


The Impact of Audit Firm Rankings on Firm Reputation and Size

Arsalan. Esmaeli Kakroudi¹, Yosuf. Taghipouryani Gilani^{1*}, Mohammadreza. Pourali¹, Razieh. Alikhani¹



¹ Department of Accounting, Chalous Branch, Islamic Azad University, Chalous, Iran

* Corresponding author email address: ytaghipouryan@gmail.com

Editor

Arpana Rai¹
Assistant Professor, Indian Institute
of Management, Udaipur, Mumbai,
India
arpana.raii@iimu.ac.in

Reviewers

Reviewer 1: Mojtaba Tamadoni¹
Assistant Professor, Department of Psychology, South Tehran Branch, Islamic Azad
University, Tehran, Iran. m_tamadoni@azad.ac.ir
Reviewer 2: Mehrdad Bayat¹
Assistant Professor, Department of Management, Payam Noor University, Tehran,
Iran .Email: bayatmehrdad60@pnu.ac.ir

1. Round 1

1.1. Reviewer 1

Reviewer:

The sentence "High rankings can enhance an audit firm's reputation, attract more clients, and subsequently lead to increased firm size" could benefit from further citations. While references are provided, an explanation of the causality assumption would strengthen the argument.

Although variables are listed in detail, the justification for including certain variables (e.g., community, stock exchange, and municipality rankings) is not clear. Add a brief rationale for their inclusion to connect them better with the research objectives.

The R-squared values are exceptionally high (e.g., 0.976347 in Table 3). Discuss potential risks of overfitting, particularly given the large number of predictors.

"Logistic regression results showed that stock exchange rankings significantly influenced firm reputation." Include a confidence interval or effect size to provide readers with a clearer understanding of the impact.

The statement "audit firm rankings do not have a significant direct impact on firm size" could benefit from specifying whether this finding aligns or conflicts with previous studies.

Expand on why community and municipality rankings are less impactful than stock exchange rankings. Is this due to their visibility or reliability? This would enrich the discussion on external rankings.

The study mentions that firm size and reputation are influenced by "internal characteristics such as the number of partners and administrative staff." Discuss why these internal factors might outweigh external rankings.

Authors revised the manuscript and uploaded the new document.

1.2. Reviewer 2

Reviewer:

Hypothesis 1 and Hypothesis 2 are clearly stated. Consider briefly justifying these hypotheses with more explicit theoretical support or a flow from the literature review for better context.

The methodology states, "The sample includes 1171 audit firms," but does not clarify the geographical or sector-specific scope beyond "the specified jurisdictions." Clarify which jurisdictions these are and why they were chosen.

The source "public records and databases maintained by regulatory bodies" is mentioned. Specify the databases or provide an example of such regulatory bodies to enhance replicability.

The coefficient for "Community Ranking (A_Ranking)" is statistically insignificant ($p = 0.9982$). Consider providing an explanation or contextual insight for why this ranking has no impact on reputation.

The discussion of multicollinearity mentions using VIF, but the threshold values for what is considered acceptable multicollinearity are not provided. Include this detail to add depth to your analysis.

The standard deviations for "Firm Size" and "Professional Staff" (42.939 and 38.753, respectively) are quite large relative to their means. Discuss what this variability implies for the dataset.

Authors revised the manuscript and uploaded the new document.

2. Revised

Editor's decision after revisions: Accepted.

Editor in Chief's decision: Accepted.