

**Factors Affecting Auditor Response to the Needs of Accounting Services Clients
"A Case Study of Audit Offices in Saudi Arabia"**

Dr. Mohammed Al Moutaz El Mujtaba¹ Dr..Namat Mohamed Saeed Bushara²

¹Department of Accounting, College of Financial and Administration, Taif University, , KSA

²Department of Business Administration, College of Financial and Administration, Taif University, KSA

almutazanab29@hotmail.com

Abstract: The research aims to identify the problems faced by the external auditor on responding to the needs of the clients pertain to accounting services. A series of hypotheses were chosen for the fundamental reasons that affect the auditors and accounting services offices to respond to the desires of their clients. A model was developed to test the factors that affect the auditor and accounting services offices. The study reached a set of results. The most important is that competition between the offices of has an impact on the responsiveness of external auditors for the desires of their clients in terms of accounting services. Moreover, professional ethics has an effect on the responsiveness of auditors to the clients' needs for accounting services. The financial motives and personal factors affect on clients' desires too. Finally, the study has provided a number of recommendations in the procedures for selecting accounting services providers.

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1. Introduction

Accounting services are important services and sensitive modern economic activities, characterized by a high degree of complexity, where dealing with the most important resources for companies and most rare in corporate income, expenses and costs, where a group of categories either from the internal environment of the company or of the external environment of management and shareholders, observers and some governmental bodies on the outcome of the work of companies. Personal interests may conflict with the interests of the economic unit owners, and here it is necessary to collect information, prepare appropriate reports to meet the needs of decision makers, these factors led to the creation of the need to examine and review the data by an independent neutral to achieve safety of financial statements. These companies rely to obtain accounting services from audit offices with experience and good reputation, in order to achieve their objectives for managing human and financial resources efficiently.

Since most countries in the world given the general body of shareholders the right to appoint and choose the Auditor, based on legislation, and thus may experience independence references to some pressure that may limit its independence and its practical and professional style, making the accounting services provided in accordance with the wishes of the customers, because competitors from other audit offices on the market.

Given the increasing competition between auditing and accounting services offices, increased economic activity and expansion of business and the importance of the role played by the Office of audit and accounting services to achieve competitive advantage to meet different client needs and wishes, for continuing to maintain existing clients and attract new customers, all led by audit offices to meet the needs of customers and follow up developments and developments that have occurred and are occurring on accounting standards and audit, which have an impact on these services needed by companies, in the absence of knowledge and capacity for excellence between offices Audit and the diversity of the services provided by this study, to receive light on factors influencing auditor response to wishes of customers. By and large the study problem can be limited to the following questions:

1. What are the factors affecting multiple needs of clients?
2. The ability of the audit offices to meet those desires.
3. Are there certain standards of corporate governance based on selection of Accounting Services Office in Sudan, and how these standards the diversity of services offered by the offices audited?
4. The impact of competition between multiple audit offices and the quality of services rendered.

The study aims to achieve the following:

1. To recognize the accounting services provided by the audit and accounting services offices.
2. To select a set of hypotheses of potential underlying causes affecting references to respond to the wishes of the customers.
3. To access to a form for selecting the auditor.
4. To detect factors affecting references to meet the wishes of the customers.
5. To study the factors that may affect the independence of the auditors.

This study is thought to be significant due to being unique and deals with the factors affecting response to customer wishes as in below:-

1. Companies benefit from benchmarking auditor selection.
2. Rapid developments on accounting standards and legislation that influence directly in the activities of the Sudanese firms.
3. Accounting services lineup that played an important and instrumental in choosing the funding sources and adjust expenses and costs and revenues.
4. Provide a set of recommendations that could be tapped by accounting services provided by the Audit Office.

2. hypotheses

1. There is no impact for competition between audit offices in the responsiveness of the auditors to the demands of their clients.
2. There is no ethics impact between audit offices in the responsiveness of the Auditors to the wishes of their clients.
3. There is No impact to financial motives between the audit offices in the responsiveness of the Auditors to the wishes of their clients.
4. Personal factors do not influence the responsiveness of the Auditors to the wishes of their clients.
5. Human resources do not have impact on the responsiveness of the Auditors to the wishes of their clients.
6. Material resources of audit offices have no impact on the responsiveness of the Auditors to the wishes of their clients.
7. There is No demand for accounting services between audit offices in the responsiveness of the Auditors to the wishes of their clients.

3. Previous studies:

Marriott and Marriot Study (2000):The aim of this study is to examine the accessible options for small sized business departments in selecting the quality of accounting services. It focused on identifying the information needed by the departments upon which the quality of accounting services needed by companies is determined. Fifteen directors were chosen in this study from small company and interviewed to explore their ideas on the mechanism used for accounting information from their personal computers. Furthermore they were inquired on the type of professional relationship with the company's accounting staff, and their skills. The study has reached the following: Departments use computers for the purpose of setting and inquiring about financial information derived from the company's computerized systems. Departments prefer inspect financial ratios and analyses and interpretations rather than checking the statement lists by financial accounting staffs. The majority reported that accounting information provided by staff is useful and to some extent can help make decisions. The study showed that there is no indication that the accounting profession has expanded and diversified its services in order to satisfy the diverse needs of the Department. The new orientation of the accounting profession contributed to the development of management skills to understand financial information.

Dunmore and Falk study (2003):The aim of this study is to examine the impact of laws and regulations of the stock market in the United States on the degree of competition among specialized audit firms. The study has reached some conclusions, one of which is the competition itself may create a good alternative to the stock exchange laws from the premise that audit firms seeking to provide distinctive services. Intense competition can lead to stability in the audit services market. The probability of an auditing company to monopoly the market is very meager. The monopoly laws contribute a little in the probability from the premise that most audit firms operating in eligible companies market and competitive.

Hank Berkowitz study (2005):The aim of this study is to test the correlation between audit office size and services provided to clients in the United States. So the study examined the diversity of client services depending on the size of the Audit Office. It focused on the accounting and financial planning services provided by the Audit Office as an intermediary to retain existing clients, attract new ones and increase revenues in light of intense competition between the audit offices. The study revealed that large and medium offices are capable of generating greater revenues rather than small ones.

On the other hands Offices have highly competitive force that attracts clients by variety of services. They depend heavily on alliances with specialists (consultants) to provide financial and accounting services to clients.

Ed McCarthy Study (2004):The aim of this study is to learn how to use an external marketed to increase the volume of work of the audit offices, and research in attracting new clients through contracting with an external displays marketed services to potential clients review offices in the United States. As the study showed that the audit offices did not have the required competence to market their services to new clients. Moreover, the study showed that the importance of a good selection of external dealer and interact with him in order to benefit from his marketing experience. The dealers should understand the nature of the services provided by accounting audit offices for better presentation to clients. The study found that resorting to external dealers assists increase revenue significantly through attracting a number of new customers to Audit Office. The costs of bringing external dealers are less than increasing auditing office because more staff does not imply more clients. The external dealer shows the nature of the work of his clients and the problems they face, whether financial or accounting or administrative. That interaction with new customers leads to provide high-quality accounting services, resulting in increased revenue of Audit Office.

Raymond Chen study (2003):This study aimed to identify the factors that develop the profession of auditing and accounting services in Taiwan. It showed that Taiwan economic development over the years have led to increasing demand for accounting services. The study reviewed that the increase in economic development and national income and strategic planning for accounting services in the light of the progress of accounting and auditing profession which required the development of legislation in this country. The study found that foreign audit offices in the market have lead to the development of accounting services provided by local offices since this contact with global offices characterized by long experience helped to develop the services provided from local offices, thereby increasing clients' confidence. Economic developments resulting from foreign investments have been the cause of audit development. The Policy of encouraging investment in the country has encouraged a number of global companies to join the market, especially the services sector, leading to increased demand for diverse accounting services. The development of stock market and the opportunity of foreign companies and investments led to the evolution of the financial markets, which required increasing of the credibility

of the financial statements. Stock exchange initiated to certify financial statements and this led to greater demand for accounting services. The evolution of tax policies associated with the economic developments in the country increased the demand for special tax accounting services.

4. Methodology of the study:

The study population and sample:

All auditors who provide a variety of accounting services through specialized offices are considered population of the study. Owing to the difficulty of distributing questionnaire all of them, researchers have chosen appropriate sample consisted of (210) auditors however, the analysis was carried out on (152) auditors.

The questionnaire was developed in two phases:

Phase 1: The researchers reviewed the literature and previous studies of accounting services and factors affecting clients' response in particular. They identified a set of variables used by these studies depending on the final outcome reached, and measurement tool was developed aimed at determining various factors, which can be used to determine the responsiveness of clients.

Phase 2: a series of interviews with specialists in the area of accounting services (Auditors, accountants) and a group of members of the Association of accountants and legal Association of Accountants the Saudis were done. These interviews results contains a number of variables that can be used as factors in auditor response to client needs of accounting services including qualifications, professional ethics, competition, efficiency and expertise.

The questionnaire consists of the following parts:

Part I: this part composed of the series of questions that measure some demographic characteristics of the auditors such as sex, age, education, specialization, and years of experience. These characteristics have been measured as indicated in the questionnaire.

Part II: it consists of a set of questions that measure a set of services provided by the Office of audit clients and consisting of (11) service as described by the questionnaire.

Part III: consists of a set of questions that measure variables that can be used to measure responsiveness to client needs for accounting services. Then measuring the factors in section III of questionnaire through the questions (1-20) is very important while the number (1) is not.

Data collection:

The researchers gathered two types of data:

1. Subsidiary data obtained from previous studies and literature review.
2. Principal data is obtained from the questionnaire developed for this purpose, and some demographic characteristics of the sample of the study as well as a range of accounting services provided by the audit offices. Also some factors are likely to affect the auditor response to the demands clients.

Statistical methods:

Linear regression is an approach to modeling the relationship between a scalar variable y and one or more explanatory variables denoted X . therefore, this study followed multiple linear regressions for data analysis and relies on value (T). Descriptive statistics (frequencies and percentages for this method) was used, where the decision is accepting the alternative hypothesis when the (T) value is calculated as greater than the (T) value in schedule or less than its negative.

Unit of analysis:

Auditors or anyone who offers accounting services through a specialized audit office is represents an analysis unit.

Data analysis:

Rate of Responses: The researchers distributed (210) copies to identify in order to adjust the response process and get a high response rate however, the received copies were (165). They were inspected and reviewed in order to ascertain and determine their suitability for the purposes of analysis. As a result (12) copies were excluded due to lack of answers, accordingly, the response rate is (78.5%).

Table No. (1) Distribution of respondents by demographic variables

Rate	No.	Category	Variable
Type	Male	144	94.7
	Female	8	5.3
Age	25 -35	144	94.7
	36-45	4	2.6
	46 –More	4	2.6
Education	Bachelor	129	84.9
	MA	23	15.1
	PhD	-	-
Specialization	Financial	65	42.8
	Accounting	55	36.2
	Auditing other	32	21.0
Experience	Less than 6	124	81.6
	6-10	16	10.5
	11-15	4	2.6
	16-20	4	2.6
	More than 20	4	2.6

Table No. (2) The services provided by the offices of accounting services

Accounting Services	Provide	Frequencies	Percentage
Audit	Yes	148	97.4
	No	4	2.6
Preparing of Accounts and Reports	Yes	140	92.1
	No	12	7.9
Accounting and Information Systems	Yes	114	75
	No	758	25
Preparation of tax statements	Yes	144	94.7
	No	8	5.3
Design of accounting information systems	Yes	76	50
	No	76	50
Financial Consulting	Yes	140	92.1
	No	12	7.9
Economic Feasibility Study	Yes	106	69.7
	No	46	30.3
Accounting courses and training	Yes	86	56.6
	No	66	43.4
Measuring the performance of facilities	Yes	92	60.5
	No	60	39.5
Adjust internal Control	Yes	136	89.5
	No	16	10.5
Inventory Operations	Yes	128	48.2
	No	24	15.8

5. Testing the hypotheses:

Relying on the T-test, linear regression method has been used to test the hypotheses of the study. The hypothesis is rejected and the alternative is accepted because the calculated (T) value in SPSS results greater than the (T) value in statistical tables or less than its negative. It also rejected on the bases of the level of significance. if the level (T) calculated from the less than the approved level of significance, it is rejected as the approved level of the significance in this study is (95%) and more. Based on SPSS the value of the coefficient of interpretation (R) is (0.435) which means that independent variables explain change in the dependent variable measured by (43%). The multiple linear regression equation for the dependent variable on the independent variables is grouped as follows:-

$$Y = 0.766 + 0.124x_1 + 0.362x_2 + 0.199x_4 + 0.0369x_5 + 0.0148x_6 - 0.0836x_7$$

The first hypothesis

Calculated (T)	Table (T)	Sig	Error
2.409	1.645	0.017	0.05

There is no impact for competition between audit offices in the responsiveness of the auditors to the demands of their clients.

The (T) value was calculated (2.409), and this value function statistically significant at the level of (0.017), i.e. a function at the level of significance (0.983). Therefore, that this level is greater than the level of trust in this study which is (% 95). The researchers reject the hypothesis of nihilism and accept the alternative. This assures that there is impact for competition between audit offices in the responsiveness of the auditors to the wishes of their clients.

The second hypothesis

Calculated (T)	Table (T)	Sig	Error
5.163	1.645	0.000	0.05

There is no ethics impact between audit offices in the responsiveness of the Auditors to the wishes of their clients.

The (T) value was measured and resulted (5.163), and this value function statistically significant level (\$ 0,000), i.e. a function at the level of confidence of (1). The fact is that, this level is greater than the level of trust. Thus the hypothesis is rejected and the opposed is accepted. To emphasize that, a comparison between the tabulated (T) equals (1.645) and calculated (T) is greater. Again it is rejected. Therefore, there is ethics impact between audit offices in the responsiveness of the Auditors to the wishes of their clients.

The third hypothesis

Calculated (T)	Table (T)	Sig	Error
2.484	1.645	0.014	0.05

There is No impact to financial motives between the audit offices in the responsiveness of the Auditors to the wishes of their clients.

The (T) value calculated using computer and resulted (2.484), and this value function statistically significant level of (0.014). the hypothesis showed significance estimated as (0.986). this is more than the normal level, therefore, it is rejected and its reversed is accepted. With the comparison to the two values for the (T) in which calculated is higher, so it was rejected. That means there is impact to financial motives between the audit offices in the responsiveness of the Auditors to the wishes of their clients.

The fourth hypothesis

Calculated (T)	Table (T)	Sig	Error
2.938	1.645	0.004	0.05

Personal factors do not influence the responsiveness of the Auditors to the wishes of their clients.

The (T) value calculated using computer and resulted (2.938), and this value function statistically significant level at (0.004). the hypothesis showed significance estimated as (0.996). this is more than the normal

level, therefore, it is rejected and its reversed is accepted. With the comparison to the two values for the (T) in which (T) calculated is higher, so it was rejected. That means Personal factors influence the responsiveness of the Auditors to the wishes of their clients.

The fifth hypothesis

Calculated (T)	Table (T)	Sig	Error
0.737	1.645	0.463	0.05

Human resources do not have impact on the responsiveness of the Auditors to the wishes of their clients.

The (T) value calculated using computer and resulted ((0.737), and this value function statistically significant level at (0.463) . the hypothesis showed significance estimated as (0.537). this is more than the normal level, therefore, it is accepted by the researcher and its reversed is rejected. With the comparison to the two values for the (T) in which (T) calculated is higher, so it was accepted. That means Personal factors do not influence the responsiveness of the Auditors to the demands of their clients.

The sixth hypothesis

Calculated (T)	Table (T)	Sig	Error
0.479	1.645	0.633	0.05

Material resources of audit offices have no impact on the responsiveness of the Auditors to the wishes of their clients.

The (T) value calculated using computer and resulted (0.479), and this value function statistically significant level at (0.633) . the hypothesis showed significance estimated as (0.477). this is more than the normal level, therefore, it is rejected and its reversed is accepted. With the comparison to the two values for the (T) in which calculated (T) (1.645) is higher, however, it was accepted by the researcher. That means Material resources of audit offices have no impact on the responsiveness of the Auditors to the wishes of their clients.

The sixth hypothesis

Calculated (T)	Table (T)	Sig	Error
2.079	1.645	0.039	0.05

There is No demand for accounting services between audit offices in the responsiveness of the Auditors to the wishes of their clients.

The (T) value calculated using computer and resulted (2.079), and this value function statistically significant level of (0.039) . the hypothesis showed significance estimated as (0.961). this is more than the normal level, therefore, it is rejected and its reversed is accepted. With the comparison to the two values for the (T) in which calculated is higher, so it was rejected. That means there is demand for accounting services between audit offices in the responsiveness of the Auditors to the wishes of their clients.

6. Findings

1. Competition between audit offices Affect responsiveness of those offices to the wishes of its clients relating to the required accounting services. Based on the rejection of the first hypothesis, accept the reversed that indicate the impact of the degree of implicit competition between audit offices in responsiveness to the wishes of the clients.
2. Ethics in auditing offices Influence the responsiveness of those offices to the wishes of its clients that related to required accounting services. According to rejection of the hypothesis, accept the alternative one, containing the impact of ethics between audit offices in responsiveness to the wishes of the customers.
3. The financial motives of auditors affect the responsiveness of those offices to the wishes of the clients.
4. Personal factors affect the audit offices in the response of the wishes of the clients pertaining to accounting services.
5. The demand for accounting services affects the extent of response of the Auditor to the wishes of the clients of the required accounting services.

7. Recommendations:

In the light of the testing of assumptions and conclusions that emerged from this study, the two researchers recommend as follows:

1. Audit offices should be reduced through merging small offices with larger ones to adhere to auditing standards and to apply the rules of professional conduct for the accounting and auditing professions. The researchers propose the need to restrict qualifications for audit profession to reduce the large number of those offices.
2. To Control audit offices and the their practice for auditing profession to ensure the commitment of those offices better recognized auditing standards, professional ethics, and conducts. In addition to the punishment for anyone who violates the application review criteria and rules of professional conduct.
3. To consolidate the values and culture and various positive personal factors in the minds of the Auditors, through granting offices adhere to those factors moral incentives by competent authorities. These authorities encourage the commitment of the audit offices, positive personal factors and

increase the efficiency of Auditors and their potentials.

4. Limiting the mandatory audit of financial information on companies listed in the financial market, as stipulated by law, with regard to companies and other interests. This process is carried out to ensure the health and safety of financial data on the professional side which intended to deal with them.
5. The Need to activate the role of the Association of Auditors in audit offices control. The Assembly should raise awareness, encourage neutrality, independence between the reviewers and the intensification of training courses and seminars to raise the level of professionalism, and deepen the level of understanding of auditing ethics.
6. The need to provide protection for auditors from the ongoing replacement with another in case of failing to respond to the wishes of the clients.
7. The researchers recommend other studies in the field of accounting services.

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Corresponding Author:

Dr. Mohammed Al Moutaz El Mujtaba
Department of Accounting, College of Financial and Administration, Taif University , KSA
E-mail: almoutazanab@hotmail.com

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