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## AUDITING RESEARCH: A REVIEW OF RECENT RESEARCH ADVANCES

**Dan Dacian Cuzdriorean**

Babes-Bolyai University, Romania  
Email: dan.cuzdriorean@econ.ubbcluj.ro

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### Abstract

We survey recent auditing research published in top 5 leading accounting journals over the last two years (2017-2018). We use the recent findings as a roadmap aiming to offer useful suggestions for future research. Finally, we urge more research on topics related to: implications of social challenges facing audits of complex estimates, implications of contrast effect for audit quality, assessing the effects of conservative bias in audit work, examining the factors affecting accounting firms' competencies.

**Keywords:** Auditing, Literature Review, Regulation, Audit Quality, Risk Assessment, Audit Fees

**JEL Classifications:** M40, M41, M42

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### 1. Introduction

Financial reporting quality is one of the most important features of accounting. Defined as an assurance of the high financial reporting quality, audit work gained its importance over time. Moreover, in the past several decades, since public companies' operations have become increasingly global, the ability of audit firms to conduct high-quality audits was continuously under scrutiny.

Our study examined the most dated auditing research published in leading accounting journals. The benefits for completing this task include increasing chances of finding gaps in the most recent literature and also identify multiple research questions that lead to publication. Overall, our demarche can be extremely useful for young researchers in the field.

Given the fact that we can find numerous literature reviews on this topic, we have constructed our review to complement them, moreover by using the most updated work in the field. In this respect, we focused on research studies published on 2017 and 2018. Overall, the scope of our study is to address the most recent findings of auditing research. Since our review tabulates to the most highly cited research studies from accounting field published in the last two years, useful insights into future research can be obtained.

Our study selected all studies approaching auditing research published in the top 5 leading accounting journals. For this reasons, we did not use a citation analysis. In order for the reader to assess easily the findings, we categorize and discuss those findings in 7 clusters, as follows: (1) regulation / verification / fraud detection; (2) audit quality; (3) risk assessment; (4) debt contract violations; (5) audit fees; (6) audit tenure / rotation / change; (7) audit market competition and structure. We also used above key clusters to provide greater structure for our study and further, for future research studies in the field.

The importance of our study relies in the following. First, our study gives a significant opportunity for young researchers in the audit field, to assess the most updated and relevant literature. In this regard, our study is intended to be a first starting point for young researchers who are interested in the area of audit. Second, there is a lack of research updating the most relevant findings in the audit field. In this regard, the items approached have the potential to augment current research, both at national and international level. As such, the importance of this research consists in the fact that we provide an overview of the auditing research, synthesis performed on a basis of the most representative papers in the field. As our study assesses the key attributes of several of the most recent papers published, previous survey papers tend to be older and focused more on auditing quality. Third, given the growing complexity of both business transaction in recent years and accounting standards, auditing has a huge potential to add value. Nonetheless, the research assessing it should be of high importance.

The layout of this paper is as follows. Section 2 overviews the auditing research profile found in the most updated literature. Section 3 provides descriptive and empirical evidence found in the studies assessed together with a descriptive data on frequency of publication by journal and on the research methods used. Building on the findings of section 3, section 4 summarizes findings and concludes, and presents ideas for future research.

## **2. Research profile**

### **2.1. Research questions**

Recent years have witnessed numerous changes to both accounting and auditing profession and impacted the research conducted. As a result, in this review, we discuss the characteristics of the main findings of auditing research from the perspective of main leading accounting journals. Next, we approach a number of issues associated with future directions of research concerning auditing. Overall, we structure our review around two important questions: (1) What are the main findings of auditing research found in the most recent research published? (2) What are the future directions of research concerning auditing field?

### **2.2. Research method**

Given the purpose of our review to assess and summarize the recent auditing research and to provide directions for future research, we limited the scope of it primarily to studies published in leading accounting journals. We also restrict our review primarily to studies published from 2017 to 2018 in order to focus on recent developments in the literature. Our analysis proceed in three stages. First, we selected the Top 5 major journals in accounting: Journal of Accounting Research, Journal of Accounting and Economics; The Accounting Review; Review of Accounting Studies and Contemporary Accounting Research. Second, we downloaded all the papers from the auditing field looking for the term “audit” and audit related items (i.e. audit quality, audit fees, audit risk, internal control, regulation, auditor independence, expertise, fraud, etc.) in the papers published and as well in the key words of each paper. All issues were analyzed. A number of 77 papers were selected. In the third stage, all papers were analyzed. No paper was discharged. In this latter stage, we were looking for answers to our research questions.

## **3. Results and discussion**

### **3.1. The frequency of publications in auditing research**

Panel A and B in Table 1 summarize the main findings in terms of years and number of publication. In this regards, Table 1 offers descriptive data both on journals articles on audit research and frequency distribution of articles published by journal. In this respect, a number of 77 articles were analyzed on a period of two years (2017 – 2018).

As Panel A indicates, 45 studies regarding auditing research were published in 2017. In 2018, only 32 studies were published. However, as Panel B indicates, the greatest number of studies approaching auditing research was published in Contemporary Accounting Research

(i.e. 30) followed by The Accounting Review (23). In this respect, some explanation can be given. The large number of studies from auditing field published in Contemporary Accounting Research journal can be given by the interest of this journal to publish papers from audit field or, on the other hand, by a larger number of paper published in each issue compared to other journals like Journal of Accounting Research or Journal of Accounting and Economics. Overall, the small number of papers published in those 5 journals in the last two years can be explained by the small number of articles published annually by those journals. All journals above have a small number of issues (usually 4), and the selection process is extremely rigorous, the rate of rejection being very high.

**Table 1. Descriptive data on journal articles on auditing research**

Panel A: Frequency distribution of articles published, by publication year		
Year of journal issue	No. of articles	%
2017	45	58
2018	32	42
Total	77	100
Panel B: Frequency distribution of articles published, by journal		
Journal	No. of articles	%
<i>Journal of Accounting Research</i>	7	9
<i>Journal of Accounting and Economics</i>	8	10
<i>The Accounting Review</i>	23	30
<i>Review of Accounting Studies</i>	9	12
<i>Contemporary Accounting Research</i>	30	39
Total	77	100

Source: Author's own preparation.

### 3.2. Research methods used

An important theme of our discussion concerns the research methods used in the studies assessed. Table 2 below discloses the main research methods used by each of the papers analyzed. Particularly, 4 categories of research methods were found in the articles assessed as followed: (a) literature review, archival research; (b) interview/descriptive survey; (3) mathematical/statistical analysis and (4) experiment. In Table 2 below, Panel C, the frequency of above research methods is presented as following:

**Table 2. Descriptive data on research methods found in the papers analyzed**

Panel C: Frequency distribution of research methods used (2017-2018)		
Research method	No. of articles	%
<i>Literature review</i>	1	1
<i>Interview/descriptive survey</i>	3	4
<i>Mathematical/statistical analysis</i>	59	77
<i>Experiment</i>	14	18
Total	77	100

Source: Author's own preparation.

As can be observed from Panel C of Table 2, the most used research method in the studies assessed was the mathematical / statistical analysis (77%) followed by experiment (18%). Studies in the auditing field are typically adopting the mathematical / statistical analysis, such as those conducted by: Ge *et al.* (2017); Hope *et al.* (2017); Li *et al.* (2017); Bae *et al.* (2017); Bol *et al.* (2018); Lennox *et al.* (2018); Chu *et al.* (2018). On the other hand, studies that used experiment as a research method were conducted by: Cannon and Bedard (2017); Simon *et al.* (2018); Asay *et al.* (2017) or Perreault *et al.* (2017). Only one study used a literature review (e.g. Gerakos and Syverson, 2017) and three studies the interview (e.g. Cohen *et al.* (2017); Bills *et al.* (2018); Johed and Catasus (2018). Our discussion highlights that excepting

the mathematical / statistical research method and experiment, other research methods are clearly underused. There can be a clear preference of the examined journals for such research methods or the authors consider them more accurate comparing to other research methods. Overall, given this specificity, future studies aiming to publish in these journals must take this into account in order to increase the chances of publication.

### 3.3. Discussion

Studies comprised in the first cluster typically focus on whether increased regulation leads to improved audit quality, the large majority documenting a positive association. For instance, the empirical study conducted by Aobdia and Schroff (2017) documented that regulatory scrutiny increased the assurance value of audit and highlighted the role of public regulatory oversight in the audit market. The empirical studies conducted by Fung *et al.* (2017) and Krishnan *et al.* (2017) documented the benefits of international inspections for foreign investors in non-US-listed foreign companies in terms of abnormal accruals and value relevance of accounting numbers in the post-inspection period. Lobo *et al.* (2017) assessed the effect of a law in France that requires the use of two auditors, concluding that pair composition by a Big 4 – Big 4 auditor are more likely to book a smaller impairment of goodwill comparing to Big 4 – non Big 4 auditor pair, when low-performance indicators suggest a greater likelihood of impairment. An interesting study was conducted by Lisowsky *et al.* (2017), approaching the effect of macroeconomic fluctuations on the financial statement verification, documenting that such events produce temporal shifts in such verifications. On the other hand, regulation in the audit field (e.g. Sarbanes Oxley Act, section 407) is not associated only with benefits but with costs too. In this respect, the study conducted by Duellman *et al.* (2018) documents the existence of expertise rents by finding that financial experts on audit committees obtain higher abnormal returns from insider purchases than do non-financial experts on audit committees.

The study conducted by Hobson *et al.* (2017) documented that instructing experienced auditors to be alert for cognitive dissonance in CEO narratives has the potential to increase their deception detection capabilities. Ge *et al.* (2017) assessed the costs and benefits of exempting firms from auditor oversight of internal effectiveness disclosures, documenting higher costs due to non-remediation and failure to disclose ineffective internal controls. Other studies examined: managers' decisions to temporarily exempt newly acquired business from Section 404 of Sarbanes-Oxley Act and found that managers are likely to use it when expected compliance costs are higher (Kravet *et al.* 2018); the effect of expanded auditor's report in UK for large public companies on audit fees, audit quality and investors' reaction to release of auditors' reports and found no evidence (Gutierrez *et al.* 2018); auditor monitoring of earn outs that arose as a consequence of SFAS 141 (R) in USA (Allee and Wangerin, 2018) prompting for high quality auditors; the different impact of legal systems characteristics and auditing standards (i.e. ISA) on audit behavior, improving it in USA, for instance, and affecting audit quality in China (Simunic *et al.* 2017); how disclosures regarding internal controls weaknesses required by sections 302 and 404 of the Sarbanes-Oxley Act of 2002 (SOX) in USA, affect the market for corporate control, experiencing a substantially more negative market response and have lower future performance (Darrough *et al.* 2018); the positive impact of the standard of prudence care (Maksymov and Nelson, 2017) in constraining negligence verdicts; conservative bias in the case of non-Big 4 audit offices in the proximity to SEC regional offices of to specific SEC enforcement actions against auditors (Defond *et al.* 2018). The latter study make strong predictions about such conservative bias and compelling evidence that such non-Big 4 auditors are more likely to issue first-time going-concern reports to distressed clients. Given such conservative bias, the informativeness of audit reports is reduced.

An important cluster is the audit quality. The large majority of the studies assessed approached this topic of research. Since audit quality improves financial reporting quality by increasing the credibility of the financial reports, the fact that is highly found in the audit research is easily explained. One of the most important conclusions drawn is related to the proxies used to measure it. In this respect, researchers should rely more on direct measures across proxies, and assess more critically the inferences drawn from the proxies used.

Future research should focus more on improving the conceptual guidance related to audit quality models. There is evidence that Top 10 auditors translate into higher earnings and disclosure quality, higher valuation implications for related-party transactions, and cheaper equity financing, implying that firms working with high-quality auditors benefit from this (Fang *et al.* 2017). Overall, it can be easily understood that large majority of empirical studies have tried to identify the factors that contribute to the improvement of audit quality or, contrary, those who has a negative impact. For instance, Lai *et al.* (2017) documented that the presence of female directors and female audit committee members affect audit quality in terms of audit effort and auditor choice, demanding higher audit quality. This empirical study used observations from USA sample, spanning the years 2001 – 2011. The empirical study conducted by Lennox *et al.* (2018) found that audits help to detect and also correct the overstated earnings prior to stock-financed acquisitions. On the other hand, real earnings management is also observed by auditors (Commerford *et al.* 2018). Given the fact that auditors perceive it as aggressive, this will ultimately cause greater proposed adjustment on an unrelated audit difference (Commerford *et al.* 2018). The empirical study conducted by Bills *et al.* (2018) indicated that small firms use accounting associations and networks resources as expertise, documenting that such demarche is critical to their audit quality. Also, the positive impact of social bonds on audits of complex estimates was documented by Kachelmeier and Van Landuyt (2017).

There is also evidence that increased auditor concentration in local audit markets improve audit quality (Choi *et al.* 2017). Other factors improving audit quality examined were identified as: enterprise system implementation (Pincus *et al.* 2017); average education level (Beck *et al.* 2018); joint engagements, facilitating knowledge transfer and auditor expertise (Chi *et al.* 2017; Bianchi, 2018); city-industry specialists (Chen *et al.* 2018); expert advice of higher quality (Wright and Bhattacharjee, 2018); reinforcing the image of auditors as independent to the investor community for the annual general meeting (Johed and Catasus, 2018). Finally, the empirical study conducted by Chen *et al.* (2017) found that investors reduce private information collection in response to higher audit quality.

Among the factor identified as affecting the audit quality are: major client loss or gain (Francis *et al.* 2017a) information foraging (Commerford *et al.* 2017); auditors reacting to immediately felt costs of information collection (e.g. time and effort); management preference for low audit quality (Kowaleski *et al.* 2017); audit failures of individual auditors who also deliver lower-quality audits on other audit engagements (Li *et al.* 2017); salient social ties between engagement auditors and audit committee members (He *et al.* 2017) or alumni affiliations (Bhattacharjee and Brown, 2018); client affinity and client pressure (Koch and Salterio, 2017; Messier and Schmidt, 2018); multitasking (Mullis and Hatfield, 2018) or sticking to prepopulated work papers, fast working and superficial processing (Bonner *et al.* 2018); longer audit firm tenure (Singer and Zhang, 2018).

Risk assessment cluster deals with the treats affecting audit practice. In this regard, most of the studies approaching the risk assessment topic examine the ways that risks can be mitigated and overall, the audit quality to be improved. Other studies are taking into consideration the areas where such risks can arise and document potential concerns. For instance, Griffith (2018) considers that pattern recognition is important when dealing with high-quality audit judgments. Moreover, he suggested that auditors' epistemic motivation to incorporate the cue into their problem representation occurs only in the presence of a situational factor as risk. Sometimes, risk can arise from the lack of guidance with respect to a particular set of standards, case in which auditors are vulnerable to contrast effects (Asay *et al.* 2017). This effect can be found when auditor reporting judgments under IFRS, for instance, is systematically influenced away from the accounting treatment supported by standards from another regime (i.e. U.S. GAAP). On the other hand, risk can arise from underutilizing ERM in the audit process (Cohen *et al.* 2017).

Multiple concerns are also related to the difficulty auditors encounter when testing complex estimates of fair value measurements, since high estimation uncertainty, high subjectivity, significant/complex assumptions, and multiple valuation techniques are involved (Cannon and Bedard, 2017; Joe *et al.* 2017). In terms of mitigating risk in the audit field, Simon *et al.* (2018) documented that likelihood and magnitude of risks decomposition provides better

results comparing to holistic risk assessment. As such, relative to making holistic risk assessments, the correlation between auditors' likelihood judgments and their overall fraud risk judgments and the coherence of their fraud risk judgments are higher for auditors who perform a likelihood and magnitude of risks decomposition. Also, accounting comparability among peer firms in the same industry can be helpful in mitigating inherent audit risk and enhancing the utility of accounting information for external audits as Zhang (2018) documented.

Important results via bankruptcy risk dynamics were obtained by Myers *et al.* (2018). The authors examined management disclosures in earnings announcements and auditor going concern modifications and found that investors rely more on the first, rather than the latter, concluding that the informational benefits of going concern modification reporting are significantly smaller than previously thought in the literature.

Debt covenant violations cluster comprised several empirical studies investigated the association between debt covenant violations and auditor actions, highlighting the important role of auditors in debt contracting. For instance, the study conducted by Bhaskar *et al.* (2017) found that firms with violations have significantly higher audit fees, a greater likelihood of receiving a going-concern opinion, and a greater likelihood of experiencing an auditor resignation. Robin *et al.* (2017) examined the impact of auditor quality on financial covenants in debt contracts and found that auditor quality is negatively associated with the intensity and tightness of financial covenants. As such, high-quality auditors are associated with fewer covenants (especially performance covenants) and less binding covenants. Additionally, the authors documented that auditor quality is negatively associated with the likelihood of covenant violations. The study conducted by Baylis *et al.* (2017) studied the clauses in private lending agreements requiring auditors to assure lenders of borrowers' compliance with financial covenants and found that auditor covenant compliance assurance clauses are significantly associated with more complex contractual adjustments to net income, the extent of reliance on accounting information in the contract, intangibility of borrowers' assets, the number of lenders and loan maturity. Nicoletti (2018) documented that regulators and auditors differentially influence loan loss provisions timeliness.

The audit fees cluster comprised empirical studies assessing the increase of such fees by identifying the factors conducting to this increase. Among several factors identified were those documented by Defond and Lennox (2017) and also Acito *et al.* (2018), as audit deficiencies found as a result of inspections. Taken together, the results of above studies document that higher inspection deficiency rates lead to higher audit fees since auditors are in the position of undertaking costly remediation efforts. Also, significantly higher audit fees are documented in the presence of high control-risk assessment (Seidel, 2017). Overall, the studies examining the dynamics of audit fees were concerned with identifying the factors and situations where such fees increase, various empirical results were documenting items of concern as: bankruptcy risk or short-selling threats (Hope *et al.* 2017; Lennox and Kausar, 2017); firms with new CEOs (Bills *et al.* 2017); audit effort and litigation cost in the case of foreign firms cross-listed in USA (Bronson *et al.* 2017); litigation risk and institutional investors demands in reverse mergers (Abbott *et al.* 2017); debt covenant violations (Jiang and Zhou, 2017). On the other hand, audit fees decrease because of competitive disadvantages, as smaller audit firms tend to charge lower audit fees (Chu *et al.* 2018).

There is also extensive evidence examining the effects of audit tenure / rotation / change. Reid and Carcello (2017) found that the market reaction is more negative (positive) on dates that increased (decreased) the likelihood of rotation given longer auditor tenure. Specifically, the authors found that the market reaction is more negative (positive) on dates that increased (decreased) the likelihood of rotation given a Big 4 auditor. The negative effect of auditor tenure is also documented by Callen and Fang (2017), who found robust evidence that auditor tenure is negatively related to one-year-ahead stock price crash risk. Fitzgerald *et al.* (2018) found that internal control reporting quality deteriorates with audit partner tenure. On the other hand, longer-tenured have also positive effects as studies like those conducted by Goldie *et al.* (2018) and Bae *et al.* (2017) documented. However, using hand-collected data from SEC filings, Goldie *et al.* (2018) found that the positive association between reported performance and investment flows is stronger for funds with auditors who are industry specialists and are

longer-tenured. Bae *et al.* (2017) found that auditor's knowledge and resources are associated with higher client investment efficiency and this effect is more pronounced for clients of longer-tenured auditors. Francis *et al.* (2017b) suggested that voluntary auditor changes increase information risk, which is due to be priced in private credit markets. On the other hand, auditor dismissals are more likely following audit-related earnings revisions, moreover when revisions cause clients to miss important benchmarks (Haislip *et al.* 2017).

Laurion *et al.* (2017) investigated the effects of audit partner rotation among U.S. publicly listed firms relative to non-rotation firms and found no evidence of a change in the frequency of misstatements following the partner rotation. On the other hand, the authors documented an increase in the frequency of restatement discoveries, announcements and deferred tax valuation allowances. Bleibtreu and Stefani (2018) examined the audit rotation in EU context. This specific paper provided evidence concerning the regulators' goals of simultaneously decreasing client importance and audit market concentration are in direct conflict.

The audit market competition and structure cluster comprises studies examining the characteristics of audit firms and offices or human resources working in the audit field. Also, studies assessing the audit market competition, structure and disclosures are approached. In this respect, the study conducted by Bol *et al.* (2018) examined the value of tacit knowledge in audit firms. The authors predicted and documented that higher tacit knowledge in experienced auditors is positively associated with higher tacit knowledge acquisition by their inexperienced subordinates and with stronger firm commitment of inexperienced subordinates having higher tacit knowledge. Assessing the audit market competition, Gerakos and Syverson (2017) concluded that it is far from perfectly competitive. Guo *et al.* (2017) found that joint audit requirements have the potential to change the audit market structure substantially but that the effects are sensitive to the specific policy design. The results are supported by empirical evidence in the case of small audit firms gaining market share in a joint audit regime but only if an equal sharing of the workload between the two joint auditors was not required.

Perreauli *et al.* (2017) examined the relative effectiveness of a simultaneous versus sequential negotiation strategy in eliciting concessions from clients and engendering greater client satisfaction and found that a simultaneous strategy elicits significantly greater total concessions from client managers and also generates more positive attitudes toward the auditor.

#### **4. Conclusions, limits and scope for future research**

Audit work is valued for its ability to provide independent assurance of the credibility of accounting information, improving in this regard the contracting efficiency and resource allocation in the economy. Given the fact that this is a field at a core of the accounting profession, we highlighted the most recent advances in the last two years. A key theme to our review was to summarize the main findings documented by studies published in top 5 leading accounting journals in the last two years. Also, we were interested in offering useful suggestions for future research. In this respect, we summarized our findings in seven clusters as following: (1) regulation / verification / fraud detection; (2) audit quality; (3) risk assessment; (4) debt contract violations; (5) audit fees; (6) audit tenure / rotation / change; and (7) audit market competition and structure.

The debate about the audit regulation and its ability to improve audit quality, which underpins a large segment of the literature, has resulted over the years in a positive association. On the other hand, there are studies documenting unexpected costs and reduces informativeness of audit reports (Defond *et al.* 2018; Duellman *et al.* 2018).

The analysis regarding audit quality is primarily concerned on identifying correctly the proxies used to assess it. Our analysis provided in previous section summarizes as factors improving the audit quality: enterprise system implementation; education level; joint engagements; city-industry specialists; expert advice of higher quality; auditors' independence. Since the field of audit research is coming in a full cycle, previous studies documented robust relations between following factors and impaired audit quality as: client financial distress;

information foraging; costs of information collection; management preference for low audit quality; previous audit failures; salient social ties; client affinity and pressure; multitasking or prepopulated workpapers (versus blank ones); longer audit firm tenure.

There has been considerable research on risk assessment difficulties encountered by auditors when testing complex estimates, especially for fair value measurements. In this respect, the main research question that springs in this area of research is how to mitigate properly the risk in the audit field. Obviously, there is no single answer to this question but researchers are constantly examining new directions. A useful discussion in this field involves the likelihood and magnitude of risks decomposition providing better results comparing to holistic risk assessment (Simon *et al.* 2018).

The next cluster examines association between debt covenant violations and auditors' actions, highlighting the important role of auditors in debt contracting. As such, examined papers documented that firms with violations have significantly higher audit fees, a greater likelihood of receiving a going-concern opinion, and a greater likelihood of experiencing an auditor resignation.

A common subset of research was the audit fees dynamics, which goes back in time to examine what factors increase such fees. Among the factors examined were those found in previous studies, such as bankruptcy risk; short-selling threats; new management; litigation costs or debt covenant violations. The tenured topic offered contrasting results, while auditor rotation found no evidence of a change in the frequency of misstatements following partner rotation (Laurion *et al.* 2017).

Other interesting approaches regarded the value of tacit knowledge in audit firms (Bol *et al.* 2018) and the impact of joint audit regime in the case of small audit firms (Koch and Zhu, 2017). As part of our review process, we identified several subsets of research that have received relatively little attention over time. Further, we believe that future research on these topics would substantially enhance our understanding of auditing research. As such, we suggest that future contributions to the literature may result from examining topics as:

1. implications of social challenges facing audits of complex estimates. So far, there is scarce research on this topic, so there is the potential to reduce this gap through the use of richer research designs. The practical relevance of such an understanding is important both to practitioners and regulators.
2. implications of contrast effect for audit quality. Further progress in this literature can bring more information than the prior literature has attempted in order to increase our ability to understand how auditors reporting under one legal regime can be substantially influenced away from other accounting treatments used by other standards from another regime and how this risk can be mitigated properly.
3. effects of conservative bias in audit work. We believe that future contributions to the literature will come from papers that examine such important bias that can easily impact the informativeness of audit reports, affecting further the audit quality.
4. factors affecting accounting firms' competencies. Further research can assess the set of actions managers take to increase firms' competencies.

There is also need for further research on the effect of macroeconomic fluctuations in the overall level of financial statement verification. Finally, we believe that future contributions to auditing research literature will also come from papers exploiting topics as: the effect of mandatory joint audit regimes on audit quality; the effect of inspections on the quality of internal control audits and audit fees; exploiting the role of monitoring and verification of accounting information in financial contracts; the dynamics of auditor rotation and its impact on improving audit quality in different legal regimes; assessing the labor characteristics via audit quality, audit offices and ability of non-Big 4 auditors to compete with Big 4 auditors in the audits of public companies; identifying the implications for financial statement preparers and auditors in incomplete-converge environments; examining the concerns regarding lengthy auditor-client engagement.



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