

Key Audit Matters in Financial Reporting and Auditing: A Bibliometric Analysis

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ABSTRACT

This study aims to map the intellectual structure and research trends of Key Audit Matters (KAM) in financial reporting and auditing through a comprehensive bibliometric analysis. Using data retrieved from Scopus and analyzed with VOSviewer, the study examines publication patterns, keyword co-occurrence, and thematic evolution within the KAM literature. The findings reveal that KAM has become a central topic in auditing research, closely associated with audit reporting, financial reporting quality, and information asymmetry. The analysis identifies several major research clusters, including audit disclosure practices, regulatory frameworks, and the economic consequences of KAM. Temporal analysis indicates a shift from early conceptual and standard-focused studies toward more recent empirical investigations addressing practical issues such as audit report lag, audit firm behavior, and the impact of external factors like the COVID-19 pandemic. Additionally, the study highlights the growing geographical diversity of KAM research, reflecting its global relevance across different regulatory environments. Despite the maturity of core themes, emerging topics remain underexplored, offering opportunities for future research. This study contributes to the literature by providing a systematic overview of KAM research and offers insights for academics, practitioners, and policymakers in enhancing audit transparency and financial reporting quality.

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1. INTRODUCTION

Financial reporting and auditing play a crucial role in maintaining transparency, accountability, and trust in modern financial systems [1], [2]. Stakeholders such as investors, regulators, and creditors rely heavily on audited financial statements to make informed economic decisions [3]. However, several high-profile corporate

scandals and financial reporting failures over the past decades have raised concerns about the effectiveness of traditional audit reporting [4], [5]. Conventional audit reports were often criticized for being overly standardized and providing limited insight into the auditor's judgment and the most significant risks encountered during the audit process. As a result, regulators and standard-setting bodies sought ways to improve the informational

value of audit reports and enhance communication between auditors and financial statement users [6], [7].

One of the most significant reforms in audit reporting was the introduction of Key Audit Matters (KAM). KAM refers to matters that, in the auditor's professional judgment, were of most significance in the audit of the financial statements for the current period. These matters typically involve areas of higher risk, significant management judgment, or complex transactions. The concept was formally introduced through the International Standard on Auditing (ISA) 701 issued by the International Auditing and Assurance Standards Board, requiring auditors of listed entities to disclose key audit matters in their audit reports. This reform aimed to provide greater transparency regarding the audit process and to offer stakeholders deeper insight into areas that required significant auditor attention [1], [8].

Since the implementation of KAM reporting, academic researchers have shown increasing interest in evaluating its implications for financial reporting quality, audit transparency, and stakeholder decision-making. Several studies suggest that KAM disclosures improve the communicative value of audit reports by highlighting complex accounting estimates, revenue recognition issues, and impairment assessments. These disclosures help users better understand the areas where management judgment and estimation uncertainty may affect financial statements. Additionally, KAM reporting has been associated with enhanced audit quality, as auditors may exercise greater professional skepticism knowing that their key judgments will be publicly disclosed [9], [10].

Despite these potential benefits, the effectiveness of KAM disclosures remains a subject of ongoing debate. Some scholars argue that the information provided in KAM sections may become boilerplate over time, reducing its usefulness to users of financial statements. Others suggest that KAM disclosures could increase litigation risk or reveal sensitive information about the audited entity. Furthermore, the interpretation and implementation of KAM vary across

jurisdictions due to differences in regulatory environments, corporate governance structures, and auditing practices. These variations create an opportunity for researchers to examine the broader trends and patterns in KAM-related research and its evolving themes across the global academic landscape [11].

In this context, bibliometric analysis offers a systematic and quantitative approach to understanding the development of a research field. Bibliometric methods enable scholars to analyze publication trends, influential authors, key journals, collaboration networks, and thematic evolution within a body of literature. By applying bibliometric techniques to research on key audit matters, scholars can identify dominant research streams, emerging topics, and potential gaps in the literature. Such analysis not only provides a comprehensive overview of existing studies but also supports future research directions in auditing and financial reporting. Therefore, conducting a bibliometric analysis on KAM research is important to map the intellectual structure and growth of this increasingly significant area of accounting research.

Although research on key audit matters has expanded rapidly since the implementation of ISA 701, the existing literature remains fragmented across various journals, disciplines, and geographical contexts. Many studies focus on specific aspects such as the impact of KAM on investor reactions, audit quality, or corporate governance, but few studies provide a comprehensive overview of the overall development of the field. As a result, there is limited understanding of the intellectual structure, dominant research themes, collaboration patterns, and emerging trends within KAM-related research. Without such systematic mapping, it becomes difficult for researchers and practitioners to identify research gaps and evaluate how the academic discourse on KAM has evolved over time.

The objective of this study is to conduct a comprehensive bibliometric analysis of academic literature related to key audit matters in financial reporting and

audit report, financial reporting, and critical audit matters suggest that the literature is heavily focused on enhancing the informational value of audit reports. This central positioning reflects the pivotal role of KAM in transforming audit communication practices following the implementation of ISA 701. The first major cluster revolves around audit reporting and disclosure quality, where terms like audit report, audit reports, ISA 701, materiality, and audit risk are closely interconnected. This indicates that a significant portion of the literature examines how KAM disclosures contribute to improving audit transparency, audit quality, and the reliability of financial statements. The presence of ISA 700 and ISA 701 further confirms that regulatory frameworks and auditing standards are foundational elements shaping this research domain.

Another important cluster is associated with financial reporting quality and information asymmetry, as reflected by the connections between financial reporting quality, information asymmetry, and expanded audit report. This suggests that many studies investigate KAM as a mechanism to reduce information gaps between management and

stakeholders. The linkage to audit effort and going concern implies that KAM disclosures are also analyzed in the context of auditor judgment and risk assessment, particularly in situations involving uncertainty or financial distress. The visualization also reveals a contextual and geographical dimension in KAM research, highlighted by nodes such as China, UK, Jordan, Thailand, and Middle East. This indicates that KAM studies are not confined to a single regulatory environment but are widely examined across different jurisdictions. Such diversity suggests comparative research efforts aimed at understanding how institutional, regulatory, and cultural differences influence the implementation and effectiveness of KAM disclosures. An emerging cluster can be observed around contemporary issues and audit outcomes, including terms like COVID-19, audit report lag, and audit firms. This reflects the evolution of KAM research toward examining its relevance in dynamic and uncertain environments. The inclusion of pandemic-related keywords indicates that recent studies are exploring how external shocks influence audit practices and disclosures.

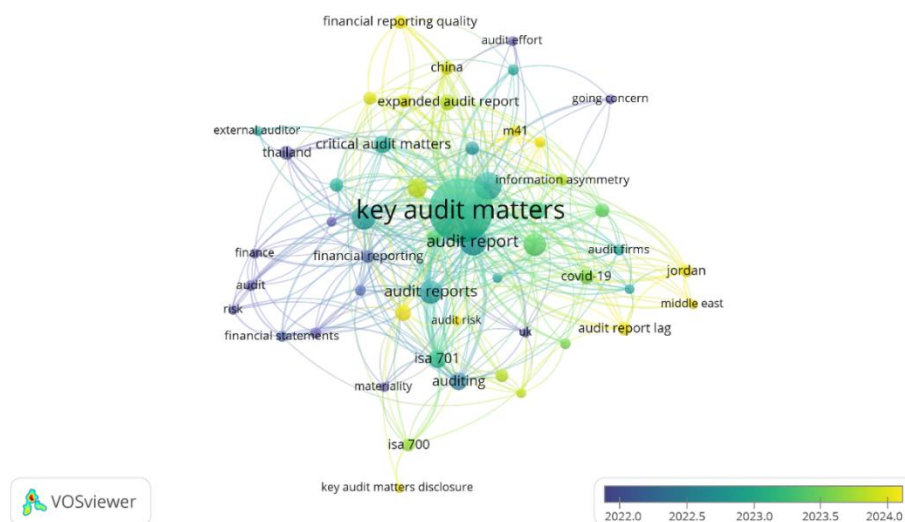


Figure 2. Overlay Visualization
Source: Data Analysis

Figure 3 highlights “key audit matters” (KAM) as the most prominent and intensively studied topic, indicated by the bright yellow concentration at the center of the map. Surrounding this core are closely related high-density terms such as audit report, audit reports, and financial reporting, suggesting that the literature is heavily concentrated on the role of KAM in enhancing audit communication and financial reporting transparency. The strong density in this central area reflects a well-established research focus, where scholars consistently examine how KAM contributes to improving the informativeness and credibility of audit reports. In contrast, areas with lower density

(green to blue regions) represent less explored or emerging topics, including audit report lag, COVID-19, Middle East, Jordan, audit firms, and going concern. These peripheral themes indicate potential research gaps and opportunities for future studies, particularly in understanding the contextual and situational implications of KAM across different regions and under uncertain conditions. The dispersion of these topics suggests that while the core of KAM research is mature, there is growing interest in expanding the literature toward practical applications, regional comparisons, and the impact of external shocks on auditing practices.

Table 1. Most Cited Article

Citations	Author and Year	Title
1120	[12]	What's measured is what matters: Targets and gaming in the English public health care system
1017	[13]	2010 update of EORTC guidelines for the use of granulocyte-colony stimulating factor to reduce the incidence of chemotherapy-induced febrile neutropenia in adult patients with lymphoproliferative disorders and solid tumours
797	[14]	Does size matter? The influence of large clients on office-level auditor reporting decisions
735	[15]	Corporate governance and firm valuation
730	[16]	Restoring trust after fraud: Does corporate governance matter?
582	[17]	Accounting, professions and regulation: Locating the sites of professionalization
511	[18]	How are cities planning to respond to climate change? Assessment of local climate plans from 885 cities in the EU-28
467	[19]	Does auditor quality and tenure matter to investors? Evidence from the bond market
466	[20]	Board, audit committee, culture and earnings management: Malaysian evidence
466	[21]	Audit research after Sarbanes-Oxley

Source: Scopus, 2026

3.2 Discussion

The findings of this bibliometric analysis reveal that research on Key Audit Matters (KAM) has developed into a well-structured and increasingly influential domain within auditing and financial reporting literature. The dominance of key audit matters as the central node across all visualizations

confirms its role as the core concept driving scholarly inquiry. This centrality reflects the transformative impact of International Standard on Auditing 701, which has shifted audit reporting from a standardized format toward a more informative and entity-specific communication tool. The clustering of related terms such as audit report,

financial reporting, and critical audit matters suggests that the primary focus of the literature lies in enhancing transparency and improving the communicative value of audit outputs.

Furthermore, the study highlights that a substantial portion of KAM research is grounded in the relationship between audit disclosures and financial reporting quality. The strong connections between financial reporting quality, information asymmetry, and audit effort indicate that scholars have extensively examined KAM as a mechanism to reduce informational gaps between management and stakeholders. This aligns with theoretical perspectives such as agency theory and signaling theory, where enhanced disclosure is expected to improve market efficiency and stakeholder trust. Empirical studies within this cluster often investigate how KAM influences investor reactions, audit quality perceptions, and the credibility of financial statements, reinforcing the notion that KAM plays a critical role in strengthening financial reporting systems.

The temporal evolution identified in the overlay visualization further demonstrates that KAM research has progressed from foundational and regulatory-oriented studies toward more applied and empirical investigations. Early research primarily focused on understanding auditing standards, including ISA 700 and ISA 701, as well as core concepts such as audit risk and materiality. However, more recent studies have shifted toward evaluating the real-world implications of KAM disclosures, including their impact on audit report lag, auditor behavior, and financial market responses. This transition reflects the maturation of the field, where scholars are moving beyond conceptual discussions to assess the effectiveness and consequences of KAM implementation in practice.

Another important insight from this study is the growing diversification of research contexts and geographical coverage. The presence of countries such as China, the United Kingdom, Jordan, Thailand, and regions like the Middle East indicates that KAM research has expanded beyond developed markets into emerging economies. This diversification is significant because it highlights how institutional, regulatory, and cultural differences may influence the adoption and effectiveness of KAM disclosures. Comparative studies across jurisdictions provide valuable insights into how global auditing standards are interpreted and implemented in different environments, thereby enriching the overall understanding of KAM practices worldwide.

The density visualization reveals that while the core themes of KAM research are well established, several emerging areas remain underexplored. Topics such as the impact of COVID-19, audit firm characteristics, and regional-specific issues exhibit lower density, suggesting opportunities for future research. These emerging themes point toward a shift in the literature toward examining KAM in dynamic and uncertain environments, where external shocks and contextual factors play a significant role. Therefore, future studies are encouraged to explore these areas in greater depth, particularly by integrating interdisciplinary approaches and considering the evolving challenges faced by the auditing profession.

4. CONCLUSION

This bibliometric study demonstrates that research on Key Audit Matters (KAM) has evolved into a structured and dynamic field centered on enhancing audit transparency and financial reporting quality. The findings confirm that KAM serves as a critical mechanism for improving the communicative value of audit reports, with strong connections to themes such as

information asymmetry, audit quality, and regulatory standards. Over time, the literature has progressed from conceptual and standard-driven discussions toward more empirical and context-specific investigations, including the effects of external shocks and

regional variations. While the core research areas are well established, emerging topics such as audit report timeliness, pandemic-related impacts, and cross-country differences present promising avenues for future exploration.

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