

## Chapter 6

# The Role of Computer–Mediated Communication Modes in Enhancing Audit Quality: An Empirical Study

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### ABSTRACT

*The circumstances and variables surrounding the auditing environment like the International Trade Agreement (ITA) and the probability of the entrance of foreign auditing firms in the auditing field in Egypt resulted in pressure to enhance the audit effectiveness and quality of Egyptian auditing firms' performance. The main focus in this research study is on the Computer-Mediated Communication (CMC) modes to be used in the communication process in auditing firms to enhance the auditor performance. A survey strategy is conducted by using questionnaires, which are distributed among a number of Egyptian auditing firms, to collect the required data and then the collected data is analyzed logically and statistically. These logic and statistical analyses are made to test the study hypotheses. The results of this research study supported the acceptance of all study hypotheses. The results revealed that CMC modes effectiveness increases the audit work effectiveness and audit quality. Also, the results indicate the contradiction between the users' perception of the effect of using CMC modes on the audit effectiveness and the real application of traditional communication modes in auditing firms.*

### INTRODUCTION

A major influence on the technological development over the last decade has been the pressure to improve audit effectiveness and efficiency. The concentra-

tion on communication to exchange information and experiences between the audit team individuals can be considered a primary axis for development of the quality of audit work. Communication is the lifeblood of business. Without the ability to interact with internal and external parties for more than a short period of time, an organization is unable to

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operate and therefore, decreases its chances for success (Mascha et al., 2004). Auditing firms have responded to this incentive by using advanced communication modes in the communication between the audit team individuals through the audit process. Also, it is clear in numerous surveys, that one of the most important motivators in the workplace is feeling like the member is part of the team or being involved. By promoting this feeling, there will be a creation of a positive atmosphere for work success (Atwood, 2007). So, the need for using communication modes in auditing firms is necessary. If communication within the organization is not effective, chances are slim that communication outside of the organization will ever be noticed (Atkinson, 2007). In past decades, auditing firms focused on using traditional communication modes such as Face-to-Face (FTF) meetings, Fax, Telephone, and Mail to exchange data and documents, but prior research studies evidenced their ineffectiveness (e.g., Dennis, 1996; Straus 1996; and Murthy and Kerr, 2004). Today, the main direction toward Information Technology (IT) increases rapidly. As a result of technological development, the advanced communication modes such as Computer-Mediated Communication (CMC) modes including e-mail, Chat, Bulletin-board and Web-based systems had great acceptance as effective communication modes in many firms. CMC modes are considered the most advanced modes to be applied in auditing firms since the use of these modes offer significantly improved audit effectiveness and efficiency. Most organizations today, including public accounting firms, use some of these modes in exchanging information (Murthy and Kerr, 2004).

The use of Information Technology to support audit team work in decision making and problem solving has been the subject of ongoing research. While the majority of this research has been in using advanced communication modes to improve the audit effectiveness. Several surveys on the use of advanced communication modes have been carried out (e.g., Kerr and Murthy, 1994; Bam-

ber et al., 1996; Dennis, 1996; and Murthy and Kerr, 2004). The current research study surveys whether alternative forms of CMC tools affect the ability of audit teams to resolve problems or make decisions that require team individuals to exchange and process information.

Employing a survey strategy, the researchers used the questionnaire technique to collect the data, where 121 applications were distributed among some Egyptian auditing firms. Only the data of 80 questionnaires can be considered valid to be analyzed using logic and statistical data analyses. According to the results of these analyses, the study results concluded that there is a general agreement with the effect of the type of used communication mode on the audit work effectiveness, where using effective communication modes in auditing firms increases the audit effectiveness. The communication mode that has received much attention in information systems literature is of CMC mode. This research study has found that using CMC modes in the communication system in auditing firms improves the auditor performance as well as increasing the audit effectiveness. Also, it has been found that CMC modes are extensively preferred by auditors to be used in auditing firms, particularly by larger auditing firms, as they have gained users' satisfaction. The real application of CMC modes in Egyptian auditing firms is already existed but still the traditional modes are applied in some of those firms more than CMC modes. While auditing firms may increase their use of CMC modes and replace traditional modes, with expectation of effectiveness and efficiency gains, these may be realized at present only partially.

This study contributes to existing studies on the effect of using alternative communication modes on the audit effectiveness in the following dimensions. First, it provides evidence on the effect of the type of communication modes, which are used in the communication process, on the audit work effectiveness, where using CMC modes increases the audit effectiveness compared with traditional

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