

## Explain a Pattern for the Development of the Audit Services Market <sup>1</sup>

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Received: 2022/09/21

Accepted: 2023/02/17

Research Paper

### INTRODUCTION

Accounting and auditing are rooted in the environment. Therefore, accounting and auditing have also adapted themselves to the changing environment and have sought to meet the needs of the audience in sync with the environmental changes. Therefore, the needs of society are constantly changing due to the increasing growth of information technology, the emergence of new phenomena, the increase in the level of public knowledge and the like, and these changes lead to changes in accounting and auditing procedures; Therefore, under the influence of these factors, accounting and auditing adapt to environmental changes and take steps towards improvement to meet the needs of users and maintain their legitimacy. Today, the services of auditors are used internationally in various fields and are not limited to the opinions of independent auditors regarding the desirability of financial reports. Today, the range of auditors' services at the international level includes the validation of disruptive events such as initial public offerings, business model changes, and joint ventures; media assurance services such as measurement

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<sup>1</sup>. DOI: [10.22051/JAASCI.2022.40513.1707](https://doi.org/10.22051/JAASCI.2022.40513.1707)

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and return on investment through media, advertising fraud; Advisory services such as mergers, new standards, adjustments and transaction processing amendments; Accounting consulting and financial reporting based on the implementation of new standards; Management consulting, design and deployment of financial systems and software, modification and engineering of suitable and efficient internal control structure, tax consulting and other services. According to the experts working in Iran's auditing profession, the market of these services in the country is limited to accreditation and commenting on the desirability of financial statements. This is despite the fact that according to experts, there is the ability to provide various services to auditors. Therefore, the question arises as to what factors cause the demand for using these services in Iran to be limited to the desirability of financial statements!? Considering that the audit services market in Iran is lagging behind its international level, this research aims to investigate the causes and provide a model for the development of this market.

#### **MATERIALS AND METHODS**

From the point of view of the approach, the current research is among the qualitative research based on the proof theories. Qualitative research and proof theory aims to understand and explain what people say, believe and do; are. Among the advantages of this approach is that it allows the researcher to better see and understand the context or environment in which decisions and actions are formed. Because decisions and actions are understandable in their context and environment. In this research, the data-foundation theory method has been used. In this approach, the sub-categories are linked to the main and central categories under a series of relationships, and the relationships between them and the main category are specified under a pattern. Establishing this relationship is based on asking questions and making comparisons. The statistical population of the current study is made up of independent auditors who have more than 10 years of professional experience in the field of auditing and are experts due to their executive records, experiences and role-playing in the field of auditing services. In other words, it is expected that people who have more than a year of experience in the relevant field, due to their experience and knowledge of the market, can provide more constructive opinions. Using a non-random and targeted sampling method, 12 experts were selected, of which seven were participants in the interview and five were outside the interviewee group for the final review and approval of the extracted

model; This process was done through in-depth semi-structured interviews until reaching theoretical saturation.

## **RESULTS AND DISCUSSION**

Observations show that the world's major auditing institutions provide a wide and diverse range of auditing and assurance services. Despite the existence of this ability by Iranian audit institutions, this market is not developed. The findings of the research in the field of causal factors affecting the development of the assurance services market indicate the effect of two main groups of economic factors and laws and regulations along with seven core codes. Economic factors, the development of international trade, the competitiveness of the economy and the possibility of predicting economic risks are among the axes that have a positive and effective role in the activities of auditing institutions; if each of these economic axes can be used suitably and correctly, we can witness the development of the reliable service market. Laws and regulations as the second category of causal factors include axes such as the creation and development of demand for audit services, the establishment of evaluation standards, regulatory laws on the transparency of audit reports, and the requirement to develop various audit skills that can promote the development of assurance services. Department, have a very decisive role. The development of the market and the features of the free economy require verifiability, which can only be achieved by independent auditors whose ultimate duty is accreditation. Therefore, the aforementioned causal factors can have a great impact on the development of the audit services market. Based on Figure number one, background factors were categorized into two main groups: internal environment factors and external environment factors. Based on this, the employment of human forces with different specializations, the development of organizational knowledge and the formation of online work teams as factors of the internal environment and the development of the infrastructure of IT and ICT technologies, crisis management and the allocation of education budget from the government to the external environment factors were mentioned. These factors can determine the compatibility of auditing institutions for survival in the field of competition. On the other hand, the five main components of political and economic sanctions, the ban on advertising audit institutions, the failure of the public accountants of Iran to issue statements, the presentation of final audits, representation issues, and the lack of separation of ownership from management were brought up as inhibiting factors. If proper decisions are not made regarding these components and effective solutions are not provided regarding the management of these inhibiting factors, the development of the audit services

market in the country will face problems. Therefore, in line with internal changes by audit institutions and the profession, the government should also enter into the field of problems of the country's official auditor's community to provide a suitable platform and help the profession to reach its position. In the section on effective solutions, two categories of government policies and executive solutions were identified along with six core components. In the government policies, these axes were identified: outsourcing and establishment of institutions to establish the necessary laws and standards for the development of audit and assurance services, outsourcing and establishment of executive institutions to implement the laws established in the field of services. Diversification of auditing and outsourcing institutions and the formation of an institution supervising the implementation of laws and policies related to institutions to implement diverse auditing services. In the executive solutions section, the axes of advertising liberalization, cooperation with the Ministry of Information and Communication Technology to benefit from the platform of virtual space and defining the rights of the beneficiaries were identified. Figure 1 also shows that if the audit services market is developed in the country, we can see consequences such as the reduction or elimination of the rate-breaking phenomenon, the specialization of activities, the creation of constructive competition between audit institutions, and the specialization of the forces. Working in the profession was to create financial independence for audit institutions, reduce risk and ultimately increase the gross national income and economic growth of the country.

## CONCLUSION

Based on the research findings, focusing on the economic level and rules and regulations can help develop the market for auditor services. Also, according to the explained model, with government policy, this can be accelerated.

**Keywords:** Auditing, Develop Market, Auditing Services, Assurance Services, Complementary Services

**JEL Classification:** M42.

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