

Management style in the market and auditing in today's societies

Abstract

Surveys showed that the audit market plays an important role in maintaining transparency and improving the performance of capital markets. The structure of the market, and the creation of different trends such as concentration in the auditing market, also shows the extent of the distribution of the companies' power in the market and affects the effectiveness of the competition. The rank of the audit institution is another factor in the concentration of the audit market, which can be considered as the least effective factor in this market and cause the market balance to move towards higher-ranked institutions, but at the same time, due to the existence of qualities, it can affect the effectiveness of decisions due to More real information circulation will help.

The market share of the auditing firm, which is connected with the owners in various ways and has been able to perform well in the auditing market due to its commercial and branding characteristics, can be another factor that increases the concentration level of the auditing market. Auditors who have a positive attitude towards marketing. Spend more time on marketing activities compared to auditors who have a less positive attitude.

In addition, auditors who consider marketing activities important spend considerable time on marketing activities. Surveys show that the theoretical distance between the auditing and marketing professions does not exist in practice as in the past.^[1]

Keywords: *auditor's market focus, decision-making style, information-oriented, concept-oriented, marketing*

MohammadBagher Mohammadi

Graduated from Gachsaran Azad University, Kohgilouye and Boyer Ahmad city/ Iran
Amin.mohammadi.1987@gmail.com

Introduction

Changes in capital markets in recent years have increased the central role of auditors in decision-making areas. Therefore, greater recognition and transparency of the functional nature and services that can be provided by audit institutions and their costs, as a new issue and branch of the efficiency of capital markets, is relevant in the world today.

Recently the independence of the auditors has been threatened by the long-term relationships between them and their owners. This issue has damaged the independence of the auditors and as a result the quality of their work and has been criticized.

More than 50 years ago, in connection with the gradual increase in the level of friendship between the auditor and the employer resulted in, long-term relationships. This was a significant issue many years ago.

The decision to change the auditor should not be done carelessly. If the employer decides to change, the auditor will change one or more of the characteristics related to the auditor's selection. The discussion of restricting the auditor has had supporters and opponents with different arguments. Researches states that the ability to deal with accounting irregularities is a function of the tenure of the auditor at the level of the auditing institution and the level of the auditor.¹

On the other hand, the focus of the audit market is considered one of the strategies of the audit market, which plays a decisive role in the continuity of the auditor's presence and the delay in the audit report. Over the past decade, capital market regulators and regulators in some developed countries have expressed

concerns about the potential effects of auditor market concentration on audit costs and quality.

Necessity, the main concern is that the concentration of the audit market reduces the options of business clients to choose the services of audit institutions, strengthens the market power of auditors, reduces the attractiveness of this market, and ultimately leads to an increase in high audit costs and a decrease in quality.

Some previous research shows that the relationship between audit market concentration and audit quality can be positive or negative, depending on whether the concentration of the audit market leads to a reduction in audit costs or not. In other words, according to this group of researchers, the concentration of the audit market does not necessarily reduce audit quality.⁹

Empirically, previous researchers that have studied the relationship between focus and audit quality according to the tenure of the auditor, presented different results. Therefore, understanding and recognizing the relationship between the focus and delay of the audit report and the role of the auditor's tenure can help to promote the development of regulatory regulations on improving the level of competition in the audit market to improve the quality of financial statements as much as possible.

In recent years, there have been major changes in the economy and regulatory aspects of the audit environment in many countries, which have caused a significant increase in the competition level in the audit market.

In Iran, along with the formation of the official accountant's society, the audit market has seen a significant increase in the

number of private audit institutions that have been licensed to provide audit services. In other words, with the boom in the Iranian audit services market, every institution has started to apply its policies in the competitive market to penetrate more in the market and find and attract customers.

It should be noted that the issue of audit quality, although it can be influenced by the major factors of the economic environment and the capital market, is still focused on the level of motivation of the auditors in these markets, which is caused by these major factors of the economic environment and the capital market. In other words, if the competition in the audit market decreases and turns into a monopoly, the level of competitive incentives will decrease and this will cause a group of audit institutions to seek supremacy, which will increase the audit costs and slow down the competition.²

This issue can gradually reduce the quality of financial statement reviews. Therefore, due to the importance of focusing on the audit market and the competitive role of this market on the delay of the audit report and the tenure of the auditor and due to the lack of empirical internal research, this research tries to investigate the influential dimensions of the problem and by presenting different models in To measure the concentration of the auditing market, examine its role and effect on the delay of the audit report and the tenure of the auditor.

Based on this, this research seeks to answer the question of whether the concentration of the audit market has an effect on the audit costs and audit quality of companies admitted to the Tehran Stock Exchange.

Focus on the audit market has characteristics that distinguish it from other markets related to business services.

Scientists believe that the audit market plays an important role in maintaining transparency and improving the performance of capital markets. Concentration in the auditing market shows the extent of distribution of power of auditing institutions in the market, which affects the competitiveness of these companies in attracting customers.

In other words, effective competition requires a sufficient number of auditing institutions that provide services, which creates a balance in the market, and when competition is a cover for monopolization, quality decreases, self-interested motives expand, and finally, the auditor's independence decreases.⁸

This is while the service supply sector in these markets can be concentrated due to the specialization of the institutions. For example, in America, most of the audit engagements and almost all audit fees belong to the four big audit institutions. Concentration determines the behavior of large audit institutions and as a result, is considered an important factor in market competition.

The general concern about this issue is that excessive concentration will reduce competition and increase the price of services provided by some auditors (American Accountability Bureau, 2008). From an economic point of view, the high concentration of the seller through the economic savings caused by the scale causes the profit of the customer, and on the other hand, the lower cost may reduce the quality of the services that can be provided. Competition in supply originates from two sources; the first is the entry of new auditors into the market and the second is the increase in the supply capacity of current auditors. This increasing competition has its consequences. Some professional accountants are worried that the competition, especially the competition on the price relation to the professional contracts, will lead to a decrease in quality.^[3]

Although research does not support these concerns, this theory also has many supporters that budget pressure and time constraints alternately lead to substandard audits. One reason is the limited budget and time in the audit, which creates fierce competition on price. Such an article is not sufficiently documented and therefore not defensible, but the ambiguity regarding the competition in the auditing profession is a legitimate and common issue, and the specific characteristics of the auditing profession fuel these ambiguities.

In the analysis of the results of the first research hypothesis test, it should be stated that considering that two indicators of market share and competitive pressure were used to measure auditor market concentration, it was found that there is a negative and significant relationship between auditor market concentration and auditor report delay. In other words, audit institutions try to reduce the delay in submitting the audit report by hiring experienced audit partners and skilled employees.⁴

In the analysis of the results of the second hypothesis of the research, it should be stated that both criteria of audit market concentration, i.e. market share index and competitive pressure, have a negative and significant effect on the auditor's tenure, and this issue can be effective in strengthening audit quality. In other words, the concentration of the auditing market makes the auditing institutions try to maintain their independence, which they have gained in the market due to their position among their major clients, and by maintaining the philosophy of observing the high level of auditing standards, they always try to and protect their profession properly.

With the greater independence of auditing institutions, the financial statements of companies will be examined without any unethical relationships and tenure which is suspected of reducing audit quality. Based on this, auditing institutions try to show their expertise and independence to other institutions and entrepreneurs by maintaining the quality of Badal auditing,

while maintaining their position in the market. In fact, such institutions know the existence value of the current owners and try to be diligent in promoting audit quality as much as possible and providing independent audit opinions by complying with audit requirements.⁵

It is evident in the Iranian audit and capital market that there is a lack of specific and approved criteria related to the delay in the audit report. It is noteworthy that in addition to the delays that normally exist in providing the audit report to the company, other delays may also occur that are unexpected and predictable.

Based on this, it is suggested that there are factors in each audit completion period that, in case of occurrence, it is expected that the auditor needs to focus more carefully in his investigation to maintain the quality of the audit, and consequently spend more time, which ultimately leads to Pay attention to the delay in submitting the auditor's report. Also, it is suggested that the results of this research, given that it has provided valuable information from an experimental and theoretical perspective about the advantages and challenges of the audit market concentration, should be taken into consideration by the legislators, because the market structures of audit institutions can create more competition through the creation of more competition even despite the concentration in the audit market, help to improve the level of transparency and audit quality of financial statements.⁶

The obtained results can explain the understanding of shareholders and investors of how the focus on auditing quality is affected and why different results are obtained. Also, the results of this research show that audit costs play an important role in the relationship between focus and audit quality. Additionally, the existence of supervision in this sector can make significant contributions to making audit costs more targeted.^[7]

Conclusion:

Management is defined as the knowledge of effective and efficient use of resources to achieve the organization's goals, and these resources usually include capital, labor, and resources available to the organization. A manager must plan, organize and control the operations of the organization in order to achieve maximum benefits. In today's world, responsible and leading managers always try to gain the necessary confidence from careful monitoring and objective evaluation of their duties in order to remain strong and dominant in the face of the issues in front of them and to do their work correctly and on time.

Therefore, they should never hesitate to use the services of experts and specialists outside their organization to determine problems and provide their solutions in order to achieve more and more success by using these services.

In recent years, the focus and scope of many audits in the public and private sectors have undergone transformations, and since financial statements alone do not meet the informational needs of management, Managers in the private and public sectors seek more information in order to evaluate and judge the quality of operations and operational improvements. As a result of the creation of such fields, the need for performance audit techniques to evaluate the effectiveness, efficiency and economic efficiency of operations has increased significantly.

Examining the reasons for the increasing demand for performance audit services shows that the following two issues have provided a suitable platform for performing this audit:

- Guiding managers to pay more attention to economic efficiency, efficiency and effectiveness in economic units;
- Improving the experiences of independent auditors in the field of identifying and finding the facts in financial auditing and management consulting and providing the necessary guidelines to managers.

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