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AUDIT EXPECTATION GAP IN GHANA: AN ASSESSMENT OF KEY DETERMINANTS, LEVEL OF GAP AND MITIGATION STRATEGIES

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ABSTRACT

This study examines the audit expectation gap (AEG) in Ghanaian organizations, integrating agency theory and role conflict theory to analyze determinants, levels, and mitigation strategies. Using a quantitative approach with descriptive and explanatory designs, primary data were collected from 260 respondents, including auditors, accountants, managers, and financial report users across diverse sectors. The research addresses a critical gap in developing economy contexts where limited empirical evidence exists on AEG dynamics. Results reveal that auditors' skills level constitutes the primary AEG determinant (mean = 4.57), followed by independence (4.28), societal perceptions (4.20), and auditing process nature (4.18). Gap analysis demonstrates significant expectation disparities in fraud detection (-3.31), account maintenance (-3.39), and financial misconduct disclosure (-3.36), indicating users' limited understanding of International Standards on Auditing. Structural equation modelling explains 65.1% of AEG variability, with operations and efforts, skills level, and auditing process nature showing positive significant impacts on gap scores. The study highlights that strategic mitigation requires legislative board interventions to clarify auditor-client roles, institutional reforms to focus on stakeholders' education, and continuous professional development. Findings suggest technical competence supersedes independence in maintaining public confidence within Ghana's regulatory context. This research contributes novel insights to auditing literature in emerging economies, providing empirical evidence for regulatory bodies, professional associations, and practitioners to enhance audit quality while managing stakeholder expectations in developing financial markets.

Keywords: *Determinants of Audit Expectation Gap, Mitigation Strategies, Ghanaian Organisations*

1.0 INTRODUCTION

Although large manufacturing businesses emerged in the seventeenth century, the relationship between auditing and the gaps in auditing has since remained. Audit Expectation Gap (AEG) represents the discrepancy between professional auditors' expectations and what users of financial accounts consider auditors to do (Deepal & Jayamaha, 2022). AEG indicates that audit beneficiaries and auditees are not satisfied with the auditing process. The audit profession stands at a crossroads of users' expectations and compliance with professional standards regarding trust in auditors' reports. Auditors' competence has been highlighted in the public domain due to international auditing and accounting controversies, attracting a variety of opinions and comments. According to Fotoh and Lorentzon (2023), misalignment between auditors' expectations and societal and stakeholders' perceptions causes mistrust in the audit work.

With the increasing complexity of business operations, reorganisation of large-scale industries, cross-border transactions, and globalisation, the public and investors in companies have come to depend on auditors to verify and ensure the accuracy of financial statements (Yousefi Nejad et al., 2024). The public outcry over the exposure of large-scale corporate accounting and reporting scandals, including Xerox, WorldCom, and Enron, have compelled auditors to defend themselves against related claims. Audit criticism and lawsuits against auditors are detrimental to the profession. The public perceives an expectation gap in the auditing process owing to the audit profession's incapacity to respond effectively (Kumari and Ajward, 2023). This implies that the expectation gap between the public and auditors' accountability is primarily a time lag impact.

Public trust remains the pulse of an audit, and when it is lost, credibility issues and the value of the profession follow. Therefore, users of an audited financial statement expect auditors to follow ethical practices and the code of professional behaviour, which requires critical review, reporting, and investigating the company's financial statements, records, and data to provide a qualified opinion on the financial reports. With this, professionalism, honesty, objectivity, neutrality, and independence must all be present in such an opinion.

Globally, AEG is gaining popularity due to a string of business catastrophes, economic scandals, and audit flaws in the US, UK, New Zealand, Germany, and Singapore, influencing the audit profession. Some auditors have failed to provide audit reports that meet public satisfaction. Auditors are bribed to provide audit reports that meet the company's satisfaction at the expense of public expectations (Gacheru, 2020). Regardless of the steps to alleviate AEG concerns, including audit workshops for auditors based on international standards, the volatility of the auditing process due to differences in public expectations and what auditors are expected to provide continues to grow. There have been audit failures and financial scandals in Sub-Saharan Africa, including many financial scandals (Gaye & Colley, 2020). In Nigeria, financial institutions were involved in corporate financial irregularities and associated fraud incidents, drawing the attention of investors and regulators alike (Adagye & Bashir, 2020).

In Ghana, there are complaints that auditors do not conduct their tasks well (Osei-Assibey, 2021). This leads to differences in public perceptions about what auditors are legally obliged to do and what the auditors believe they should do as part of their responsibility. Ghana's 2017/2019 financial crisis provides evidence of mistrust that most Ghanaians developed in the financial sector. The financial irregularities that led to the closure of sixteen banks can be traced to weak auditing. Therefore, AEG is crucial in auditing, as any unmet expectations from society can reduce the credibility and financial viability of the audit business, which can affect stakeholders.

Many studies on AEG focused on the developed economy context (Hidayah et al., 2022; Deepal & Jayamaha, 2022; Fotoh & Lorentzon, 2023). Therefore, due to cultural, legislative, and environmental differences, most auditing processes and factors that influence audit expectation gaps do not apply to developing countries. In Ghana, few studies have focused on the audit expectation gap (Duah, 2022; Shahsavari et al, 2023). These studies either used a small sample size or restricted the respondents to a subset of the population. Due to the nature of public sector activities and the methodologies employed, these studies were conducted in public organizations and limited the related theories in AEG. Therefore, this research aims to advance knowledge by bridging a gap in the existing literature, integrating agency theory, role conflict theory, and the theory of inspired confidence to analyse the factors that influence AEG, the level of AEG, as well as the strategies for mitigating AEG in public and private organizations in Ghana. The study therefore seeks to identify the causes of AEG in Ghanaian organizations, assess the level of AEG in Ghanaian organizations and determine strategies for mitigating AEG in Ghanaian organizations.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

This study employs Agency Theory and Role Conflict Theory as complementary theoretical foundations to examine the audit expectation gap in Ghana. These frameworks provide essential insights into the divergent perceptions between auditors and stakeholders regarding audit responsibilities and deliverables.

2.1.1 Agency Theory

Agency theory examines the contractual relationships between principals (shareholders) and agents (management), emphasising optimal risk-sharing arrangements among stakeholders (Gafrej & Boujelbène, 2023). The separation of ownership and management creates opportunities for agents to pursue self-interest, potentially engaging in opportunistic behaviours detrimental to principals' welfare. This requires independent proof mechanisms, guaranteeing owners of management's stewardship reports.

Within auditing contexts, agency theory legitimises the auditor's monitoring function in mitigating information asymmetry between management and shareholders (Kuzey et al., 2023). Auditors serve as critical intermediaries who evaluate financial statements for material misstatements and manipulation indicators, thereby reducing agency costs. This theory underscores auditors' obligation to deliver high-quality audits that bridge the gap between organisational management and societal expectations.

Agency theory inadequately addresses the multifaceted nature of auditor responsibilities beyond principal-agent relationships, particularly on broader societal expectations and regulatory compliance pressures (Kuzey et al., 2023). However, the theory explicates why audit expectation gaps emerge. Agency theory explains why stakeholders anticipate comprehensive fraud detection, while auditors primarily provide reasonable assurance on financial statement accuracy (Carhuapomachacon et al., 2025). This theoretical lens illuminates the fundamental tension underlying public dissatisfaction with audit outcomes.

2.1.2 Role Conflict Theory

Role Conflict Theory elucidates how expectation gaps materialise when auditors navigate competing demands from multiple stakeholders (Hayne et al., 2023). The public expects auditors to detect and report fraud, illegal activities, and corruption comprehensively. Conversely, professional standards mandate auditors to express opinions on financial statement fairness based on established accounting frameworks. These incompatible expectations force auditors to prioritise regulatory compliance over public demands or vice versa, creating inherent role conflicts (Hayne et al., 2023).

While this theory focuses predominantly on expectation misalignment, it offers limited guidance on bridging these gaps or reconciling divergent stakeholder demands (Johri & Singh, 2024). Role Conflict Theory clarifies why auditors cannot simultaneously satisfy all stakeholder expectations (Hayne et al., 2023). Professional standards emphasise material misstatement detection rather than absolute fraud prevention. Understanding these conflicting roles helps identify specific dimensions where expectation gaps are most pronounced.

This study integrates these complementary theories to examine how agency relationships and role conflicts jointly contribute to the audit expectation gap phenomenon in Ghana.

2.2 Empirical Review

Several studies have been conducted to examine the causes of AEG in many jurisdictions. Nonetheless, there have been variations in their findings and conclusions. A study in Southeast Asia used qualitative approaches and identified auditors' operations and efforts as the cause of AEG (Kamau & Yavuzaslan, 2023). Their analysis identified complex, multifaceted causes for auditor-user inconsistencies, including the intricate nature of audit work, user disagreements, flawed regulations, and tasks falling below auditor standards. Consequently, the authors advocate increased public awareness regarding auditor responsibilities.

Recent research indicates that auditor capabilities and skills, alongside audit independence and duty, contribute to AEG (Wadesango et al., 2024). Increased disciplinary actions are seen to reduce corporate reporting errors (Lungu et al., 2024). The study suggests that auditors should confirm all reports and comply with international auditing standards to enhance their effectiveness. Empirical evidence reveals that auditors frequently select improper audit samples owing to lack of knowledge, skills, and experience (Al-Sharairi & Al-Issa, 2022). Auditor duties must be developed, different users must be educated, and new standards must be enforced to close this gap (Munir et al., 2023).

Societal perceptions of auditors significantly influence the divergence between users and auditors. The public see auditors as infallible, expecting them to identify every financial mistake, thereby imposing a substantial responsibility on the auditing profession. However, the audit profession is governed by standards that outline the nature, scope, and direction of engagements (Wadesango et al., 2024). A study found that increased audit tasks and obligations altered auditor expectations, attributing this gap to insufficient knowledge of auditor roles and societal perceptions (Hassan & Suleiman, 2022). Audit report readers hold expectations regarding auditor activities and obligations that differ from the perspectives of the audit profession itself (Kamau & Yavuzaslan, 2023). Therefore, improved communication between auditors and society may help close the gap (Munir et al., 2023).

A recent study in auditing methodology found that the demands of audit report users substantially contribute to discrepancies between users and auditors in emerging markets (Nguyen et al., 2024). Auditors' expectations may be elevated due to increasing users’ demand. However, auditing methodology involves selecting a sample of financial transactions over a specific period to form an opinion based on identified observations from that sample (Alzeban, 2022). Hence, auditors do not provide absolute assurance but reasonable assurance.

Independence has always been the backbone of the auditing job, both philosophically and historically. The professional code of conduct stresses independence to prevent disputes between users and auditors, as it is crucial for ensuring the trustworthiness of financial reports (Saidu & Mustapha, 2024). A study involving European respondents (auditors, bankers, and accountants) found that the AEG in the banking sector is primarily due to organizational interference and auditors’ inability to obtain relevant financial statement materials (Saidu & Mustapha, 2024).

According to contemporary studies, wrong audit expectations, including high public expectations exceeding auditors' limits and obligations and divergences between auditors and administrators, arise because users mistakenly believe auditors review all documents (Alzeban, 2022). Auditors frequently employ sampling methods due to high transaction volumes. The study recommends educating the public on auditing standards and their scope.

Kaawaase et al. (2023) found that auditing financial statements are perceived as complex and time-consuming due to users' lack of understanding of the process and its guidelines. The authors noted that while auditors provide reasonable assurance rather than absolute assurance, users perceive the process as inefficient auditing standards. The audit process structure contributes to an expectation gap, causing users to attribute weak reports to issues with internal controls and financial systems (Saidu & Mustapha, 2024). While auditors are not to detect errors or fraud, but to provide a report on the truthfulness of financial statements, the public believe otherwise. AEG arises from a contradiction between the auditor's actual role and the public's perception (Kamau & Yavuzaslan, 2023).

While extensive studies have been conducted on the causes of AEG, none have examined the extent of their influence and strategies to mitigate the causes in the Ghanaian context. Again, diverse environmental, regulatory, institutional, and human behavioural elements can affect the generalizability of the findings across different jurisdictions. Limited studies have employed comprehensive sampling techniques in surveys to examine AEG in Ghana (Duah, 2022; Shahsavari et al, 2023; Fossung et al., 2024). These studies reveal auditors' accountability for fraud and their independence in detecting and preventing fraud as causes of AEG. Hence, this research provides extended empirical evidence on AEG within the Ghanaian context.

3.0 METHODOLOGY

The study used both explanatory and descriptive research designs. A quantitative research approach was employed, utilising statistical data analysis to formulate conclusions and generalise findings. Due to the undefined number of the study's target population, which includes auditors, accountants, managers, and other users of financial reports in Ghanaian firms, the study considered similar studies (Adagye & Bashir, 2020; Bebeji et al., 2021) to select an adequate sample size. This study utilised a sample size of 275 respondents, adhering to Akoglu's (2022) guideline that a sample exceeding 250 is appropriate for populations of unknown size. The study utilised a mixed sampling strategy, employing purposive stratified sampling for accountants, managers, and auditors. For other financial report users, such as investors, clients, employees, owners, and tax officers, a convenience sampling approach was adopted across various organizations.

3.1 Data Source, Collection Instrument and Procedure

The study relied solely on a primary data source. A web-based survey tool (Qualtrics) was used to gather data, reducing research costs and avoiding bottlenecks on respondents' busy schedules. The study verified questionnaires with other researchers to ensure content reliability and authenticity. After a thorough literature review and consultation with auditing specialists, a draft web-based survey was shared for ethical peer review. Closed-ended questions were used to ensure consistent responses and data analysis. The survey was divided into four sections: A, B, C, and D, focusing on demographic features, causes of AEG, the extent of the gap, and strategies for mitigating it. A 5-point Likert scale was used to assess certain statements. This method ensured a clear and understandable data analysis.
The research survey was distributed to respondents using an online link via email and the WhatsApp app. This made it reasonably simple for respondents to access the web-based survey platform.

3.2 Profile of the Respondents

The study aims to avoid a skewed representation of findings in a particular sector. Therefore, respondents were selected from a diverse pool of industries, including banking and financial services, education, agriculture, construction, general trade, and many others. The study selected its initial cohort of respondents, comprising accountants, auditors, and managers, from accounting and professional educational bodies like ACCA, ICAG, and CIMA. These individuals had to have graduated since 2015, ensuring they were educated under modern accounting standards and practices.

The study surveyed experienced, certified accounting and audit professionals in Ghana, whose expertise was considered to provide informed perspectives on AEG. Additionally, users of audited financial reports from private and public sectors, including owners, investors, customers, employees, and tax officers, were included as respondents. The sampled organisations encompassed a range of sizes, from small local firms to large multinational corporations. Geographically, respondents were in major urban centres across Ghana, where most companies base their accounting and finance functions. The diversity of respondents' specializations and industries supports the collection of well-rounded data on this phenomenon.

3.3 Validity and Reliability

The research employed validated questionnaires to guarantee the validity of the research instrument dependability, and authenticity. Additionally, a draft version of the web-based survey was distributed via weblinks to researchers and auditing specialists for a rapid ethical peer review of question phrasing and structural organisation. A pilot study with 15 respondents was done to identify ambiguities and improve item clarity. The study used the Cronbach alpha reliability test with a coefficient of 0.81, which is considered acceptable for social science research.

3.4 Data Processing and Analysis

Data was cleaned by the web-based survey platform and analysed using SPSS version 21. The analysis incorporated descriptive statistics, gap analysis, and the structural regression equation model. Descriptive statistics were employed to analyse the mean and standard deviation of the causes of AEG and the identified gap. Tables and charts were utilised to present results. The AEG score was determined by examining the discrepancies between the ratings provided by auditors and those from users, including management, accountants, and primary financial report stakeholders. Therefore,

Gap Score (AEG) = Auditors' ratings – Users ratings ……………….. (1)

A negative gap score implies that user ratings are higher than auditor ratings, indicating public dissatisfaction regarding auditors' responsibilities. A positive gap score for a question suggests no expectation gap, signifying mutual awareness of auditor responsibilities between users and auditors. A zero-gap score signifies no perceived difference between auditor and user expectations regarding audit responsibility or issue, indicating consensus on the scope of the auditor's role. This agreement in perception does not, however, equate to satisfaction or adequacy.

A structural regression model was utilised to quantify the coefficients and statistical influence of determinants on the AEG score, assessing the direction and magnitude of these relationships. Therefore, the study used the regression model below.

$$AEG_{it} = \beta_0 + \beta_1(OE)_{it} + \beta_2(SL)_{it} + \beta_3(PS)_{it} + \beta_4(DU)_{it} + \beta_5(IN)_{it} + \beta_6(WE)_{it} + \beta_7(NA)_{it} + \beta_8(RA)_{it} + \varepsilon_{it} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where

β_0 is an intercept

β_1, β_2, β_3, β_4, β_5, β_6, β_7, and β_8 are the separate coefficients of the determinants

ε denotes the error term that checks for omitted variables.

AEG = Gap score

OE = Operations and effort of the auditors

SL = Auditor's skills level

PS = Perception of society about the auditing job

DU = Demands of the users of the audit report

IN = Auditor's independence

WE = Wrong expectations

NA = Nature of the auditing process, and

RA = Role of the auditor

4.0 RESULTS AND DISCUSSION

The study modified a response rate model, requiring that a response rate be measured as the number of usable responses divided by the eligible sample chosen (Holtom et al., 2022). The study used the equation below to maintain that the sample reflects the population.

$$R_r = \frac{n-1(X_1+X_2+X_3+X_4)}{n} \times 100\% \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Where

Rr = the response rate

n = Sample size

X_1, X_2, X_3 and X_4 = Nonresponse factors (incomplete responses, failed delivery, refusals, and accidental loss of the survey's online link, respectively).

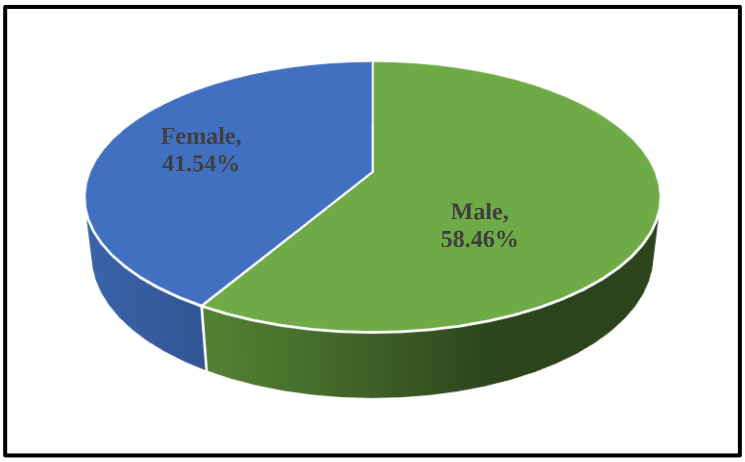
After substitution, n = 94.54%. Out of the 275 questionnaires distributed, 260 were valid and useful for analysis. Studies reveal that a response rate of 70% is great, 60% is average, and 50% is sufficient for analysis and presentation (Holtom et al., 2022; Althubaiti, 2023). The study's response rate remained satisfactory and admissible, increasing confidence in the generalizability of findings.

4.1 Demographics of the Respondents

The study presents a summary of respondents' demographic features, including sex, age, educational level, number of years worked, and industry associated with audit reports. Findings are presented below.

4.1.1 Sex

Figure 2: Gender Distribution



Sources: Author's Construct (2025) with SPSS (version 21)

Figure 2 shows that 58.46% of the total respondents were male, while 41.54% were female. This is consistent with earlier research in AEG, which recorded male dominance in Ghana (Duah, 2022). The variance in the gender distribution of respondents in this study is, however, minimal, raising no issue of bias in the responses.

Table 1: Other Socio-Demographic Characteristics of Respondents

Construct	Category	Percentage (%)
Age (Years)	20 - 29	4.62
	30 - 39	35.38
	40 - 49	40.77
	50 +	19.23
Highest Qualification	Bachelor's Degree	23.08
	Master's Degree	31.92
	ACCA/ICAG/CIMA	34.23
	Ph.D. and Others	10.77
Industry/Sector	Education	14.62
	Banking and/or Financial	31.15
	Construction	18.08
	Agriculture	1.92
	Trade and/or Industrial	22.69

	Others (specify)	11.54
Years of Experience	< 5	5.38
	5 – 10	35.77
	11 – 15	32.31
	≥16	26.54

Sources: Author's Construct (2025) with SPSS (version 21)

4.1.2 Analysis and Interpretation of Respondents' Demographics

The findings revealed that 40.77% of the respondents were between 40 and 49 years, followed by 35.38% who were between 30 and 39 years. Those between 20 and 29 years constituted 4.62% while those who were 50 years and above constituted 19.23%. This indicates that most respondents are older adults with an average age of 30 years and above.

Furthermore, the study indicates that 34.23% of the respondents hold professional accounting and management-related certificates such as ACCA, ICAG, and CIMA, followed by 31.92% Master's Degree, and 23.08% Bachelor's Degree holders. Those with a PhD and other qualifications, including the Chartered Institute of Marketing (CIM) and the Chartered Institute of Bankers (CIB) represent 10.77%. This posits that understanding the auditing process necessitates a solid educational background.

Regarding the industry of the respondents, the findings revealed that 31.15%, representing the majority, were in Banking and/or Financial institutions, followed by 22.69% in the Trade and/or Manufacturing sector, and 18.08% in the Construction sector. Again, 14.62% of the respondents were from the Education sector, and 11.54% from other sectors, including consultancy and transport. The Agricultural sector constituted 1.92%, which can be represented as a trivial proportionate share of the study participants.

The findings revealed that most respondents have been in their profession for 5 – 10 years (35.77%), followed by 32.31% who have been in the profession for 11 – 15 years, and then 26.54% have been working for over 16 years. Meanwhile, those who have been working for less than 5 years constituted 5.38%. This means that most respondents have experience in their vocation for more than 5 years.

According to Kim et al. (2024) research that considers socioeconomic status, among other characteristics, might influence respondents' opinions, attitudes, and knowledge toward the accomplishment of study objectives. Hence, these findings reflect the respondents' attributes in the auditing environment, their awareness, and, to a large extent, the overall discussion of this study.

4.2 Factors Affecting AEG in Organizations in Ghana

The study's first objective was to assess the causes of AEG in Ghanaian organizations. Using a Likert scale from 1 (Very Low Extent) to 5 (Very Great Extent), Table 2 presents the findings.

Table 2: Factors Affecting AEG in Ghanaian Organizations

Element	Mean	Std. Deviation
The skills level of the auditors	4.5682	.60775
The independence of the auditors	4.2803	.76482
The perception of society about the auditing job	4.1970	.81437
The nature of the auditing process	4.1818	.74974
The demands of the users of the audit report	4.1742	.78630
Wrong primary expectations, like fraud detection	4.1061	.69081
The role of the auditor	3.8030	.82369
The operations and efforts of the auditors	3.7803	1.12782

Sources: Author's Construct (2025) with SPSS (version 21)

4.2.1 Analysis and Interpretation of Key Determinants of AEG in Ghana

As presented in Table 2, the respondents indicate that the skills level of auditors is the major factor that causes AEG in Ghanaian organizations, with a mean score of 4.57. The standard deviation value of approximately 0.61 indicates that there are few disparities in respondents' ratings. This finding reinforces studies which demonstrate that auditor competency significantly reduces the expectation gap (Almashhadani & Almashhadani, 2022; Hassan et al., 2023). Recent research emphasises that technical proficiency and continuous professional development remain critical in bridging stakeholder expectations with audit realities (Zhou & Elder, 2024).

The findings revealed that auditors' independence (mean = 4.28) significantly influences AEG in Ghanaian organizations. As auditor independence remains central to AEG debates, this study's findings corroborate recent studies showing that perceived auditor independence reduces expectation gaps and enhances stakeholder trust (Baatour et al., 2023; Sultana et al., 2023). Greater independence strengthens assurance quality and narrows the credibility gap between auditors and users.

Furthermore, Table 2 reveals that the society's perception regarding the auditing job (mean = 4.20), the nature of the auditing process (mean = 4.19), and the demands of the audit report by users (mean = 4.17) contribute to AEG. These findings align with contemporary studies demonstrating that public misconceptions about audit scope create expectation mismatches (Hassan et al., 2023; Zhou & Elder, 2024). However, when audit report users impose excessive demands on auditors, it compromises efficiency and widens process gaps (Agyei-Mensah & Yeboah, 2023).

Wrong primary expectations regarding fraud detection (mean = 4.11), auditor roles (mean = 3.80), and auditors' operational efforts (mean = 3.78) contribute to AEG. These findings parallel recent evidence showing that misperceptions about fraud detection responsibilities are significant AEG drivers (Baatour et al., 2023; Hassan et al., 2023). This confirms that an inadequate understanding of auditors' statutory responsibilities generates unrealistic expectations. Since stakeholders often lack familiarity with established auditing standards, they frequently perceive auditors as overly restrictive during engagements (Ramadan et al., 2023).

4.3 Level of AEG in Ghanaian Organizations

Using a Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree), the study employed a list of statements to ascertain AEG scores from the respondents. Table 3 presents the analysis of the gap scores for each item, where AR denotes the auditors' rating, UR denotes the users' rating of audited financial reports, and GS represents the AEG score.

Table 3: AEG Scores in Ghanaian Organizations

Statement	AR	UR	GS
Auditors must detect all errors and fraud	1.3545	4.6667	-3.3122
Financial data and numbers are the auditors' concern	1.2879	4.3636	-3.0757
Auditors do not ensure proper account maintenance	1.4242	4.8182	-3.3940
Auditors must make judgments in the audit process	3.5076	3.2424	0.2652
Auditors do not reveal every financial misconduct	1.5758	4.9318	-3.3560
Auditors reveal material misstatements in the reports	4.7652	4.6333	0.1319
Auditors ensure no discrepancies in audit reports	4.8318	3.7106	1.1212
Auditors provide adequate assurance in audit reports	4.6212	4.0985	0.5227

Sources: Author's Construct (2025) with SPSS (version 21)

4.3.1 Analysis and Interpretation of AEG Scores in Ghana

Table 3 reveals areas where users' expectations exceed auditors' responsibilities, thereby causing AEG. For instance, the users strongly agree that auditors must show a charge for detecting all errors and fraud (mean = 4.667); that auditors are only concerned about financial data and numbers (mean =

4.364); that auditors must ensure proper maintenance of accounts (mean = 4.818), and that auditors must have the duty to reveal every financial misconduct (mean = 4.932).

These findings demonstrate how the study's integrated theoretical framework explains the complex relationship between stakeholder expectations and auditor responsibilities. While agency theory posits that principals demand competent agents to detect management fraud and ensure accurate financial reporting, findings reveal that the auditors' skill level primarily determines AEG level. The gap scores in fraud detection responsibilities (-3.312) and account maintenance duties (-3.394) reflect users' expectations for quality audit services that extend beyond statutory obligations, consistent with recent research (Zhou & Elder, 2024).

Conversely, auditors believe that they are not responsible for detecting all errors and fraud (mean = 1.354); that financial data is not their sole concern (mean = 1.288); that they do not ensure account maintenance (mean = 1.424); and that complete misconduct disclosure is not their mandate (mean = 1.576). These variations in expectations highlight significant AEG presence with scores of -3.312, -3.076, -3.394, and -3.356, respectively. The findings indicate that audit report users lack congruence with auditors' responsibilities regarding fraud detection, accounts maintenance, financial misconduct exposure, and audit scope, aligning with previous studies (Ramadan et al., 2023; Zhou & Elder, 2024). This incongruence suggests that stakeholders are persistently dissatisfied with current audit frameworks.

Additionally, findings indicate that audit report users inadequately understand the International Standards on Auditing (ISA) requirements, particularly ISA 240, where fraud detection is not the primary audit objective. This aligns with recent research showing widespread misunderstanding of ISA frameworks among non-professional stakeholders (Nguyen et al., 2024). This knowledge gap perpetuates unrealistic expectations about audit deliverables.

Furthermore, auditors do not engage in unregulated activities by auditing standards. Auditors understand their methodological scope, extent, and direction, and recognise thresholds of forming opinions. Therefore, findings suggest auditors remain within their legal and professional mandates despite user dissatisfaction, thereby creating AEG through scope limitation rather than performance deficiency (Yusuf & Mohammed, 2023).

Table 3 indicates a null expectation gap for auditors' judgment in audit processes (gap score = 0.265) and material misstatement disclosure (gap score = 0.132). The findings suggest that both auditors and users agree on the extent of these audit responsibilities, indicating consensus areas within the expectation gap landscape (Almashhadani & Khaddam, 2024). However, this does not necessarily mean satisfaction or expectations are met.

Meanwhile, both users and auditors fully acknowledge auditor responsibilities for ensuring report accuracy (gap score = 1.121) and providing adequate assurance (gap score = 0.523). The positive gap scores indicate why auditor performance exceeds user expectations, supporting confidence-building mechanisms (Ocak & Özden, 2023). Recent studies confirm that when auditors outperform expectations in core competencies, stakeholder trust increases significantly (Yusuf & Mohammed, 2023; Almashhadani & Khaddam, 2024).

4.3.2 Regression Analysis and Structural Modelling

The study further employed a structural model and regression analysis to examine AEG scores. The analysis illustrates and tests the nature of the relationship between the determinants of AEG and respondents' ratings of the gap score. Table 4 and Figure 2 present the findings.

Table 4: Regression Weights of the Determinants of AEG

			Estimate	S.E.	C.R.	P
GPSCOR	<---	OE	.222	.023	9.627	.000
GPSCOR	<---	SL	.160	.035	4.605	.000
GPSCOR	<---	PS	- .121	.033	-3.639	.000
GPSCOR	<---	DU	.079	.034	2.310	.021
GPSCOR	<---	IN	- .057	.038	-1.505	.132
GPSCOR	<---	WE	- .081	.032	-2.567	.010
GPSCOR	<---	NA	.216	.032	6.751	.000
GPSCOR	<---	RA	.129	.043	3.009	.003
(Constant)		**1.606**				
R-Square		**0.651**				
F – Statistic		**28.684**				
p-value		**0.000**				

Independent Variables: OE – Operations and Effort; **SL** – Skills Level; **PS** – Perception of Society; **DU** – Demands of Users; **IN** – Independence of Auditors; **WE** – Wrong Expectation; **NA** – Nature of Auditing; and **RA** – Role of Auditor

Sources: Author's Construct (2025) with SPSS (version 21)

4.3.3 Analysis and Interpretation of the Structural Regression Model

Table 4 reveals that AEG determinants collectively explain 65.1% of the variability in the gap score (R-Square = 0.651). The structural equation model is statistically significant with a p-value less than 0.05.

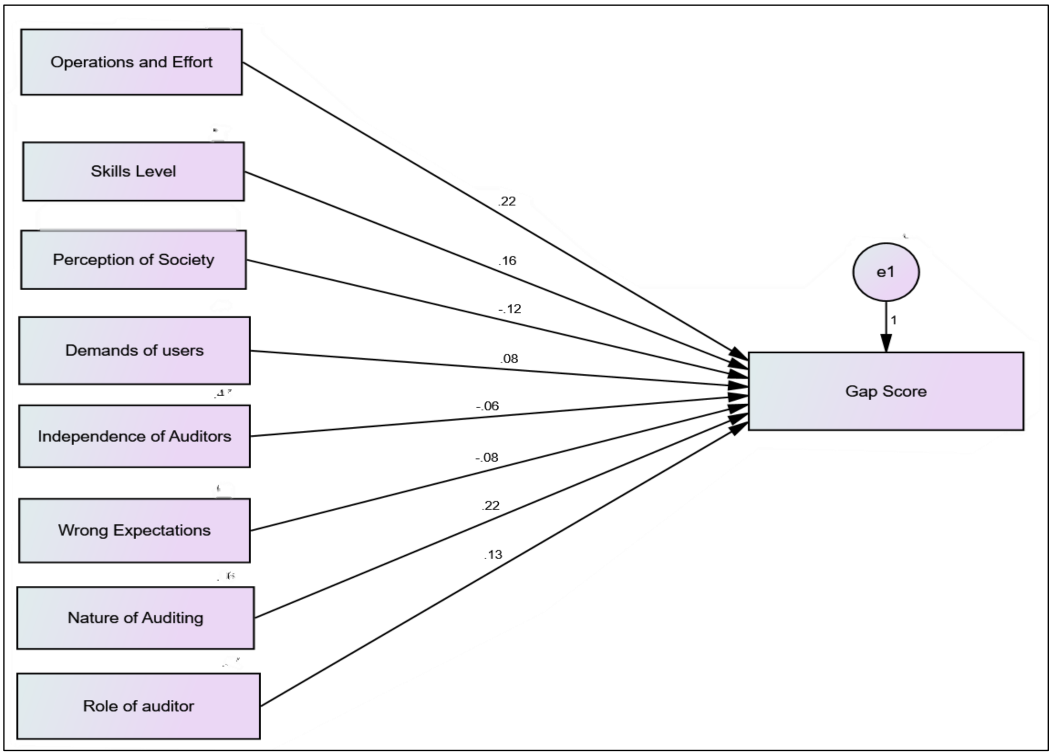
Based on the above, the substituted structural equation model is shown below.

$$\text{AEG} = 1.606 + \widehat{0.222}(OE) + \widehat{0.16}(SL) - \widehat{0.121}(PS) + \widehat{0.079}(DU) - \widehat{0.057}(IN) - \widehat{0.081}(WE) + \widehat{0.216}(NA) + \widehat{0.129}(RA)$$

Table 4 presents an estimated coefficient value of 0.22, indicating the relationship between AEG score and auditor operational efforts. The findings show a significant impact ($p < 0.05$). This implies that auditor operational efforts significantly influence AEG scores.

Additionally, auditors’ skills, audit report users' demand, audit processes, and auditors' role had coefficient values of 0.16, 0.08, 0.22, and 0.13, respectively. All these variables have positive p-values less than 0.05, indicating their significant positive impact on the AEG score. Therefore, a percentage change in any of these variables will significantly influence the AEG score through its coefficient. Figure 3 presents the pictorial analysis.

Figure 3: Relationship Between Determinants of AEG and AEG Score



Sources: Author's Construct (2025) with SPSS (version 21)

Figure 3 further shows that the perception of society about the auditing job and users' wrong expectations had estimated coefficients of -0.12 and -0.08, with p-values of 0.00 and 0.01, respectively. This implies that society's perception of the auditing job and users' wrong expectations have a negative and significant impact on the AEG score. The findings demonstrate how auditors navigate opposing demands between public expectations and professional standards, illuminating the role of conflict theory. This conflict creates tension between maintaining professional integrity and satisfying stakeholder expectations. However, the findings explain the role of conflict theory, illustrating that auditors choose compliance with auditing standards over broader societal demands, and they consistently rated fraud detection lower than users' expectations.

Furthermore, an estimated coefficient of -0.06 and a p-value of 0.132 indicate that auditors' independence has a negative and insignificant impact on the AEG score. While independence generally underpins audit credibility, the findings suggest that in Ghana's context, technical competence and transparent roles are significant for maintaining public confidence.

4.4 Strategies for Mitigating AEG in Ghanaian Organizations

Table 4 presents the findings of the strategies for mitigating the AEG in organisations in Ghana.

Table 4: Strategies for Mitigating AEG in Ghana

Statement	Mean	Std. Deviation
1. There is a need for legislative board resolution of the confusion between auditors and clients	4.3788	.59937
2. There should be institutional reforms	4.1818	.80853
3. The auditors should constantly acquire the requisite auditing skills	3.9773	.84226

4. The users of the auditing report must be educated about auditors' roles and limits	3.8409	.88187
5. There is a need to provide complete capacity building for auditors	3.8030	1.04436
6. Improvement in the quality control components of the auditing process	3.6515	.89940
7. There is a need to change the wording in the audit report.	3.6288	.91138

Sources: Author's Construct (2025) with SPSS (version 21)

4.4.1 Analysis and Interpretation of AEG Mitigation Strategies

According to Table 5, both auditors and users agree that legislative board resolution of the confusion between auditors and clients (mean = 4.379) and institutional reforms (mean = 4.182) are necessary. This consensus reflects research indicating that regulatory clarity reduces expectation gaps (Alzeban, 2022; Ramadan et al., 2023). Respondents believe legislative boards can clarify uncertainties between auditors and users, thereby narrowing AEG.

Additionally, respondents emphasise institutional reforms focusing on user education regarding audit processes and standards, supporting recent findings encouraging stakeholder education programs (Hassan et al., 2023). The findings align with the perspective that financial standards and auditing standards must be improved to maintain professional credibility and public confidence (Almashhadani & Khaddam, 2024).

Table 5 also reveals that respondents somewhat agree that auditors should constantly acquire requisite skills (mean = 3.977). This aligns with recent findings, demonstrating that continuous professional development significantly reduces expectation gaps (Yusuf & Mohammed, 2023). Meanwhile, respondents agree that users of the audit report require education about auditors' roles and limitations (mean = 3.841). The findings indicate that training benefits individual recipients and the entire organisation. While auditors can address certain AEG variables, users must understand the auditors' roles and limits (Ramadan et al., 2023). Therefore, public education on auditor functions and duties, including misconceptions regarding fraud and error identification, remains critical (Hassan et al., 2023).

Respondents somewhat agree on the need for comprehensive auditor capacity building (mean = 3.803), improved the quality control components (mean = 3.651), and revised audit report language (mean = 3.629). These findings emphasise the need to enhance quality assurance in audit firms. Recent research confirms that improved quality control components within audit firms effectively reduce expectation gaps (Almashhadani & Khaddam, 2024). The findings confirm that rigorous quality control maintenance improves audit report quality, thereby reducing AEG. This implies that users must understand audit quality indicators in audit reports. However, audit quality remains multi-dimensional and challenging to monitor effectively (Taylor & Simon, 2023).

5.0 CONCLUSIONS

This study provides empirical evidence on AEG in Ghanaian organizations. It reveals significant disparities between auditors' responsibilities and users' expectations. The study identifies auditors' skill level as the primary determinant of AEG, followed by independence, societal perceptions, and audit processes. The integration of agency theory, role conflict theory, and inspired confidence theory effectively explains these phenomena, where principals demand comprehensive fraud detection and auditors navigate conflicting professional standards and public expectations. The negative gap scores in fraud detection responsibilities, account maintenance duties, and financial misconduct disclosure reveal substantial disconnects. These findings underscore users' limited understanding of International Standards on Auditing, particularly ISA 240, which defines the scope of auditors' fraud detection. The structural equation model demonstrates operations and efforts, skill level, and the auditing process, showing significant positive impacts. The study highlights that strategic mitigation of AEG requires legislative board interventions to clarify auditor-client confusion, institutional reforms to emphasize user education, and continuous professional development for auditors. The study's theoretical synthesis reveals that while agency theory explains stakeholder demands for quality assurance, role conflict theory illuminates auditors' navigation between professional compliance and public expectations. The study emphasises that technical competence is crucial for maintaining public trust in auditing Ghanaian organisations. The findings contribute to auditing literature in developing economies and provide practical guidance for regulatory bodies to strengthen professional integrity and address legitimate stakeholder expectations in Ghana's evolving financial landscape.

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