
Audit Value Added → Information Asymmetry	-0.681	0.041	16.61	<0.001	[-0.756, -0.596]	Supported
Audit Value Added → Stakeholder Trust	0.729	0.036	20.25	<0.001	[0.654, 0.794]	Supported

As reported in Table 4, both hypothesized structural relationships were statistically significant. Audit value added had a strong negative effect on information asymmetry ($\beta = -0.681$, $SE = 0.041$, $t = 16.61$, $p < 0.001$). The bootstrap 95% confidence interval ranged from -0.756 to -0.596 and did not include zero, providing further evidence of the statistical robustness of this relationship. The negative path coefficient indicates that increases in the value generated through auditing are accompanied by substantial reductions in perceived information asymmetry. More specifically, a one-standard-deviation increase in audit value added was associated with a 0.681-standard-deviation decrease in information asymmetry. This finding supports the first research hypothesis and demonstrates that auditing can reduce informational inequalities between corporate insiders and external stakeholders by enhancing the accuracy, transparency, credibility, and accessibility of organizational information. In substantive terms, the result suggests that when auditing extends beyond formal compliance and contributes meaningfully to reporting quality, internal control evaluation, risk identification, and credible communication of financial information, stakeholders are better positioned to assess organizational performance and are less dependent on information controlled exclusively by managers or other organizational insiders.

The effect of audit value added on stakeholder trust was also positive, strong, and statistically significant ($\beta = 0.729$, $SE = 0.036$, $t = 20.25$, $p < 0.001$). The associated 95% bootstrap confidence interval extended from 0.654 to 0.794 and remained entirely above zero. Therefore, the second research hypothesis was supported. The magnitude of the standardized coefficient indicates that a one-standard-deviation increase in audit value added was associated with a 0.729-standard-deviation increase in stakeholder trust. Among the relationships investigated in the structural model, this coefficient demonstrated a particularly substantial effect and emphasized the importance of the broader assurance role of auditing in establishing confidence among users of corporate information. The result indicates that stakeholders are more likely to trust organizational reports when auditing is perceived as independent, professionally competent, capable of detecting reporting deficiencies, effective in strengthening internal control and transparency, and useful in improving the credibility of disclosed information. Taken together, the structural results confirmed the central premise of the study: audit value added simultaneously contributes to narrowing informational gaps and strengthening confidence in organizational information.

Table 5. Explanatory Power, Predictive Relevance, and Effect Size of the Structural Model

Endogenous Construct	R^2	Adjusted R^2	Q^2	Effect Size (f^2) of Audit Value Added	Interpretation of Effect
Information Asymmetry	0.464	0.462	0.301	0.866	Large
Stakeholder Trust	0.531	0.529	0.356	1.132	Large
Overall Model Fit	SRMR = 0.061	NFI = 0.912	—	—	Acceptable

Table 5 provides further evidence concerning the explanatory and predictive performance of the proposed structural model. The coefficient of determination for information asymmetry was $R^2 = 0.464$, with an adjusted R^2 of 0.462. This finding indicates that audit value added explained approximately 46.4% of the variance in information asymmetry among the participating audit experts and professionals. Considering the complex nature of information asymmetry and the wide range of organizational, regulatory, governance, managerial, and market-related factors that may influence differences in access to information, explaining nearly half of its variance through audit value added represents a substantial level of explanatory power. The Q^2 value for information asymmetry was 0.301. Because this coefficient was clearly greater than zero, the model demonstrated satisfactory predictive relevance for this endogenous construct. The effect-size coefficient associated with audit value added was $f^2 = 0.866$, substantially exceeding the conventional criterion for a large effect. Thus, audit value added was not only statistically related to information asymmetry but also represented a substantively important determinant of reductions in informational inequality.

The explanatory power of the model was even stronger for stakeholder trust. The R^2 coefficient of 0.531 indicated that audit value added explained 53.1% of the variance in stakeholder trust, while the adjusted R^2 value of 0.529 demonstrated that this explanatory capacity remained essentially unchanged after adjustment. The Q^2 value of 0.356 was positive and relatively substantial, supporting the predictive relevance of the model with respect to stakeholder trust. Moreover, the effect-size coefficient for audit value added was $f^2 = 1.132$, representing a large substantive effect. These findings indicate that audit value added constitutes a major factor in explaining variations in stakeholder confidence in organizational information and reporting processes. The overall model fit indicators also supported the adequacy of the estimated model. The standardized root mean square residual was 0.061, remaining below the commonly accepted criterion of 0.08, while the normed fit index was 0.912, exceeding the conventional benchmark of 0.90. These indices indicate an acceptable correspondence between the hypothesized model and the observed data.

Taken together, the results of the descriptive analysis, measurement-model assessment, discriminant-validity evaluation, structural-path analysis, and assessment of explanatory and predictive performance consistently supported the proposed research model. Audit value added was associated with a significantly lower level of information asymmetry and a significantly higher level of stakeholder trust. The negative effect on information asymmetry was both statistically significant and substantively large, indicating that the value generated through independent and effective audit activities can reduce informational disadvantages faced by external users of corporate information. At the same time, the strong positive effect on stakeholder trust demonstrated that the benefits of auditing extend beyond technical verification of financial statements and contribute directly to confidence in organizational reporting, accountability, transparency, and decision-relevant information. The relatively high R^2 values, positive predictive-relevance coefficients, large effect sizes, and satisfactory model-fit indicators collectively demonstrated that the proposed model possessed adequate explanatory and predictive capacity. Therefore, both principal hypotheses of the study were supported, providing empirical evidence for the role of audit value added as an important mechanism for improving the quality of the corporate information environment and reinforcing stakeholders' confidence in organizational disclosures.

4. Discussion and Conclusion

The present study examined the effect of audit value added on reducing information asymmetry and enhancing stakeholder trust among auditing profession experts in Tehran. The findings provided strong empirical support for both proposed relationships. First, audit value added had a statistically significant and substantial negative effect on information asymmetry ($\beta = -0.681$, $p < 0.001$), indicating that higher levels of perceived value generated through auditing were associated with lower informational inequalities between organizational insiders and external stakeholders. Audit value added explained 46.4% of the variance in information asymmetry, demonstrating considerable explanatory power for a phenomenon that is typically influenced by a wide range of managerial, governance, regulatory, and market factors. Second, audit value added had a strong positive effect on stakeholder trust ($\beta = 0.729$, $p < 0.001$) and explained 53.1% of its variance. Thus, the results suggest that auditing creates value not merely by fulfilling statutory assurance requirements but by improving the informational environment surrounding organizations and reinforcing stakeholders' confidence in corporate reporting, managerial accountability, and organizational transparency. These findings support a broader conceptualization of auditing in which its effectiveness is judged by the extent to which it generates meaningful informational and relational benefits for users of financial information.

The significant negative relationship between audit value added and information asymmetry is consistent with the fundamental assurance function of external auditing. Information asymmetry arises because managers and other organizational insiders ordinarily possess more complete and timely information regarding organizational performance, risks, accounting estimates, internal controls, and strategic decisions than investors, creditors, and other external stakeholders. The audit function reduces this imbalance by independently examining management assertions, evaluating accounting estimates and disclosures, testing underlying evidence, and increasing confidence that the information presented to users is not materially misleading. Cunningham and Stein emphasized the central role of external auditors in the financial reporting process and their contribution to the credibility of information communicated to external users [1]. Similarly, Ramlah highlighted the continuing importance of financial statement auditing and assurance practices in strengthening the reliability and usefulness of corporate information [2]. Silva et al. further demonstrated the importance of internal and external enforcement mechanisms in enhancing financial reporting quality, supporting the proposition that effective assurance can reduce the informational uncertainty faced by users of financial statements [3]. The present finding therefore reinforces the view that audit value added operates partly through improvements in the quality and credibility of organizational information.

The magnitude of the observed relationship also suggests that value-adding audit activities may influence information asymmetry through several channels simultaneously. Auditors do not merely confirm reported balances; they assess internal controls, evaluate risks of material misstatement, challenge management assumptions, consider the appropriateness of accounting policies, and communicate deficiencies to those charged with governance. These activities can encourage improvements in reporting practices even before the final audit opinion is issued. Abuazza et al. emphasized that integrating quality-management principles within auditing can strengthen systematic audit processes and improve their effectiveness [36]. Faiteh and Aasri similarly conceptualized audit added value as arising from contributions to governance, risk management, control, and organizational improvement rather than from compliance alone [6]. In addition, Fossung and Verges reported a relationship between external audit quality and value creation, supporting the idea that higher-quality auditing can generate benefits beyond the mechanical verification of financial statements [7]. The current results extend this perspective by showing that one important consequence of such value creation is the reduction of information asymmetry.

The finding concerning information asymmetry is also compatible with evidence regarding audit reports and investment decision-making. Kaplan et al. demonstrated that the type and content of audit reports can influence information uncertainty, particularly in settings where investors face heightened uncertainty regarding financially stressed firms [4]. Karkacıer and Ertaş likewise found that independent auditing affects the investment decisions of institutional investors, suggesting that audited information constitutes an important input into capital-allocation decisions [5]. When external investors perceive audited disclosures as more credible, their dependence on privately held managerial information is reduced, and the informational gap between insiders and outsiders becomes narrower. This interpretation is particularly relevant to the present study because participants included financial managers, audit committee members, auditors, and academic experts, all of whom are positioned to observe how audit assurance affects the accessibility and credibility of corporate information.

The quality of this information-reducing mechanism depends substantially on auditor competence and professional characteristics. Sawaya et al. found that auditor independence, expertise, and industry experience contribute to financial reporting quality [9]. Abolhasan Tash et al. similarly identified multiple competency dimensions required for effective auditing in the Iranian context [10], while Pashaei et al. showed that both individual and organizational characteristics of independent auditors affect audit quality [11]. These studies help explain why audit value added was strongly related to lower information asymmetry in the present research. An auditor who possesses adequate professional expertise, industry knowledge, independence, and organizational support is better able to identify reporting deficiencies, challenge managerial representations, detect material inconsistencies, and communicate relevant issues to governance bodies. Accordingly, audit value added is likely to be greater when the audit is conducted by competent professionals operating within supportive institutional and organizational conditions.

Professional judgment, ethical conduct, and skepticism provide another explanation for the observed reduction in information asymmetry. Namazi and Momtazian demonstrated that a range of factors influence auditors' professional judgment and decision-making [12], while Pawitra and Suhartini showed that behavioral characteristics can affect audit judgment through psychological mechanisms such as self-efficacy [13]. Latan et al. emphasized the importance of ethical awareness and ethical judgment in professional reporting behavior [14], and Nasution and Östermark highlighted the relationship between perceptions of professional independence and auditors' ethical judgment [15]. More recently, Nouraldeen showed that auditor ethics, professional skepticism, and psychological characteristics can affect fraud-detection capability [16]. These findings collectively suggest that auditing can reduce informational inequality only when professional judgment is exercised independently and ethically. Auditors who critically assess evidence and resist managerial pressure are more likely to identify incomplete, biased, or misleading information, thereby limiting opportunities for managers to exploit their informational advantage.

The second major finding of this study was that audit value added had a strong positive effect on stakeholder trust. This result indicates that stakeholders' confidence in corporate information is not based solely on the existence of audited financial statements; rather, confidence increases when the audit process is perceived as credible, competent, independent, transparent, and capable of producing meaningful benefits. Akther and Xu found that credibility and confidence in audit value are closely associated, particularly within developing-country environments where institutional trust may be especially important [17]. Kiani Deh Kiani et al. similarly identified audit report credibility as a multidimensional construct shaped by characteristics of auditors, the reporting process, and contextual conditions [18]. Rogala et al. showed that audited organizations evaluate external audit credibility based on characteristics such as rigor, competence, and perceived usefulness [19]. The present result is strongly aligned with these studies because it demonstrates that value generated by auditing translates into higher stakeholder trust.

The especially large path coefficient linking audit value added to stakeholder trust suggests that trust is one of the most important outcomes through which auditing generates social and economic legitimacy. Stakeholders frequently lack the technical capability, access, or resources required to independently verify corporate disclosures. They therefore rely on external assurance as an institutional substitute for direct verification. Karami et al. specifically examined strategies for improving audit quality as a means of enhancing social trust and emphasized the importance of stakeholder perspectives in identifying the characteristics of credible audit services [20]. Delbari Ragheb and Esmaeilzadeh Moghari likewise developed an independent audit quality model with explicit emphasis on satisfying stakeholder needs [21]. Esnaashari and Beigpanah further highlighted public accountability as an important aspect of audit-firm responsibility [22]. Collectively, these studies support the present finding by suggesting that audit quality and value are inseparable from stakeholders' perceptions of accountability, responsiveness, and credibility.

The relationship between audit value added and stakeholder trust can also be explained through the broader social responsibility of the auditing profession. Mirbagheri et al. argued that improving audit service quality requires attention to auditors' attitudes toward social responsibility [24]. Auditors do not serve management alone; their work influences shareholders, employees, creditors, regulators, and society more broadly. When stakeholders perceive auditors as acting in accordance with professional and social responsibilities rather than merely fulfilling contractual obligations to clients, confidence in audited information is likely to increase. Kiani et al. further showed that personality traits can influence professional auditing ethics [37], reinforcing the proposition that stakeholder trust depends partly on the perceived ethical character of the assurance provider. The current finding therefore supports a relational conception of audit value added in which trust emerges from a combination of technical competence, independence, ethical conduct, transparency, and responsiveness to stakeholder expectations.

The audit expectations gap provides an additional framework for interpreting stakeholder trust. Alkhateeb et al. documented differences between stakeholder groups regarding what auditors are expected to perform and what auditing actually provides [23]. Such differences can undermine trust when stakeholders expect auditors to guarantee the complete absence of fraud, predict business failure, or assume responsibilities that fall outside the formal audit mandate. Value-added auditing may help narrow this gap when auditors communicate more clearly, provide decision-relevant insights, and demonstrate how assurance contributes to organizational transparency and risk reduction. In this sense, stakeholder trust is likely to increase when audit services are perceived as both technically reliable and practically relevant. The present study's strong positive relationship between audit value added and stakeholder trust indicates that respondents considered such broader usefulness an important basis of confidence in auditing.

Corporate governance also provides an important institutional explanation for the findings. Mroueh emphasized the contribution of financial auditing to corporate governance through monitoring, accountability, internal control, and oversight [25]. Sabzalipour et al. demonstrated that corporate governance effectiveness depends on organizational and contextual conditions [26], while Sunny and Apsara showed that audit quality interacts with audit committee characteristics in influencing organizational outcomes [27]. Audit committees, boards of directors, and external auditors jointly form an oversight architecture that can constrain managerial opportunism and improve information reliability. When audit value added strengthens this architecture, stakeholders are likely to perceive a lower risk of manipulation and a higher probability that management will be held accountable. The simultaneous reduction in information asymmetry and increase in stakeholder trust found in this study therefore appear to represent two interrelated consequences of stronger governance and assurance mechanisms.

The results are also consistent with research emphasizing the role of intellectual capital and professional resources in audit quality. Khatib et al. found that competitive advantage and intellectual capital act as catalysts of audit excellence [28]. From this perspective, value-added auditing requires not only procedural compliance but also specialized knowledge, technological capabilities, industry expertise, analytical competence, and organizational learning. Vovk et al. showed that organizational sustainability and structural characteristics remain important concerns in the audit market, including the continued dominance of large audit firms and the risks associated with market structure [29]. These findings suggest that stakeholders may partly infer audit value from the perceived resources, resilience, reputation, and capabilities of the audit provider. Stronger professional capacity may therefore improve both actual audit performance and stakeholders' confidence in the resulting assurance.

The findings also have implications for the relationship between auditing and organizational value creation more generally. Abdullah et al. showed that strategic management accounting practices can contribute to business decision-making and organizational performance [30], while Nazaripour and Heydari demonstrated that the use of strategic management accounting techniques depends on contextual and control factors [31]. Khorramdel Masouleh et al. further linked management accounting practices with firm value creation while emphasizing contingency factors and institutional investors [32]. Although these studies address management accounting rather than external auditing directly, they support the broader argument that accounting functions create value when they improve decision-relevant information and reduce uncertainty. The present study extends that logic to auditing by showing that assurance itself can become a source of value when it improves information credibility and strengthens stakeholder confidence.

Economic incentives surrounding audit engagements should also be considered. Hossain and Wang demonstrated that abnormal audit fees may be associated with audit-quality considerations, indicating that the economic characteristics of the auditor-client relationship can affect assurance outcomes [33]. Nguyen et al. found that audit quality mediates the relationship between internal characteristics of audit firms and clients' engagement intentions [34]. Thus, organizations appear to recognize quality and value when selecting or retaining audit providers. Mansouri and Ehsani further demonstrated that audit quality can influence the relationship between corporate social responsibility and the cost of debt [35], illustrating that audit quality can affect how external capital providers evaluate organizational information and risk. These studies reinforce the current conclusion that value-added auditing has consequences extending beyond the audit report itself, including stakeholder confidence, financing conditions, and the credibility assigned to corporate disclosures.

Finally, the relatively high explanatory power obtained for both endogenous variables strengthens the substantive significance of the findings. Audit value added accounted for 46.4% of the variance in information asymmetry and 53.1% of the variance in stakeholder trust. These percentages indicate that audit value added is not a peripheral feature of the financial reporting environment but a potentially central determinant of how stakeholders perceive informational quality and institutional credibility. The findings therefore support a conceptual shift from viewing auditing primarily as a compliance cost toward understanding it as a governance and information-quality mechanism capable of producing economic and relational benefits. Such an interpretation is consistent with previous research on audit value creation, audit credibility, quality, and stakeholder-oriented assurance [7, 8, 17, 21]. Overall, the present findings suggest that when auditing generates substantive added value through professional competence, independence, ethical conduct, rigorous assurance, transparent communication, and responsiveness to stakeholder needs, it can simultaneously narrow informational inequalities and strengthen trust in corporate reporting.

This study has several limitations that should be considered when interpreting its findings. First, the cross-sectional design captured participants' perceptions at a single point in time and therefore does not establish how the relationships among audit value added, information asymmetry, and stakeholder trust evolve over time. Second, the study relied on self-reported assessments by professional and academic experts, meaning that responses may have been influenced by professional expectations, social desirability, individual experience, or differences in the interpretation of audit value. Third, the sample was drawn from auditing-related experts in Tehran, which limits the extent to which the findings can be generalized to other regions, smaller cities, different institutional environments, or other national audit markets. Fourth, the study focused on perceptions of audit value added rather than incorporating objective indicators such as bid-ask spreads, forecast dispersion, audit adjustments, restatements, financial reporting timeliness, or actual investor behavior. Finally, although the structural model explained substantial proportions of information asymmetry and stakeholder trust, other potentially important determinants, including corporate governance quality, ownership concentration, auditor reputation, audit firm size, regulatory enforcement, organizational transparency, managerial incentives, and characteristics of audit committees, were not simultaneously incorporated into the model.

Future studies should extend the present model through longitudinal, comparative, and multi-source research designs. Longitudinal research could examine whether improvements in audit value added precede measurable changes in information asymmetry and stakeholder confidence across successive reporting periods. Researchers could also replicate the model across different provinces, industries, listed and unlisted firms, public-sector organizations, and different national institutional environments to determine whether the strength of the observed relationships varies according to regulatory development, ownership structure, market maturity, or audit-market concentration. Future studies should combine perceptual data with objective archival measures of information asymmetry and financial reporting quality and should consider obtaining responses separately from auditors, investors, creditors, financial managers, board members, and audit committee members. Additional models could investigate mediating mechanisms such as financial reporting quality, perceived auditor credibility, transparency, and corporate accountability, as well as moderators such as auditor independence, professional skepticism, industry specialization, audit-firm reputation, audit committee effectiveness, organizational complexity, and digital audit capability. Qualitative interviews could also provide deeper insight into which specific audit activities stakeholders perceive as producing the greatest incremental value.

Audit firms should increasingly design and evaluate their engagements according to the value they generate for information users rather than concentrating exclusively on formal compliance with auditing standards. Greater emphasis should be placed on auditor competence, industry specialization, professional skepticism, independence, ethical judgment, risk-based auditing, meaningful communication of internal-control weaknesses, and clear explanation of significant audit findings. Audit committees and corporate boards should actively assess whether external audit engagements improve transparency, strengthen financial reporting processes, and provide useful assurance to stakeholders. Companies should facilitate auditor access to relevant information, promote effective communication among auditors, management, internal audit functions, and audit committees, and respond systematically to audit recommendations. Professional bodies and regulators should support continuing professional education, stronger quality-control systems, transparent auditor-selection processes, and clearer communication regarding the scope and limitations of auditing. These practices can help ensure that auditing functions not merely as a statutory requirement but as an active mechanism for reducing informational inequalities, improving accountability, strengthening confidence in financial reporting, and sustaining stakeholder trust.

Authors' Contributions

Authors equally contributed to this article.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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