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Components Constituting the Audit Expectation Gap: The Vietnamese Case

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Abstract

The present study seeks to investigate the degree of awareness that constitutes the audit gap expectations (AEG) to determine which audit responsibilities can be narrowed or even eliminated. The author had surveyed a sample comprising four groups including auditors, auditees, the financial community, and other interest groups. In this survey, 1400 questionnaires were sent to the respondents, and the total number of responses was 454. The collected data was processed using statistical software SPSS, version 22. The Chi-Square test was used to analyze the effect of professional differences on AEG. The results of this study indicate that AEG cannot be eliminated due to the occupational impact of each survey group (about 46%), but it can be narrowed down to 54%, including a reduction of 11% in the knowledge gap (lack of public knowledge), 13% in the reasonable expectations gap (unqualified audit quality), 30% in the deficient standards gap (limited auditing standards). These results could be attained by improving training, communicating, and adding more responsibilities. This is the first study that provides another method of measuring the contribution of the knowledge gap through professional differences and professional gaps that make up each of the AEG's components.

Keywords: Audit Expectation Gap, Management, Audit Standard, Financial Community, Audit, Vietnam

JEL Classification Code: M10, M40, M42, E44

1. Introduction

Audit Expectation Gap (AEG) emerged when the audit profession was born but AEG studies were conducted only in the context of the declining reputation of the audit profession since the early 70s (Liggio, 1974). Up to now, there have been many studies on this topic, including (i) understanding the nature of AEG (Humphrey, Moizer & Turley, 1993; Liggio, 1974; Porter, 1993; Porter & Gowthorpe, 2004; Porter, Ohogartaigh, & Baskerville, 2012a, 2012b; Sidani, 2007); (ii) investigating the existence of AEG, see for

example Humphrey, Moizer and Turley (1993) and Lee (1970); (iii) identifying the components of AEG, especially, Humphrey (1997) and Humphrey et al. (1993); (iv) assessing the impact of AEG narrowing solutions (Beck, 1973; Monroe & Woodliff, 1993), and the effect of audit quality (Chae, Nakano, & Fujitani, 2020; Ji & Yoon, 2020). In Vietnam, a few studies have been conducted on the auditor's responsibility, audit function, and the message in the audit report to confirm the existence of AEG (Nguyen & Nguyen, 2020), measurement of the AEG (Nguyen & Dang, 2019) and the investigation of the factors that affect the quality of information technology audit (Nguyen, Ha, & Nguyen, 2020).

Most studies in different countries have shown empirical evidence suggesting that the existence of AEG was primarily due to the lack of understanding (Gloeck & Jager, 1993; Porter, Ohogartaigh, & Baskerville, 2012b). Furthermore, there are many studies that measure the components that make up the AEG (Porter, 1993; Porter & Gowthorpe, 2004; Porter, Ohogartaigh, & Baskerville, 2012a, 2012b). In Vietnam, previous research results show that AEG includes three components “the reasonableness gap” of 31%, “the deficient standards gap of 49%”, and “the

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deficient performance gap” of 20% (Nguyen & Dang, 2019). However, there are no studies to determine and measure the AEG that can be narrowed or eliminated due to occupational differences between survey groups. This research gap is the driving force behind the authors to discover, identify, and measure AEG levels that cannot be eliminated.

There are two research questions:

- (1) Does the level of knowledge and the occupational difference of the interest groups constitute the AEG in Vietnam?
- (2) What is the degree of contribution to the AEG due to occupational differences?

2. Literature Review

AEG has been uncovered hundreds of years ago but only received attention when the audit profession failed to help detect fraud or warn of the danger of bankruptcy of many large businesses (Humphrey et al., 1993). The term “audit expectation gap” (AEG) was first used by Liggio in the audit literature and he stated that the AEG is “the difference between the levels of expected performance as envisioned by the independent accountant and by the user of the financial statement” (Liggio, 1974). In 1978, the Cohen Commission extended the definition of the AEG as “the gap between what the public expects or needs and what auditors can and should reasonably be expected to accomplish” rather than just relating to the auditors’ performance as defined by Liggio (1974). After that, many researchers have tried to generalize the term “audit expectation gap”. They suggest that the AEG is not only related to the difference in the user financial statement’s opinion concerning the auditors’ responsibilities but also the difference in the awareness of the messages conveyed in audit reports between auditors and the public (Monroe & Woodliff, 1993). Other researchers studied the quality of the audit services that auditors provide, such as the level of assurance that the audit profession has provided compared with what the public needs and expects. For example, Humphrey (1997) argued that the AEG related to issues concerning the appropriateness of the audit standards and the quality of audit services provided. Lin and Chen (2004) suggested that the AEG is relevant to the independence of the auditors and the usefulness of the audit report. Until now, Porter (1993) introduced the full AEG definition and obtained the highest consensus from the researchers. She determined two components of the AEG: (i) the “reasonableness gap”, (ii) the “performance gap”. In particular, the “performance gap” is divided into components “deficient standards gap” and the “deficient performance gap”. However, this definition has not shown that the AEG component cannot be eliminated due to the

different viewpoints of different occupational groups on auditing or can be narrowed down due to other reasons.

To reinforce theoretically, many empirical studies indicate that the AEG’s existence is related to many aspects including audit objectives, audit functions, auditors’ responsibilities, the reliability and usefulness of the audit report, and the auditors’ independence (Gloeck & Jager, 1993; Humphrey, 1997; Porter & Gowthorpe, 2004; Porter, Ohogartaigh, & Baskerville, 2012a, 2012b). In most countries, the AEG appears in two areas (i) auditor’s responsibility in connection with detecting and reporting fraud, violating or not complying with government regulations, material misstatements, and provision of timely alerts on the condition of company activities and (ii) information on the financial statements related to purposes and limitations of the audit and the concepts and terms used (Beck, 1973; Fadzly & Ahmed, 2004; Lin & Chen, 2004; Nguyen & Nguyen, 2020; Porter et al., 2012a; Sidani, 2007). However, the existence of AEG is proxied by measuring differences in perception between groups, but the core cause of this difference has not been identified.

Compared to the experimental studies that confirm the existence of AEG, Porter, Ohogartaigh, and Baskerville (2012a) study evolved further by identifying and measuring the contribution of distance components to AEG. Originality in this research is to provide a method of determining the composition, structure, and measuring the distance of each part of the AEG. With 55 audit responsibilities corresponding to 55 survey questions, Porter, Ohogartaigh, and Baskerville (2012b) indicated “the reasonableness gap” of 50%, “the deficient standards gap” of 43%, and “the deficient performance gap” of 7%. In Vietnam, Nguyen and Dang (2019) determined that AEG consists of three components: “the reasonableness gap” of 31%, “the deficient standards gap” of 49%, and “the deficient performance gap” of 20%. Findings from the above two studies show that public expectations and audit quality in the United Kingdom (developed countries) are higher than in Vietnam (developing countries).

3. Research Methodology

3.1. Data Collection

Quantitative research was conducted through the survey of the auditors and the users of the financial statements (selected in Ho Chi Minh City, Hanoi, and neighboring provinces) in the form of interviews and mail surveys. Respondents were classified into four groups: auditors, auditees, the financial community, and other interest groups. Of the 45 questions in the survey related to the auditor’s responsibilities, 16 survey questions are in accordance with

the current regulations and are identified from the audit law and standards. The remaining 29 survey questions are inherited from the research of Porter, Ohogartaigh, and Baskerville (2012) (Table 1 & Table 2).

There are 1400 participants in this survey, an average of 350 participants in each group. The non-probability sampling method was selected due to the unequal distribution of samples. This survey duration was from December 2016 to April 2017.

3.2. Research Hypotheses

Nguyen and Dang (2019) indicated that out of 42 responsibilities that interest groups consider auditors should perform, 13/42 responsibilities are unreasonable and constitute the “reasonableness gap”; 13/29 responsibilities are reasonable but are not specified in relevant laws in Vietnam and Vietnamese Standards on Auditing and constitute the “deficient standards gap”; 8/16 responsibilities are the deficient performance that constitutes the “deficient performance gap”.

Because of differences in perceptions of each group, this study investigated whether the responsibilities that make up the components of the AEG are caused by lack of knowledge, unreasonable expectations, or the difference in the professions. Therefore, besides determining the impact level of the difference in the professions on each responsibility that constitutes the components of the AEG, this research analyzes the existing auditors’ responsibilities

in Vietnam which are perceived by the public determined by the question “Is the proposed responsibility an existing responsibility of auditors?”.

To answer these questions, the proposed research hypotheses are as follows:

H₀: There is no connection between the professional differences and the components of AEG.

H: There is a connection between the professional differences and the components of AEG.

3.3. Analysis Methodology

First, data collection is done based on the results of answering the question “Is the proposed responsibility an existing responsibility of auditors?” - that is used to show the knowledge of each group in relation to the current existing responsibilities. Second, this study identifies and measures the contribution of distance components to AEG based on the criteria in Table 1. Third, the Chi-Square test was used for analysis. If Pearson’s Chi-Squared test has Sig. <.05, accept the *H* hypothesis and reject the *H₀* hypothesis. It could be concluded that professional differences affect the components of AEG. Finally, the authors conducted the Cramer’s V test to measure the extent of the impact of the professional differences on the public’s unreasonable/reasonable expectations on each responsibility of the auditor.

Table 1: Criteria and Assessment Method

Question	Auditors are required to perform responsibility?			How well existing responsibilities are performed?.			Auditors should be required to perform this responsibility?			
	yes	no	not sure	poor	adequately	well	unable to judge	yes	no	not sure
Code	1	-1	0	1	2	3	0	1	-1	0
Criteria for classification of auditors’ responsibilities and the way to determine the components of the AEG	if the average of the means of the four identified interest groups for a particular responsibility > 0 but is not true to the 16 existing responsibilities or vice versa. These responsibilities constitute “the knowledge gap”			If the assessment of auditors’ existing responsibilities performance is responses < 2 or > 20% These responsibilities constitute the “the deficient performance gap”			- If >20% average of the means of the non-auditor interest groups for a particular responsibility should perform: these are the reasonable responsibilities expected. The remaining responsibilities are unreasonable. - The reasonable responsibilities constitute “the deficient standard gap” - The reasonable responsibilities constitute “the reasonableness gap” (unreasonable expectation)			
The research results in 2019	Unknown			The deficient performance gap: 20%			The deficient standard gap:49% The reasonableness gap: 31%			

4. Results and Discussion

4.1. The Knowledge Gap of Each Group

To identify the “knowledge gap” of each group of interviewees, the study synthesized the average of the means of feedback of four groups to the question “*Is the proposed responsibility an existing responsibility of auditors?*” If the average of the means of the participants of the survey is positive corresponding to the ‘existing responsibilities of the auditors’ in Vietnam or negative corresponding to ‘not existing responsibilities of the auditors’, that show that the interest groups identify the existing responsibilities correctly. In the case of failing to identify the existing responsibilities, the “knowledge gap” of each group was determined. The total “knowledge gap” is determined based on the total responses selected for ‘not sure’ and total responses have an incorrect answer to the 45 responsibilities.

The last line in Table 2 shows the contribution rates to the “knowledge gap” of each group are 24%, 20%, 29%, and 28% respectively. Understandably, the audit beneficiaries have a higher level of the “knowledge gap” than the auditors and the auditees. However, it is surprising that the “knowledge gap” of auditors is higher than the auditees. This result is consistent with the research of Humphrey et al. (1993) and Lee (1970); the level of the “knowledge gap” of auditors is not much different from the financial statement users. However, the result of the study is completely different from the results of Porter, Ohogartaigh, and Baskerville (2012a, 2012b). Findings of Porter, Ohogartaigh, and Baskerville (2012b) showed that the “knowledge gap” of the auditors, auditees, financial community, and other interest groups in the U.K is 17%, 21%, 24%, and 38% respectively and in New Zealand is 15%, 19%, 26%, and 40% respectively. This indicates that auditors have the highest knowledge (the “knowledge gap” is the lowest), and the financial community has the lowest knowledge (the “knowledge gap” is the highest).

4.2. The Impact of Different Professions on the Components of the AEG

4.2.1. The Impact of Different Professions on the “Reasonableness Gap”

Table 3 presents the results of Chi-Square statistical analysis with 13 detailed hypotheses concretized from the H hypothesis corresponding to the 13 unreasonable expectations of the auditors’ responsibilities. These responsibilities constitute the “reasonableness gap”.

Chi-Square test results accept 8 out of 13 H hypotheses corresponding to 8/13 auditors’ responsibilities (Sig. < .05).

Accordingly, there is a statistically significant relationship between the professional differences and the unreasonable public expectations for responsibilities 34, 4, 2, 45, 18, 30, 15, and 26. In particular, the largest unreasonable expectation (positive score) for the above responsibilities is as follows:

- Auditees group has an unreasonable expectation for responsibility 4 “Guarantee client’s ‘clean’ audit report is financially sound” (positive score). That is due to professional differences.

- Financial community group has an unreasonable expectation for responsibilities 34, 2, 45, and 18 (positive score). The unreasonable expectation of the above 4 responsibilities is due to a misconception that they are the responsibilities of the auditor in compliance with relevant laws and Vietnamese Standards on Auditing (the “knowledge gap” is greater than 50%, Column 5 - Financial Community - Table 2).

- Other interest groups have an unreasonable expectation for responsibility 45 (positive score), that the auditor’s responsibility is misrepresented as an existing responsibility of auditors in Vietnam (the “knowledge gap” is greater than 50%, Column 6 - Other Interest Groups - Table 2).

The Chi-Square test results have identified 5 out of 13 hypotheses that have Sig.>.05. Therefore, accepting the H₀ hypothesis, there is no statistically significant relationship between the different professions and unreasonable public expectations for the responsibilities 14, 24, 11, 8, and 12. Most of the respondents in the interest groups are well aware that the above five responsibilities are not responsibilities under current laws and VSA, and the auditors are not required to perform them. Therefore, these are unreasonable expectations of the survey groups that make up the “reasonableness gap”. This result implies that communication between the auditors and other groups should be strengthened to narrow this gap.

The Cramer’s V test result showed that the degree of influence of the professional differences for 8 responsibilities (34, 4, 2, 45, 18, 30, 15, and 26) varies from 0.120 to 0.281 (from 12% to 28.1 %, the average of the degree of influence is 14%).

Thus, out of the 13 unreasonable expected responsibilities that make up the “reasonableness gap”, there are 8 responsibilities that are related to the professional differences. In particular, there are 4/8 responsibilities that are unreasonable expectations due to misperceptions. Therefore, it is possible to narrow the “reasonableness gap” to these responsibilities by increasing the communication between the auditors and other groups about the audit process, the objectives, the content, and the scope of the audit during the audit process as well as while providing audit services.

Table 2: Knowledge gap of each group

No.	Proposed Auditors' Responsibilities/(Number of Respondents)	Auditor (91)	Auditee (116)	Financial Community (122)	Other Interest Groups (125)
Q1	Prepare financial statements for auditee.	18	42	31	33
Q2	Guarantee financial statements are accurate.	25	66	74	57
Q3	Form an opinion in the audit report.	15	30	27	30
Q4	Guarantee the auditee has good financial health.	35	28	52	69
Q5	Report to appropriate levels of management.	25	43	56	52
Q6	Make known to the public doubts about the auditee's ability as a going concern.	11	47	39	46
Q7	Ensure auditee fully comply with related regulations and law.	56	43	73	61
Q8	Report to a regulatory authority about non-compliance with tax law.	43	25	52	55
Q9	Detect the misappropriation of material assets performed by staff.	56	61	69	57
Q10	Detect the misappropriation of material assets performed by management.	57	52	57	59
Q11	Detect the misappropriation of immaterial assets performed by staff.	47	22	54	62
Q12	Detect the misappropriation of immaterial assets performed by management.	58	22	63	62
Q13	Detect intentional distortion of information presented in the FS.	25	28	26	21
Q14	Report the misappropriation of immaterial assets performed by staff.	32	16	46	50
Q15	Report the misappropriation of material assets performed by staff.	43	25	52	57
Q16	Report the misappropriation of material assets performed by management.	76	72	66	69
Q17	Report to a regulatory authority on the intentional distortion of information	56	33	59	62
Q18	Publicity to public misappropriation of immaterial assets performed by staff.	33	27	61	55
Q19	Publicity to the public of the misappropriation of material assets performed by staff.	43	47	76	61
Q20	Publicity to the public of the misappropriation of material assets performed by management.	64	52	43	60
Q21	Publicity to the public of the intentional distortion of information in the FS.	49	54	39	50
Q22	Report suspected embezzlement of property or distortion of financial information.	49	65	52	66
Q23	Detect acts of non-observance of laws (bribes) committed by management that directly affect the financial statements.	42	53	36	46
Q24	Detect acts of non-observance of laws without direct influence on the FS.	49	21	44	57
Q25	Publicity acts of non-observance of laws that directly affect the FS.	40	52	40	46
Q26	Publicity acts of non-observance of laws without direct influence on the FS.	45	20	49	42

Table 2: (Continued)

No.	Proposed Auditors' Responsibilities/(Number of Respondents)	Auditor (91)	Auditee (116)	Financial Community (122)	Other Interest Groups (125)
Q27	Report to a regulatory authority of the auditee's acts of non-observance of laws.	79	78	52	67
Q28	Examine and publicity to the public the reliability of the information in the annual report.	71	49	88	79
Q29	Examine and publicity to the public the completeness and the effectiveness of the auditee's internal financial controls.	71	50	88	66
Q30	Examine and publicity to the public the effectiveness of IT systems	45	21	45	46
Q31	Examine and publicity to the public the results of other non-financial activities.	57	32	73	53
Q32	Examine and publicity the efficiency and effectiveness of the corporate management	60	26	68	60
Q33	Audit interim financial statements for the 6-month period	67	41	79	61
Q34	Audit quarterly financial report.	49	24	70	48
Q35	Examine and publicity to the public the reliability of financial forecast data	55	32	80	64
Q36	Consider and publicity to the public the impacts on the community.	31	17	61	51
Q37	Consider and publicity to the public the impacts on the environment	34	11	47	42
Q38	Examine business transactions with the stakeholder.	89	58	87	72
Q39	Examine and publicity to the public the reliability of all information	69	53	91	79
Q40	Examine and publicity to the public the information presented in the annual report that is inconsistent with the information presented in the FS.	46	47	41	38
Q41	Examine and publicity compliance with all regulations	57	35	77	80
Q42	Examine and publicity to the public only cases of non-compliance with corporate regulations	59	70	55	58
Q43	Examine and report to the levels of management and the appropriateness of control procedures to identify or manage financial risks.	35	43	37	50
Q44	Publicity to the public the adequacy of the appropriateness of control procedures	54	41	83	68
Q45	Examine & publicity to the public reliability of financial information on the Internet.	36	22	69	61
	Total "knowledge gap" of each group	2.160	1.797	2.626	2.523
	The average level of the "knowledge gap" for each responsibility	48	40	58	56
	The contribution to the "knowledge gap" of each group	24%	20%	29%	28%

Table 3: Testing the Relationship Between the Professional Differences in the Reasonableness Gap

Responsibilities No	Chi-Square (4 groups)		Auditors		Auditees		Financial Community		Other Interest Groups		Result accept H Hypotheses
	Sig	Cramer's V	Mean	(%)	mean	(%)	mean	(%)	mean	(%)	
13 responsibilities constitute the "reasonableness gap"			-24	15	-9	22	-2	33	-8	30	
Q34	.000	0.281	-29	11	-33	9	31*	53	-21	27	Accept H
Q4	.000	0.212	-46	10	9	30	-17*	30	-3*	30	Accept H
Q2	.000	0.207	-45	11	-13*	19	1*	36	-2*	34	Accept H
Q45	.000	0.191	-30	12	-18	16	16*	35	5*	37	Accept H
Q18	.001	0.162	-26	16	-17	19	16*	41	-14*	24	Accept H
Q30	.025	0.126	-3	24	-12	22	-20	28	-26	26	Accept H
Q15	.032	0.123	-32	11	-3	28	-16*	30	-7*	31	Accept H
Q26	.043	0.120	-15	20	-4	21	-3	29	-2	30	Accept H
Q14	.061	0.115	-40	9	-14	29	-20	34	-21*	28	Reject H
Q24	.068	0.114	-11	17	6	24	-7	27	2*	32	Reject H
Q11	.065	0.114	-21	14	-3	22	-2*	31	4*	33	Reject H
Q8	.158	0.101	-5	21	-16	20	-10*	32	-19*	27	Reject H
Q12	.621	0.070	-3*	21	-1	22	2*	29	-2*	28	Reject H

The symbol is *: It is noted that auditor's responsibility is misrepresented as the existing responsibility of auditors in Vietnam.

4.2.2. The Impact of Different Professions on the "Deficient Standards Gap"

Table 4 presents the results of Chi-Square statistical analysis with 13 detailed hypotheses concretized from the H hypothesis corresponding to the 13 reasonable expectations of auditors' responsibilities (these are not the existing responsibility of auditors in Vietnam). These responsibilities constitute the "deficient standards gap".

Chi-Square test results accept 10 out of 13 H hypotheses corresponding to 10/13 auditor's responsibilities (Sig. < .05). Accordingly, there is a statistically significant relationship between the professional differences and reasonable public expectations of responsibilities 33, 7, 35, 29, 44, 39, 19, 31, 17, and 38. In particular, the largest reasonable expectation (positive score) for the above responsibilities is as follows:

- Auditors have reasonable expectations for responsibilities 19 and 31 but misconception related to responsibilities 7, 29, 44, 39, 19, 31, and 38 (the "knowledge gap" is greater than 50%, Column 3 - Auditors - Table 2). As they are responsible, the auditors must comply with current regulations.

- Similarly, auditees have reasonable expectations for responsibilities 31 and 17 but misconception related to responsibilities 33, 7, 29, 44, 39, 19, and 38 (the "knowledge gap" is greater than 50%, Column 4 - Auditees - Table 2).

- Because of misconception, the financial community has reasonable expectations for responsibilities 33, 7, 35, 29, 44, 39, 19, 31, 17, and 38.

- Other interest groups have reasonable expectations for responsibilities 7, 35, 29, 44, 39, 19, and 38 (Column 5 - Financial Community, Column 6 - Other interest groups - Table 2).

Chi-Square test results have identified 3 out of 13 hypotheses that have Sig. > .05. Therefore, accepting the H_0 hypothesis, there is no statistically significant relationship between the different professions and reasonable public expectations for the responsibilities 28, 41, and 32. Four groups agree that the auditors can perform three responsibilities. However, the survey results on the level of knowledge among the groups related to these responsibilities show that all groups (except the auditor group with responsibility 41) have an incorrect perception of all 3 responsibilities. This result implies that the professional differences do not affect the reasonable expectations of the public for responsibilities 28, 32, and 4. However, it is the lack of knowledge of the four groups that have contributed to the "deficient standards gap".

The Cramer's V test result showed that the degree of influence of the professional differences for 10 responsibilities (33, 7, 35, 29, 44, 39, 19, 31, 17, and 38) varies from 0.119 to 0.199 (from 11.9% to 19.9%, the average of the degree of influence is 15%).

Table 4: Testing the Relationship between the Professional Differences on the “Deficient Standards Gap”

Resp No	Chi-Square (4 groups)		Auditors		Auditees		Financial Community		Other Interest Groups		Result accept H Hypotheses
	Sig	Cramer's V	Mean	(%)	mean	(%)	mean	(%)	mean	(%)	
13 responsibilities constitute “deficient standards gap”			21	18	18	22	42	33	18	27	
Q33	.000	0.199	-55*	14	11*	23	42*	39	-6*	24	Accept H
Q7	.000	0.190	24*	19	12*	20	42*	32	12*	29	Accept H
Q35	.000	0.180	-15*	12	0	19	34*	35	24*	34	Accept H
Q29	.000	0.174	33*	20	30*	21	56*	32	24*	27	Accept H
Q44	.012	0.134	3*	16	25*	25	42*	33	18*	26	Accept H
Q39	.014	0.132	24*	18	22*	22	45*	30	31*	30	Accept H
Q19	.015	0.132	7	17	21*	25	43*	35	9*	23	Accept H
Q31	.028	0.125	18	21	5	21	27*	34	-2*	24	Accept H
Q17	.028	0.125	-7*	17	3	24	10*	36	-7*	23	Accept H
Q38	.047	0.119	59*	24	28*	22	37*	26	38*	28	Accept H
Q28	.113	0.106	30*	18	25*	22	50*	31	34*	29	Reject H
Q41	.183	0.099	18	18	10*	20	33*	32	21*	30	Reject H
Q32	.227	0.095	8*	20	3	20	23*	32	10*	28	Reject H

The symbol is *: It is noted that auditor's responsibility is misrepresented as the existing responsibility of auditors in Vietnam.

Thus, out of 13 responsibilities reasonably expected, but not specified in the audit standards, 10 responsibilities are related to the professional differences (the difference in profession affects reasonable expectations reasonable of the public). Of which, 5/10 responsibilities are reasonably expected due to misconception of all groups, 7/10 responsibilities are reasonably expected due to misconception of auditees and other interest groups, and 10/10 responsibilities are reasonably expected due to misconception of the financial community. If the public has misconceptions leading to reasonable expectations, an effective solution to narrow the gap is to increase training to improve the knowledge. On the other hand, if the public has a good perception and still expects the auditors to perform those responsibilities and those expectations are reasonable, the solution to narrow the gap is to add more auditors' responsibilities. There are 2/7 responsibilities (No. 19 and 31) which are reasonable responsibilities and can be added immediately.

4.2.3. The Impact of the Professional Differences on the “Deficient Performance Gap”

Table 5 presents the results of Chi-Square statistical analysis with 8 detailed hypotheses concretized from the H hypothesis corresponding to 8 auditor's responsibilities that are considered ‘unsatisfactory’. These responsibilities constitute the “deficient performance gap”. All 8/8 hypotheses have Sig.<.05. This proves that all eight of these responsibilities constitute the “deficient performance gap” and it is due to the professional differences.

Chi-Square test results accept 8 out of 8 H hypotheses corresponding to 8/8 existing responsibilities (Sig. < .05). Accordingly, there is a statistically significant relationship between the professional differences and the public assessment that the auditors performed the responsibilities ‘unsatisfactorily’ for responsibilities 16, 27, 23, 20, 22, 10, 9, and 13. In particular, the reason for the assessment that the auditors perform the above responsibilities ‘unsatisfactorily’ are as follows:

Table 5: Testing the Relationship between the Professional Differences in the “Deficient Performance Gap”

Resp No	Chi-Square (4 groups)		Auditors		Auditees		Financial Community		Other Interest Groups		Result accept H Hypotheses
	Sig	Cramer's V	mean	(%)	mean	(%)	mean	(%)	mean	(%)	
8 Responsibilities constitute the “deficient performance gap”			2.1	9	1.8	26	1.7	31	1.8	34	Accept H
Q16	.002	0,227	2.0*	10	1.7*	17	1.5*	35	1.6*	38	Accept H
Q27	.002	0.213	1.7*	14	1.8*	14	1.7*	26	1.6*	46	Accept H
Q23	.000	0.203	2.2	6	1.9*	20	1.8	25	1.6	49	Accept H
Q20	.000	0.193	2.1*	10	1.8*	29	1.6	32	1.9*	29	Accept H
Q22	.004	0.178	2.3	3	1.8*	28	1.8*	36	1.9*	33	Accept H
Q10	.008	0.163	2.0*	9	1.8*	36	1.7*	40	1.9*	15	Accept H
Q9	.022	0.162	2.1*	10	1.8*	32	1.6*	26	1.7*	32	Accept H
Q13	.000	0.155	2.2	7	1.9	28	1.9	28	2.0	37	Accept H

- Auditors assess that they perform satisfactorily the responsibilities 16, 23, 20, 22, 10, 9, and 13 (the mean of auditor’s responses was ≥ 2.0). However, responsibilities 16, 20, 10, and 9 are misconceptions because they are responsibilities that are not required by the relevant laws and VSA (the “knowledge gap” is greater than 50%, Column 3–Auditors - Table 2).

- Auditees assess that auditors’ performance is “unsatisfactory” for responsibilities 16, 27, 23, 20, 22, 10, 9, and 13 (the mean of auditees responses was < 2.0). However, responsibilities 16, 27, 23, 20, 22, 10, and 9 are misconceptions because they are responsibilities that are not required by the relevant laws and VSA (the “knowledge gap” is greater than 50%, Column 4 - Auditees - Table 2).

- The financial community assesses that auditors’ performance is “unsatisfactory” for responsibilities 16, 27, 23, 20, 22, 10, 9, and 13 (the mean of the financial community responses was < 2.0). However, responsibilities 16, 27, 22, 10, and 9 are misconceptions because they are responsibilities that are not required by the relevant laws and VSA (the “knowledge gap” is greater than 50%, Column 5 - Financial community - Table 2).

- Other interest groups assess that auditors’ performance is “unsatisfactory” for responsibilities 16, 27, 23, 20, 22, 10, 9, and 13 (the mean of the other interest groups’ responses was < 2.0). However, responsibilities 16, 27, 20, 22, 10, and 9 are misconceptions because they are responsibilities that are not required by the relevant laws and VSA (the “knowledge

gap” is greater than 50%, Column 6 - Other interest groups - Table 2).

The Chi-Square test results have identified all 8 hypotheses that have $\text{Sig} < .05$. This proves that there is a statistically significant relationship between the professional differences and the public assessment that the auditors performed the responsibilities ‘unsatisfactorily’, because of the difference in the career of each individual participating in the survey.

The Cramer’s V test result showed that the degree of influence of the professional differences for 8 responsibilities (16, 27, 23, 20, 22, 10, 9, and 13) varies from 0.155 to 0.227 (from 15.5% to 22.7 %, the average of the degree of influence is 17%). In particular, the auditors assess the auditor’s performance as the best performance compared to the remaining groups.

Out of the 8 responsibilities above, all four groups perceive incorrectly that three of the responsibilities (No. 16, 10, and 9) are not the existing responsibilities. This implies that it is difficult to evaluate the auditor’s performance. The professional differences affect the auditor’s performance evaluation; however, it is mainly caused by misperceptions. Therefore, it is necessary to reinforce training to improve the knowledge of the auditing profession for all 4 groups, in which focus groups have direct benefits. These results also reinforce that those with less knowledge of the auditing profession evaluate the auditor’s performance lower than those with more knowledge.

Table 6: The AEG Components Model and Policy Implications

Audit expectation gap							
The “deficient performance gap” (8 resp): 20%		The “deficient standards gap” (13 resp) 49%			The “reasonableness gap” (13 resp) 31%		
Lack of knowledge of one of the interest groups (7 resp)	The professional differences (8 resp)	Lack of knowledge of one of the interest groups (13 resp)	The professional difference (10 resp)	Not timely supplementing audit standards (2 resp)	Lack of knowledge of one of the interest groups (4 resp)	The professional difference (8 resp)	Unreasonable expectations (5 resp)
← 20% →		← 49% →			← 31% →		
3%	17%	4%	15%	30%	4%	14%	13%
The ability to narrow each component of the AEG in Vietnam							
Can be narrowed completely	Cannot be completely narrowed	Can be narrowed completely	Cannot be completely narrowed due to a conflict of interest	Can be narrowed down completely by adding more resp	Can be narrowed completely	Cannot be completely narrowed	Can be narrowed if the cause is identified

5. Conclusion and Policy Implications

- The results of the previous study indicated that AEG consists of three components: “the reasonableness gap” (31%), “the deficient standards gap” of 49%, and “the deficient performance gap” (20%) (Nguyen & Dang, 2019).

- The results of this study showed that the average effect of the professional differences on the components of AEG is “the reasonableness gap” (14%), “the deficient standards gap” (15%), and “the deficient performance gap” (17%).

- The “knowledge gap” of the auditors, auditees, financial community and other interest groups in Vietnam is 24%, 20%, 29%, and 28% respectively. The average effect of the “knowledge gap” on the components of AEG due to professional differences is about 25%.

It is clear that (i) from the component “the reasonableness gap” (31% of AEG), 14% of the effect is due to the effect of professional differences, 4% is due to lack of knowledge (25% multiply 14%), and 13% is due to unreasonable expectations; (ii) from the component “the deficient standards gap” (49% of AEG), 15% is due to the effect of professional differences, 4% is due to lack of knowledge (25% multiply 15%), and 30% is due to not timely supplementing audit standards; (iii) from the component “the deficient performance gap” (20% of AEG), 17% is due to the effect of professional differences and 3% is due to lack of knowledge. The degree of the professional differences influences on the components of the AEG indicates that the level of distance cannot be eliminated.

This result provides empirical evidence to show that a part of the AEG always exists with the auditing profession. It is due to differences in the career of each individual participating in the survey (the Role Theory), the financial information user (the response Theory of the Reader), the differences in benefits (Theory of Rational Expectations), information asymmetry, and conflicts of interest (The Agency Theory).

The results of this study indicate that AEG cannot be eliminated due to the occupational impact of each survey group (about 46%), but it can be narrowed down to 54%, including a reduction of 11% in the knowledge gap (lack of public knowledge), 13% in the reasonable expectations gap (unqualified audit quality), 30% in the deficient standards gap (limited auditing standards). These results could be attained by improving training, communicating, and adding more responsibilities.

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