

THE AUDIT EXPECTATION GAP IN DEVELOPED AND DEVELOPING COUNTRIES: COMPONENTS AND REDUCTION FACTORS

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ABSTRACT: The purpose of this paper is to review recent empirical literature on the components and reducing factors of the Audit Expectation Gap distinguishing research conducted in developed countries relative to developing countries. We adopt a systematic literature review to review papers published between 2010 and 2020. To do so, we conducted a methodological process that combines an electronic search and a manual analysis to extract and analyze data. The results of our literature review show that fewer studies have been conducted in developed countries than in developing countries, because the AEG is no longer a contemporary theme in developed countries. Researchers from developed countries have revealed the existence of AEG, firstly, in the areas of auditor responsibilities, and especially in fraud detection and prevention. In order to mitigate AEG, audit education is seen as the primary factor in reducing AEG. Extending our study to developing countries, a clearer picture of AEG is found predominantly in auditors' responsibilities in prevention and detection of fraud and other illegal acts and unreasonable expectations of public and auditor's features. In order to reduce AEG, three factors are widely cited in the literature in developing countries: Audit education; Enhancement of auditor performance and Increasing the information content of audit reports.

Keywords: "Audit Expectation Gap", "Audit education", "Auditors' responsibilities", "Systematic literature review".

I. INTRODUCTION

The value relevance of the audit function has been discussed by a number of researchers, examining its actual role as a guarantor of the reliability of corporate financial statements (El Badlaoui et Cherqaoui, 2023). In fact, the audit performs an indispensable economic function in serving the public interest by reinforcing trust and confidence in financial reporting (Monroe and Woodliff, 1994; Institute of Chartered Accountants of England & Wales, 2008; El Badlaoui et al., 2023). Consequently, with the collapse of giants like Enron and WorldCom, innumerable changes have commenced in the guiding construction of statutory auditing since the enactment of the Sarbanes–Oxley Act in 2002, with the goal to reinstate confidence in the audit of financial statements (Howieson, 2013; Baker et al., 2014).

Nevertheless, for decades, the auditing profession has been disquieted with high levels of litigations and accusations due to the failure of auditors to meet society's expectations,

arming an audit expectation gap (AEG), which, in turn, undermines confidence in the audit function (Porter, 1993; Porter and Gowthorpe, 2004; Porter et al., 2012).

The audit expectation gap has preoccupied the finance and accounting profession for a long time (Stevenson, 2019), and the greater the breach of expectations is, the lower the credibility, netting potency and esteem attendant with the auditors' function (Sikka et al., 1998).

Hence, to rejuvenate society's confidence in the audit functions and to extenuate the litigation and accusation against the auditors, the audit expectation gap should be eliminated, if not significantly reduced (Lee et al., 2009).

Considerable research has been conducted on this issue and attempts have been made to provide a clear definition of the audit expectation gap, model the concept, and assess opportunities to reduce it. In addition, a number of studies have investigated whether an audit expectation gap exists in several study areas. The results of international research on the audit expectations gap cannot be applied directly to a particular country without further investigation. This is because the economic, social, and legal factors of a specific country have a significant impact on the research results and may even distort them. Therefore, the objective of this research is to identify the components and drivers of the audit expectation gap in developing and developed countries in order to conduct a comparative analysis.

To do this, we opted for a systematic review of the literature, which is a methodology based on a defined search strategy aimed at detecting the maximum amount of relevant literature (Kitchenham, 2004) concerning a specific research question. Indeed, this methodology is particularly adapted to research involving large databases and for which an important exclusion process must be carried out in order to arrive at a fairly limited and relevant number of observations from a fairly large field of research.

We chose to focus on articles published after 2010. To our knowledge, our literature review is the first to conduct a comparative analysis between the results of studies conducted in developed and developing countries in relation to the components and factors of AEG reduction.

The rest of the paper is organized as follows. The second section is devoted to defining and categorizing the audit expectation gap. The third section discusses the research methodology used to collect and analyze the studies. The results are presented in the fourth section and finally the fifth section is devoted to corresponding discussion.

Theoretical basis

Defining Audit Expectation Gap

The audit expectation gap has a long history since there is widespread concern about the existence of the expectation gap between the auditing profession and the public. The term "Expectation Gap" was first applied to auditing by Liggio (1974). Here, the concept was defined as follows: "The difference between the levels of expected performance as envisioned by the independent accountant and by the user of financial statements". Several researchers have criticized this definition and have tried to formulate new ones, which we present in Table 1 below.

Table 1: Definitions of Audit Expectation Gap

Reference	Definition
Cohen Commission (1978)	The difference between what the audience believes and wants and what the auditor can and should reasonably do.
Tricker (1980)	The result of a natural time lag in the auditing profession identifying and responding to continually evolving and

	expanding public expectations.
Guy et Sullivan (1988)	The difference between what the public and financial statement users believe accountants and auditors themselves believe they are responsible for.
Porter (1993)	The difference between society's expectations of the auditor and the financial statement audit, and auditor performance as perceived by society.
Jennings et al. (1993)	The difference between what the public expects from the auditors and what the auditors actually deliver.
Geiger (1994)	The difference between the public expectations from the accounting profession and the actual performance of the accounting profession.
Monroe et Woodliff (1994)	The difference in beliefs between auditors and the public about the duties and responsibilities assumed by auditors and the messages conveyed by audit reports.
Humphrey (1997)	A representation of the feeling that auditors are performing in a manner at variance with the beliefs and desires of those for whose benefit the audit is carried out.
Sikka et al. (1998)	The difference between what the public expects from auditing and what the audit profession wants the audit objectives to encompass.
McEnroe et Martens (2001)	The variation between what users of financial statements recognize as auditors' duties and what auditors consider their responsibilities.
Shaikh and Talha (2003)	The gap between society's expectations of auditor and auditor's performance as perceived by society.
Dennis (2010)	Differences in beliefs and desires between users and auditors.

In summary, AEG has been a topic of significant interest in scientific research. In order to improve the understanding of AEG, numerous studies have tried to detect the components of the AEG and its reduction factors. From the table above, we can conclude that a consensus can be found in the various definitions of AEG, the fact that auditors perform their work differently from the beliefs and wishes shared by others (Humphrey et al., 1993). From the above, we can define AEG as follows: "AEG is differences in beliefs and desires between the auditor and the public regarding the duties and responsibilities of auditors."

Categorization of the Audit Expectation Gap

In an empirical study of the audit expectation-performance gap, Porter (1993) argued that Liggio and the Cohen Commission definitions of the AEG were too narrow and that they did not consider that auditors might not accomplish "expected performance" or what they "can and reasonably should". Instead, Porter (1993) categorized the expectation gap into two major categories, the reasonableness gap: "what society expects the auditors to achieve and what they can reasonably be expected to accomplish", and the performance gap: "the gap between what society can reasonably expect auditors to accomplish and what they are perceived to achieve".

The performance gap can then be further divided into: Deficient standard gap and the deficient performance gap. Porter (1993) defined the deficient standard gap as the difference between the duties society reasonably expects of auditors, and the current responsibilities of auditors as defined by audit regulations, laws and other relevant statutes. This gap occurs when society reasonably expects auditors to perform a task, but there are no current audit

regulations to fulfill these reasonable expectations. The deficient performance, on the other hand, is the difference between the expected standards of performance of auditors as required by the law and the perceived level of performance by society of the auditor. This gap could be narrowed by expanding and developing audit standards with responsibilities which society reasonably expects of the auditor. Figure 1 below presents porter's categorization of the audit expectation-performance gap.

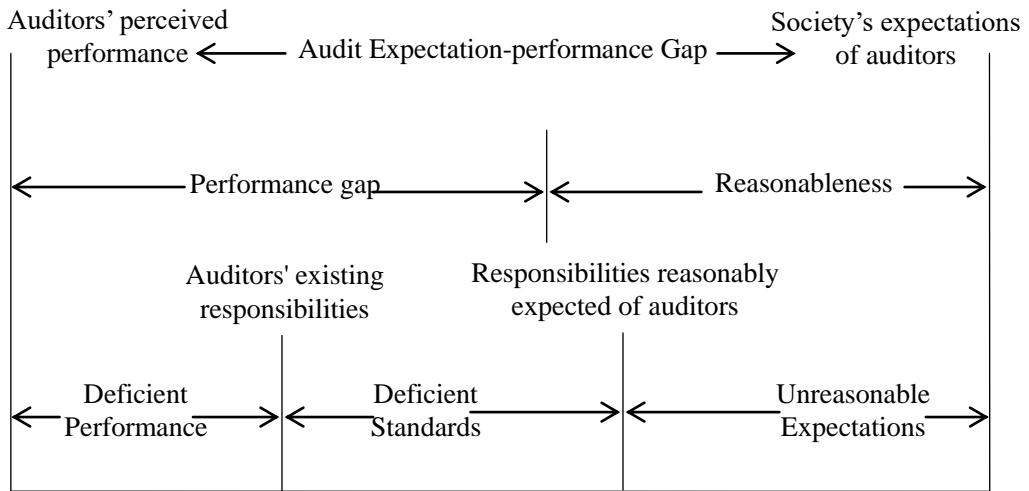


Figure 1: Structure of the audit expectation-performance gap

II. Research Method

In order to identify papers dealing with components and reduction factors of audit expectation gap, we adopt a systematic literature review (SLR) based on the guidelines presented by Kitchenham (2004). In contrast to an ad hoc literature review, an SLR is a methodologically rigorous review of research results that identify, evaluate and interpret the available empirical studies conducted on a topic, research question, or a phenomenon of interest (Kitchenham, 2004).

The steps proposed by Kitchenham (2004) include three main stages: Planning the review, conducting the review and reporting on the review. This section describes the steps of the methodology used to perform the systematic review conducted in this study.

Planning the review

The issue of AEG has been studied over a long period of time in many papers. This stream of research has relied heavily on the question of what are the components of AEG and its reducing factors. Following the main objective of our research work, the research questions can be formulated as follows:

Research Question n°1: What are the components of the AEG?

Research Question n°2: What are the factors for reducing AEG?

Conducting the review:

The search process was conducted between early September and late October 2021 and was based on the search engine "Google Scholar" which allows displaying all papers published on all scientific databases. The search process was limited to the search for relevant papers

published post-2010, aimed at investigating the link between AEG and its components and reducing factors. The set of criteria to determine papers to be included are:

- Recent work addressing AEG;
- Articles published between 2010 and 2020;
- Articles published in specialized journals and/or conference.
- Articles that contain the keywords in the title, the abstract or full text;

The first step of our selection process is to identify a primary list of papers based on the following search query: “Audit Expectation Gap” for papers published between 2010 and 2020.

A list of 1,990 papers was retained. We then operate, a process of exclusions based on the examination of abstracts, research designs and full texts. Overall, the systematic review resulted in the identification of 53 relevant papers as shown in Table 2.

We note that we had to cancel many papers because of their relevance. Indeed, the last few pages of Google Scholar results contain off-topic papers with keywords that appear only a few times in the body of the text or in the references used by the researchers. Also, we followed Haddaway et al. (2015) recommendation for researchers using GS to focus on the first 300 results to reduce the proportion of gray literature. Also, we excluded published theses and book chapters and only considered articles published in scientific journals or conference proceedings.

Table 2 shows the study selection process adopted in this paper using Kitchenham's (2004) guidelines.

Table 2: Number of Papers Excluded In Each Iteration and Stage

Primary papers	Stage of exclusion	N° of papers excluded	N° of papers remaining
Stage 1 : 1,990	Stage 2: Title	1,877	113
	Stage 3: Abstract	23	90
	Stage 4: Research design	14	76
	Stage 5: Full text	23	53
Final number of papers			53

Reporting on the review:

The data extraction and synthesis step consisted of extracting the data to be used in the analysis step. Three types of data were extracted from remaining papers:

1. Study reference: Authors and year of publication;
2. Sample: Sample number and country;
3. Principle results of the study: Components and reducing factors of AEG.

On average, each article was rechecked more than three times; In case of anomaly, the modification of our results is immediately taken into account and synthesized in our main table. The data for each article was extracted manually and entered into Microsoft Excel, which allowed us to perform the descriptive analysis.

In order to perform an analysis based on the results from papers retained and a comparative analysis between results from developed and developing countries, this paper divides studies into two blocks. The first block concerns studies devoted to developed countries and a second one to developing countries.

This classification is based on the United Nations report "*The World Economic Situation and Prospects 2021*" which divides countries into two broad categories, based on their economic situation, namely developed and developing countries. This classification takes into account the economic status such as GDP, GNP, per capita income, industrialization, etc.

Results

Numerous empirical studies regarding the nature and structure of the AEG have been conducted. The majority of these studies have sought to collect the components of AEG and its mitigating factors.

This section presents a number of studies that have been conducted in various countries, both developed and developing.

The studies analyzed are listed in chronological order starting with the studies conducted in developed countries followed by those conducted in developing countries in order to demonstrate a comparative analysis between these two categories of countries in terms of the methodological elements adopted and the results found.

Table 3 and 4 summarize the main results of articles published between 2010 and 2020 addressing AEG by demonstrating the sample used, the components of AEG and its reduction factors.

Components and reducing factors of the Audit Expectation Gap in Developed Countries

Table 3: Examining Auditing Expectation Gap in Developed Countries

Reference	Sample	Country	Components	Reducing factors
Dana (2011)	352 students from Faculty of Economics	Romania	<ul style="list-style-type: none"> - Differences in knowledge level; - Difference in perceptions of the role of the public auditor in respect of fraud detection 	Audit education
Gold et al. (2012)	163 auditors and 105 financial analysts and 202 students	Germany	<ul style="list-style-type: none"> - Auditor's responsibilities 	-
Ruhnke and Schmidt (2014)	470 Auditors, 73 Academic faculty, 47 Financial journalists, 99 Investors, 97 Bank representatives, 121 Management representatives and 154 Supervisory board members	Germany	<ul style="list-style-type: none"> - Auditors' responsibilities (e.g, conducting a management audit, level of assurance...); - Public's difficulty in assessing the performance of auditors; - Deficiencies in auditors' performance; - Procedural errors of the auditor; - Lack of auditors' independence; - The limited information content of the audit opinion; - The wide scope of uncertainties and estimations. 	<ul style="list-style-type: none"> - Increasing the information content of the audit opinion; - Mandatory auditor rotation - A ban on non-audit services
Litjens et al. (2015)	61 bankers, 118 preparers and 123 auditors	Netherlands	<ul style="list-style-type: none"> - Information regarding the entity, quality of controls, and accounting policies, information regarding the audit process; - Information regarding the quality of the entity's controls and continuity-related audit procedures. 	<ul style="list-style-type: none"> - Better explanation of the auditor's task and use of understandable language; - Reporting information regarding the audit process, continuity of the audited entity and error reporting; - Providing information regarding fraud; - Reporting entity information regarding breaching covenants.
Füredi-	190 Auditors,	193 Hungary	<ul style="list-style-type: none"> - Efficient performance of 	<ul style="list-style-type: none"> - Improving the knowledge of auditees

Fülöp (2015)	audited and 127 audit users		<ul style="list-style-type: none"> - Deficiencies in audit standards; - Unreasonable expectations; - Misinterpretations of audit functions. 	<ul style="list-style-type: none"> - and audit users about expectations of audit functions and misinterpretations of the actual content of independent audit reports; - Development of audit and accounting rules and regulations.
Enes et al. (2016)	63 students in the areas of management and accounting	Portugal	<ul style="list-style-type: none"> - The auditor's responsibility regarding prevention and detection of errors, frauds and illegal acts. 	<ul style="list-style-type: none"> - Audit education alters the students' perception regarding the auditor's responsibility regarding prevention and detection of errors, frauds and illegal acts.
Füredi-Fülöp (2017)	Auditors, Audited and Audit users	Hungary	<ul style="list-style-type: none"> - Auditors' role in fraud prevention and detection and other illegal acts; - Auditor Independence. 	<ul style="list-style-type: none"> - Improving the knowledge of auditees and audit users about expectations of audit functions and misinterpretations of the actual content of independent audit reports; - Development of audit and accounting rules and regulations.
Ellul and Scicluna (2020)	4 National Audit Office auditors, 5 Public Accounts Committee members, 1 Former Public Accounts Committee member, 2 Permanent secretaries and 1 Director	Malta	<ul style="list-style-type: none"> - Auditor's responsibility; - Materiality; - Fraud detection; - Audit reports; - Audit judgement. 	<ul style="list-style-type: none"> - Importance of more education - Awareness about the auditor's role and responsibilities.

As shown in table 3, few studies have been conducted in developed countries than in developing countries. This observation can be explained by the fact that research on AEG is no longer a contemporary theme in developed countries. Indeed, research on this topic in the United States began in the 2000s or earlier (Jakubowski et al., 2002; Almer and Brody, 2002; McEnroe and Martens, 2001), as well as in the United Kingdom (Dewing and Russell, 2002; Porter and Gowthorpe, 2004) and Australia (Schelluch and Gay, 2006). The literature review reveals that Porter's theory seems to be the most elaborated (Füredi-Fülöp, 2015).

III. Components of the Audit Expectation gap in developed countries.

The review of relevant research on AEG in developed countries clearly demonstrates not only that this gap exists, but also that it is present in a number of countries.

Simply observing the above-mentioned studies will enable us to highlight the factors determining the expectation gap, where the authors have given greater emphasis.

Among the profusion of possible causes, the studies coincide in highlighting the following aspects as the main factors creating the expectation gap. We do not intend compiling an endless list of these causes, and merely want to highlight the ones that are referenced most in the studies:

a) Auditors' responsibilities: Countless researchers have revealed the existence of AEGs in the areas of auditor responsibility, and especially in fraud detection and prevention (Gold et al., 2012; Dana, 2011; Enes et al., 2016; Füredi-Fülöp, 2017; Ellul and Scicluna, 2020; El Badlaoui et al., 2021). Indeed, this component is cited 8 times by the researchers. The users of corporate reports expect auditors to detect and report material fraud and irregularities, whereas the auditors argue that the society misunderstands the role of the auditor and fraud detection and reporting is not a major audit objective. As audit is a social practice it is subject to incessant challenges, the AEG can never be wiped out. Accommodating duties for reporting fraud to the regulators revive the common sense meaning of audit (Sikka et al., 1998).

b) Information content of the audit report: There is imprecise and pragmatic substantiation of significant communication gaps in the audit report, moreover, significant AEG was also found in the dependability and usefulness of the audit report. (Litjens et al., 2015; Ellul and Scicluna, 2020). Users have difficulty in understanding the basic notions in the audit report such as reasonable assurance, materiality, and sampling (Gray et al., 2011). Porter (2009) mentioned that in the UK and New Zealand, 47% of financial statement users never or seldom read an entity's audit opinion. Based on the communication theory adopted by Hronsky (1998), the largest gap was said to exist between sophisticated groups (auditors, managers, accountants, bankers, financial analysts) and general public users (private shareholders and students). This difference was largely explained by differential knowledge levels and may be reduced by applying education.

c) Deficiencies in auditors' performance: The failure of auditors to perform up to the reasonable responsibilities expectation of the society is referred to as a deficient performance gap (Porter, 2012). That is, when auditors are perceived to perform below standards. Some of the adjudged reasons for this gap are provision of non-audit service rendered by auditors, dependence of auditors on management, self and conflicting interest of the auditors, auditors' lack of technical competence, miscommunication of auditors...

The figure below shows the frequency of each component in the literature of developed countries:

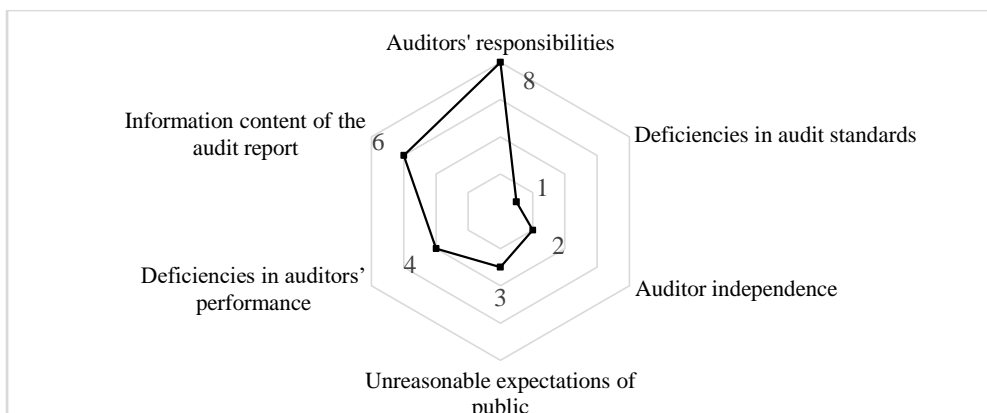


Figure 2: Components of the Audit Expectation gap in developed countries

Reducing factors of the Audit Expectation gap in developed countries.

Being aware of the main factors separating user and auditor expectations regarding audits, is important for developing measures to help minimize these differences, succeeding in offering more reliable financial information, and for giving audits a leading role that contributes to financial stability. As indicated by the European Commission (2010): “An audit is a key factor for recovering the market’s confidence, as it helps to protect the investor and reduces the capital cost for companies”.

The results of the studies reviewed show that AEG is a global phenomenon from which several countries suffer, as it has an impact on the credibility of audited financial statements and thus on the credibility and value relevance of the entire audit profession.

Several researchers in developed countries have proposed measures to weaken the existence of AEG. These include:

a) Audit education: Several researchers have revealed the importance of audit education for users of financial statements to understand the audit profession. Humphrey et al (1992) describe audit education as a defensive approach, which involves educating the public, whose expectations regarding the auditor’s responsibilities are sometimes unreasonable due to a lack of understanding of the actual duties of auditors. According to Humphrey et al. (1992), it is imperative to educate and reassure the public through various means such as changing the wording of the audit report, issuing professional statements about the actual responsibilities of auditors, standardizing the audit report to reduce its complexity and make it more understandable. Several studies (Dana, 2011; Litjens et al., 2015; Füredi-Fülöp, 2015; Enes et al., 2016; and Ellul and Scicluna, 2020) agree that education is an effective way to reduce AEG.

b) Increasing the information content of audit reports: Bailey et al. (1983), for example, observed that changes in the wordings of the audit report changed users’ perception with knowledgeable users placing less responsibility on auditors compared to unknowledgeable users. Similarly, Hatherly et al. (1991) observed that adopting the expanded audit report form changed users’ perception of the audit and provided a sense of well-being especially on the issue of freedom of fraud in the entity. In a recent study, Ruhnke and Schmidt (2014) underscored the necessity of increasing the information content of audit reports as a prerequisite of reducing the expectation gap.

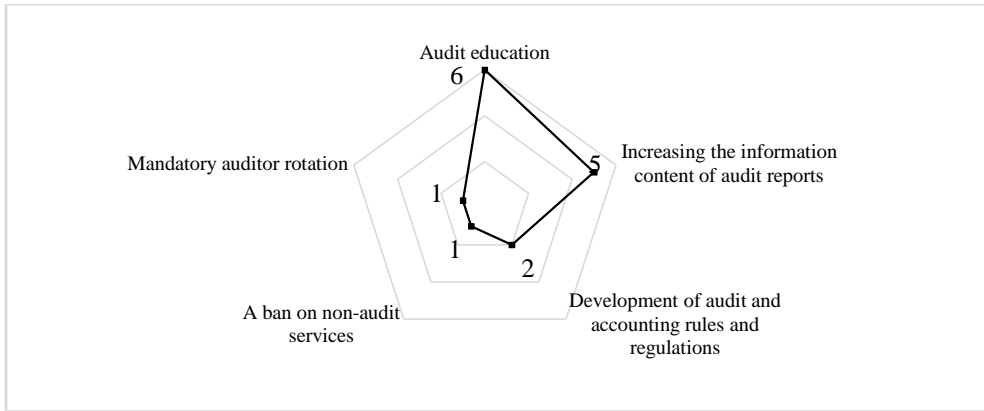


Figure 3: Reducing factors of the Audit Expectation gap in developed countries

Components and reducing factors of the Audit Expectation gap in developing countries

Table 4: Examining Auditing Expectation Gap in Developing Countries

Reference	Sample	Country	Components	Reducing factors
Rehana (2010)	300 students	Bangladesh	Lack of knowledge about the decision usefulness of audited information and the audit reliability.	Audit education.
Pourheydari and Abousaiedi (2011)	94 Auditors, 31 Investors, 56 Bankers and 23 Brokers	Iran	<ul style="list-style-type: none"> - Auditor responsibility for fraud detection; - Soundness of the internal controls; - Preparation of financial statements. 	<ul style="list-style-type: none"> - Improving communication between the auditor and the user in audit reports; - Education of users on the nature and functions of audits.
Pongsapan (2012)	Auditors and a group of governmental financial statement users.	Indonesia	<ul style="list-style-type: none"> - Auditors' duties; - Auditors' performance. 	<ul style="list-style-type: none"> - Audit regulations should expand the duties of auditors by taking into account the rational expectations of the users of financial statements and society; - Socialization and publication of information on the detailed duties of auditors.
Gunathilaka (2012)	252 auditors, business managers, investors and management undergraduates	Sri Lanka	<ul style="list-style-type: none"> - Responsibility for frauds detection and prevention; - Preparation and presentation of financial statements; - Assurance on financial statements; - Objectivity of auditors; - Auditor independence. 	<ul style="list-style-type: none"> - Accounting education; - Public awareness; - Enhancement of auditor performance
Agyei et al. (2013)	20 auditors and 20 stockbrokers	Ghana	<ul style="list-style-type: none"> - Auditor responsibility relating to fraud detection and prevention; - Auditor responsibility relating 	<ul style="list-style-type: none"> - Formulation of standards, rules, and regulations that will adequately guide auditors to meet the reasonable expectations of different user groups.

				to soundness of internal control structure of the audited entity.	
Noghondari and Foong (2013)	212 Bank loan officers	Malaysia	The accounting knowledge, accounting-related work and job experiences.		<ul style="list-style-type: none"> - Selective recruitment or appropriate knowledge/skill enhancement in-house training programs; - Accounting qualification, accounting-related work experience and job-related work experience.
Enofe et al. (2013)	80 auditors, 76 managers, 76 investors and 88 public	Nigeria	The responsibilities of auditors.		<ul style="list-style-type: none"> - Audit education (Enriching the curriculum of tertiary institutions; organizing formal and informal awareness campaigns).
Devi and Devi (2014)	37 Auditors, 34 Bankers and 42 Investors	Pakistan	Reliability and usefulness of audited financial statements due to lack of education and understanding of auditing standards and practices.		<p>Giving adequate knowledge and awareness of audit to the users of financial statements.</p>
Gbadago (2015)	17 Final year MBA accounting students	Ghana	Knowledge on auditors' responsibilities.		<ul style="list-style-type: none"> - Take a closer look at the teaching and learning of accounting and business studies, particularly auditing, in higher education; - Review auditing curricula to include the responsibilities, duties and roles of auditors.
Ali et al. (2015)	44 auditors, 52 accountants and 52 accounting educators	Pakistan	Auditor's responsibility.		<p>Auditors should improve their responsibilities and people should be educated.</p>
Salifu and Mahama (2015)	50 auditors, 50 bankers and 50 students of the Institute of Chartered Accountants	Ghana		<ul style="list-style-type: none"> - Auditors responsibility for detecting and preventing fraud and errors; - The soundness of the internal control structure of the entity; 	<ul style="list-style-type: none"> - Educating auditors and users of financial statements as to the specific duties and responsibilities of the auditors and how that is different from management responsibility;

			<ul style="list-style-type: none"> - The auditor not exercising judgment in the selection of audit procedures. 	<ul style="list-style-type: none"> - The establishment of an independent government agency to oversee the implementation of audit regulations; - Extending the auditors' responsibilities.
Masoud (2017a)	Accounting students (no auditing courses; one module of auditing and elective course in auditing)	Jordan	<ul style="list-style-type: none"> - Auditors' duties; - Legal and ethical structure; - Reliability and responsibility; - Audit reports. 	<ul style="list-style-type: none"> - Review current curricula to ensure that they include the duties, responsibilities, and roles of auditors, and what auditing involves.
Masoud (2017b)	145 auditors, 320 auditees, and 238 financial community and 285 non-financial community audit beneficiaries	Libya	<ul style="list-style-type: none"> - Objectives of auditing are not as clear to the financial statement users as they are to the auditors and the financial statement preparers; - Deficiency standards; - Deficient performance gaps. 	<ul style="list-style-type: none"> - Improve knowledge responsibilities between the auditors and user groups; - Understanding of the auditor's role and responsibilities through the provision of auditing illegal acts.
Jayasena et al. (2017)	100 practicing auditors and 300 undergraduates	Sri Lanka	Auditors' duties.	Audit education.
Kangarluie and Aalizadeh (2017)	250 auditors and 90 managers	Iran	Auditors' roles and responsibilities.	-
Alawi et al. (2018)	Public sector	Bahrain	<ul style="list-style-type: none"> - Auditors' efforts; - Auditors' skills; - The knowledge of the public about the audit profession; - The users' needs from auditors. 	<ul style="list-style-type: none"> - Training auditors on how to use the effort required in an audit engagement; - Informing auditors of the latest fraud and auditing best practices; - The engagement letter should specify the services to be provided by the auditor and the responsibilities of management; - The government should continuously organize seminars and conferences to make the society aware about the audit profession.

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Dung and Tuan (2019)	454 Auditors, auditees, audit beneficiaries (in the financial community and general public)	Vietnam	<ul style="list-style-type: none"> - Reasonableness gap; - Deficient standards gap; - Deficient performance gap. 	<ul style="list-style-type: none"> - Improve auditor performance; - Develop auditing standards; - Improving education and training; - Increase information exchange by changing the format of audit reports.
Sule et al. (2019)	150 academics, accountants, investors, stockbrokers and bankers	Nigeria	<ul style="list-style-type: none"> - Fraud prevention and detection 	<ul style="list-style-type: none"> - Enlightenment to the public, investors and potential investors about the audit function and auditors' responsibilities in preventing and detecting fraud.
Akther et al. (2019)	60 Auditors and 70 Investors	Bangladesh	<ul style="list-style-type: none"> - Auditor's general responsibility; - Auditor's responsibility for fraud detection; - Auditor's responsibility for internal control reporting assessment; - Auditor's responsibility for going concern reporting. 	The implementation of auditing standards and ethical requirements by policy makers and audit regulators.
Faizal et al. (2020)	50 Chartered Accountants/Auditors, 50 Business Managers (Clients) and 50 Management Students.	Sri Lanka	Users' needs.	<ul style="list-style-type: none"> - Audit education; - Auditors' efforts; - Auditors' skills; - Public knowledge about the profession of the audit
Fossung and Lorentzon(2020)	63 auditors, 19 investors (general public, brokers and financial analysts), 97 bankers and 186 accountants.	Cameroon	<ul style="list-style-type: none"> - Audit profession; - The usefulness of audited financial statements; - The reliability of audits; - Audited financial statements; - Auditors' skills 	Educating financial statement users through symposia, workshops and other means on the duties of auditors.
Devi and Mehar (2020)	1940 non-financial companies	Pakistan	Corporate governance.	Enlightenment to the public, investors, the regulators should employ potential investors about the audit function, and

				auditor's responsibilities concerning fraud prevention and detection.
Masood et al. (2020)	272 Auditors and the users of financial statements (425 expert users, 68 bankers and 69 investors)	Yemen	Auditors' performance.	Adapting accounting and auditing standards, those are suitable to the country's business environment.

Components of the Audit Expectation gap in developing countries.

Extending our study to developing countries. A clearer picture of the term “Audit expectation gap” is found predominantly in three components:

- **Auditors' responsibilities in prevention and detection of fraud and other illegal acts** (28 times): Users have tremendous expectations regarding the auditor’s role for fraud detection and countless researchers have revealed AEG in the areas of auditor’s responsibility for fraud detection (Pourheydari and Abousaiedi, 2011 in Iran; Sule et al., 2019 in Nigeria; Agyei et al., 2013; Salifu and Mahama, 2015 in Ghana; Gunathilaka, 2012 in Sri Lanka and Akther et al., 2019 in Bangladesh).

Although according to the International Auditing and Assurance Standard Board (IAASB, 2009), it is clear that the main concern for the deterrence and discovery of fraud rests with both the management and the governing body of the entity, and the auditor is accountable for attaining reasonable assurance that the financial statements, as a whole, are free from substantial misstatement, there still exists significant expectations regarding the matter.

- **Unreasonable expectations of public** (15 times): This component indicates the public's inability to understand the purpose and scope of the audit and develop unreasonable expectations. Unreasonable expectation is argued to have harmful implications on the auditing profession as the public may not be able to recognize the contribution of auditors to society and thereby undermine the value of audit function and limit auditors’ work (Porter and Gowthorpe, 2004).

- **Auditor's features** (10 times): The researches have proved that auditor’s features influence on AEG (Gunathilaka, 2012; Alawi et al., 2018; Fossung and Lorentzon, 2020). A good auditor should be independent, knowledgeable and experienced, secretive, far from bias judgments and inherently suspicious.

The figure below shows the frequency of each component cited in the developing countries literature:

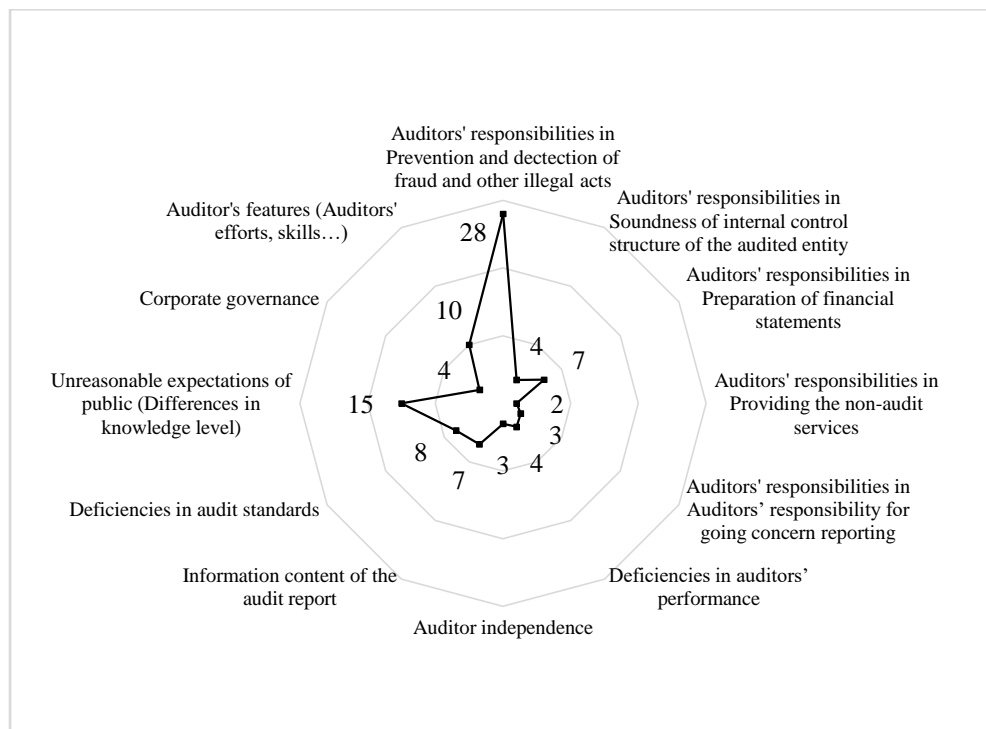


Figure 4: Components of the Audit Expectation gap in developing countries

Reducing factors of the Audit Expectation gap in developing countries.

In order to reduce AEG, several researchers in developing countries have proposed elements that can mitigate AEG with reference to their own local environments. Three factors are widely cited in the literature in developing countries and are discussed below:

- **Audit education:** As is the case for developed countries, several researchers in developing countries have raised the interest of audit education as a factor in reducing AEG. Indeed, the factor “Audit education” is cited 42 times. Audit education is achieved by developing training programs to meet the growing demand for highly qualified technical and professional auditors. This is important because the literature shows that education in universities alone is not sufficient to create an effective external auditor (Almalhuf, 2009).

- **Enhancement of auditor performance:** Martinis et al. (2000) states that more contemporary studies have increasingly considered inadequate performance of the audit functions as a significant cause of expectation

gap in the light of self-regulated practices of the accounting profession and very minimal intervention stance of government. The responsibilities of the auditor in respect of irregularities and errors are limited to the planning and performance of his work. This happens so that he has the expectation of identifying those errors which might impair the truth and fairness of the view given by the accounts. When reporting on accounts, the auditor has a duty to act with the skills and care that reasonably be expected in the circumstance having regards to Approved Auditing Standards and Auditing Guidelines.

- Increasing the information content of audit reports:** Several researchers have emphasized the need to increase the information content of audit reports as a prerequisite to reducing the expectation gap (Pourheydari and Abousaiedi, 2011 and Dung and Tuan, 2019). They recommend that auditors improve their level of communication to address users' misconceptions about audit services and the audit function. The introduction of the new auditor's report by the International Auditing and Assurance Standards Board (IAASB) in 2016 was a response to recommendations from previous studies on the expanded audit report. The country's local regulators must ensure compliance and enforcement to the fullest extent possible to produce the desired results.

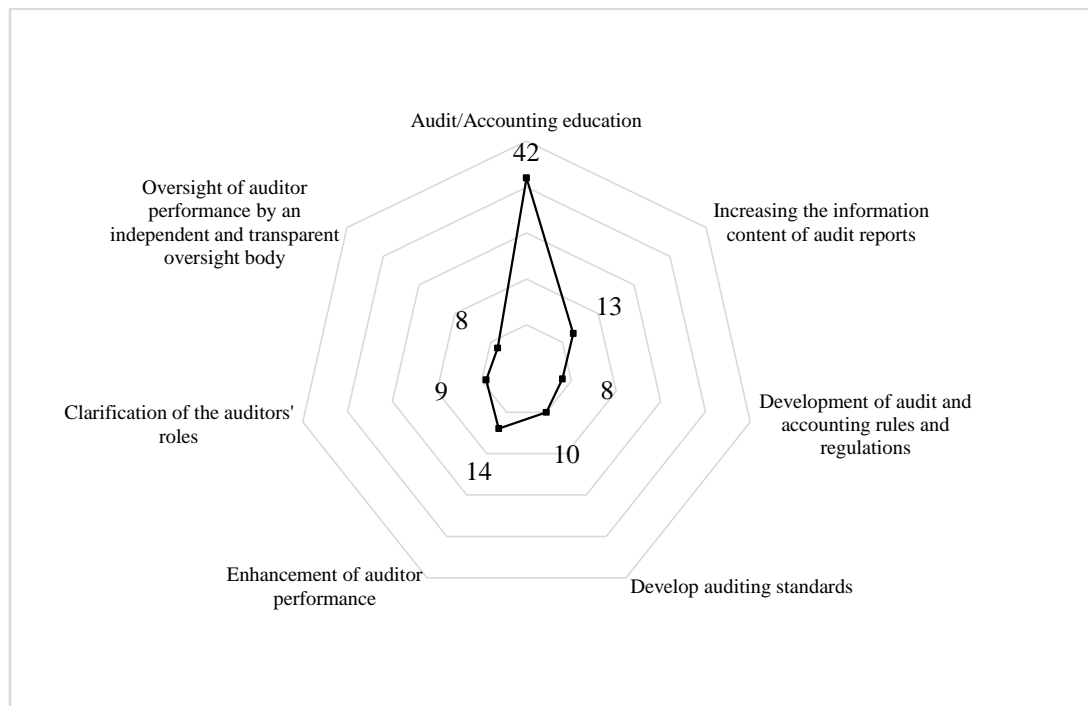


Figure 5:

Reducing factors of the Audit Expectation gap in developing countries

IV. DISCUSSION

The review of relevant research on AEG clearly demonstrates not only that this gap exists, but also that it is present in a number of countries, both developed and developing.

The synthesis of the results of the studies reviewed in our search is as follows:

- In contrast to Sidani (2007), most studies were conducted in developing countries and a few studies were conducted in developed countries. This observation can be explained by the fact that research on AEG is no longer a contemporary theme in developed countries;
- With the exception of auditors' responsibilities in prevention and detection of fraud and other illegal acts, which is ranked as the first component cited in the research in both developed and developing countries, the nature and components in these two categories of countries is largely different. We present the table below containing the components of AEG in developed and developing countries ranked according to their occurrence in the literature.

Table 5: Components of the Audit Expectation gap in both developed and developing countries.

Developed countries	Developing countries
1 Auditors' responsibilities in prevention and detection of fraud and other illegal acts. 1	Auditors' responsibilities in prevention and detection of fraud and other illegal acts.

2	Unreasonable expectations of public (Differences in knowledge level).	2	Information content of the audit report.
3	Auditor's features (Auditors' efforts, skills...).	3	Deficiencies in auditors' performance.
4	Deficiencies in audit standards.	4	Unreasonable expectations of public (Differences in knowledge level).
5	Information content of the audit report.	5	Auditor independence.
6	Auditors' responsibilities in preparation of financial statements.	6	Deficiencies in audit standards.
7	Corporate governance.		
8	Deficiencies in auditors' performance.		
9	Auditors' responsibilities in Soundness of internal control structure of the audited entity.		
10	Auditors' responsibilities for going concern reporting.		
11	Auditor independence.		
12	Auditors' responsibilities in providing the non-audit services.		

- Most of the findings and recommendations of the studies conducted in developed and developing countries focused on audit/accounting education, increasing the information content of audit reports and development of audit and accounting rules and regulations.

Table 6: Components of the Audit Expectation gap in both developed and developing countries.

Developed countries		Developing countries	
1	Audit/Accounting education.	1	Audit/Accounting education.
2	Increasing the information content of audit reports.	2	Enhancement of auditor performance.
3	Development of audit and accounting rules and regulations.	3	Increasing the information content of audit reports.
4	A ban on non-audit services.	4	Develop auditing standards.
5	Mandatory auditor rotation.	5	Clarification of the auditors' roles.
		6	Development of audit and accounting rules and regulations.
		7	Oversight of auditor performance by an independent and transparent oversight body.

- The main research method on AEG was the questionnaire using a Likert scale (Beasley, 1996), while a few used other methods such as interviews. In addition, only a few studies obtained their data through a triangulation of data collection methods such as the questionnaire and interviews;
- The reviewed literature revealed that while conducting AEG analyses, researchers interviewed a wide range of financial statement users such as investors (Ruhnke and Schmidt, 2014), bankers (Litjens et al., 2015), managers (Gunathilaka, 2012), financial analysts (Gold et al., 2012), accounting educators (Ali et al., 2015), government officials (Pongsapan, 2012) and brokers (Lee et al., 2010).

V. CONCLUSION

Research on AEG has existed since 1974 and covers a wide range of countries, both developing and developed. This paper focused on studies conducted after the year 2010, to identify the components and mitigating factors of the audit expectation gap identified by researchers in a more recent period. The results of our study show a certain difference according to the sectors of activity of each study, except that, in general, the first component of the audit expectation gap, both in developed and developing countries, lies in the responsibilities of the auditor towards the detection and prevention of fraud.

In order to remedy and mitigate the effect of the audit expectation gap, several recommendations have been suggested by the researchers, the most essential of which are audit education, improvement of auditor performance and the information content of audit reports.

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