



Contents lists available at [ScienceDirect](http://www.sciencedirect.com)

## Journal of Accounting Literature

journal homepage: [www.elsevier.com/locate/acclit](http://www.elsevier.com/locate/acclit)



# Geographically distributed audit work: Theoretical considerations and future directions

Denise R. Hanes\*

Villanova University, United States

### ARTICLE INFO

#### Article history:

Received 24 August 2013

Accepted 25 September 2013

#### Keywords:

Geographically distributed work

Offshoring

Group audit

International auditing

### ABSTRACT

This paper synthesizes the extant geographically distributed work literature, focusing on how geographic distribution affects coordination and communication, knowledge sharing, work design, and social identity. Geographically distributed audit arrangements, such as group audits and offshoring, are becoming increasingly prevalent in audit practice. However, little empirically is known about how working across cities, countries, and continents affects auditors, the audit process, or audit quality. To this end, the synthesis seeks to stimulate research investigating the implications of geographically distributed work arrangements in auditing, by surveying the extant literature within the management and social psychology disciplines and developing eighteen research questions for future audit research to consider. The synthesis reveals that geographically distributed audit work is likely to be very different from work performed in more traditional arrangements and therefore cannot be treated by audit researchers, practitioners, or standard setters as replications of domestic processes abroad. As a result, the synthesis focuses on building a greater understanding of the changes in day-to-day auditing, the consequences of such changes, and interventions that may moderate the challenges encountered in geographically distributed audit arrangements.

© 2013 University of Florida, Fisher School of Accounting. Published by Elsevier Ltd. All rights reserved.

“The debate over the positive and negative features of geographically distributed work is both intellectually and emotionally compelling” [MacDuffie, 2007, p. 551].

\* Tel.: +1 6105196246.

E-mail address: [denise.hanes@villanova.edu](mailto:denise.hanes@villanova.edu).

## 1. Introduction

A significant portion of all audit work performed by public accounting firms, including the most heavily relied upon audits in the United States, depends on the effectiveness of geographically distributed audit arrangements (Brady, Birkenbeuel, Rahill, & Sharpe, 2011; Doty, 2011b; Jones, 2011). In geographically distributed audit arrangements, auditors work across cities, countries, and continents to deliver audit services (Cummings, Espinosa, & Pickering, 2009). Working across geographical boundaries is both advantageous and necessary for audit firms to remain competitive and serve the investing public. Specifically, geographically distributed audit arrangements, such as group audits and offshoring, allow firms to reduce labor costs, capture specific expertise, and perform audit procedures over foreign components of a client's business (Barrett, Cooper, & Jamal, 2005; Spilker, Stewart, Wilde, & Wood, 2013). Although geographically distributed work arrangements are increasingly more prevalent in audit practice, little is empirically known about how such arrangements impact auditors, the audit process, and audit quality.

The purpose of this paper is to: (1) synthesize the extant geographically distributed work literature; and (2) stimulate research investigating the implications of geographically distributed work arrangements in auditing. Investigating whether work can effectively be performed at a distance has long interested management, organizational behavior, and psychology scholars. Focusing on work outcomes such as productivity, knowledge, collaboration, and employee well being, this literature stream studies a specific case of work transformation whereby distance and technology are simultaneously amplified (Hinds & Kiesler, 2002). Overall, this body of research suggests that the effectiveness of geographically distributed work arrangements depends on communication and coordination, knowledge sharing, work design, and social identity (see Fig. 1). In discussing the extant literature in each of these four areas, I highlight to researchers, practitioners, and standard setters that geographically distributed audit arrangements cannot be treated as merely replications of domestic processes abroad. Rather, for geographically distributed work arrangements to be effective, challenges

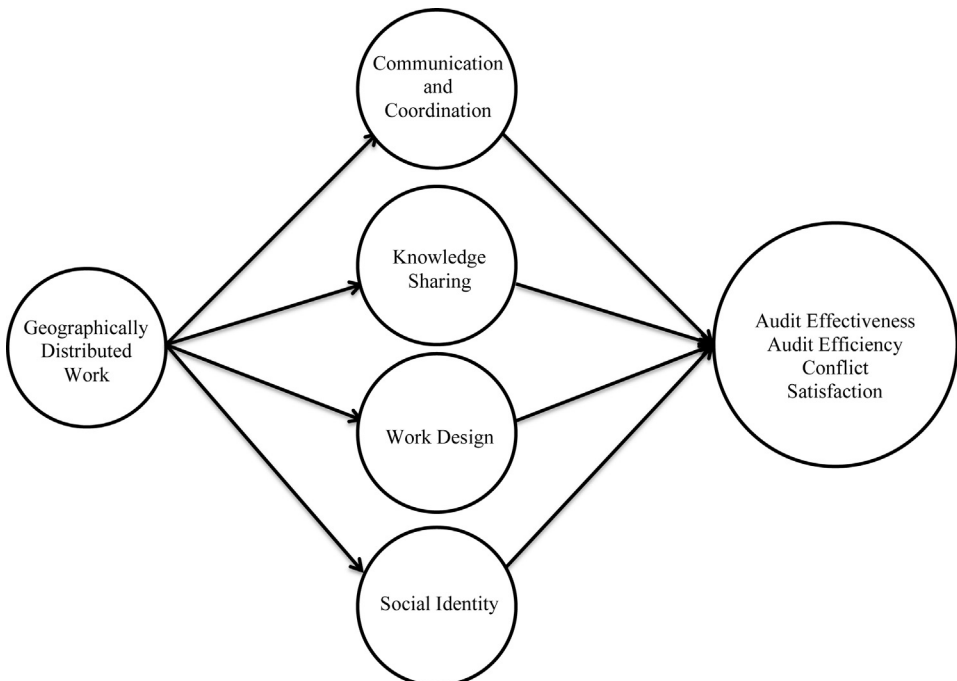


Fig. 1. Effectiveness of geographically distributed work arrangements.

Download English Version:

<https://daneshyari.com/en/article/1005690>

Download Persian Version:

<https://daneshyari.com/article/1005690>

[Daneshyari.com](https://daneshyari.com)