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### Antecedents of perceived auditors' vis-à-vis pressure groups' power in public sector : a case study of Dar es Salaam

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## ANTECEDENTS OF PERCEIVED AUDITORS' VIS-À-VIS PRESSURE GROUPS' POWER IN PUBLIC SECTOR: A CASE STUDY OF DAR ES SALAAM

Victor M. Bahati<sup>1</sup>

### Abstract

*This paper examines the usefulness of auditors-versus-pressure groups' power in enforcing accountability in the public sector. The paper demonstrates mobilisation and lobbying model and uses data, collected from Dar es Salaam, Tanzania, to test the significance of difference in the perception of accountants and non-accountants of the pressure groups. Many-Whitney U-test was used to determine the similarity between the two groups, with the factor analysis being deployed to establish the underlying factors for pressure groups' popularity over auditors. The study found three reasons that make pressure groups more popular in the eyes of the people. The first reason is the kind of evidence that auditors seek; the second is the execution outcome and types of actors involved; and third is the exposure of reports and ethical issues. The paper is based on the findings of a study that focused on a single case and, therefore, it may not be appropriate to generalize findings in different political and cultural settings without qualification.*

**Key words:** *Pressure groups, Activism, Auditors and Accountability*

### INTRODUCTION

Auditors engage in audits to check for any reasonable misrepresentation in periodic reports (NAO, 2009). Audits seek to verify stewardship reports that owners (principals) require in a bid to get an independent assurance that their managers (agents) comply with their interests (Woolf, 1982). Sometimes, the “general” public perceives auditors as having the responsibility of discovering and reporting any fraud (Deis & Giroux, 1992; Cosserrat, 2004; Noghondari & Foong, 2013). For example, Salehi and Rostami (2009) carried out a study in ten countries and found that the public generally perceive auditors as failing to perform up to expectations. Similar observations were found in Germany, the Netherlands, the United Kingdom and New Zealand (Gold, 2009; Porter & Gowthorpe, 2004). The feeling or perception that auditors are rubber-stamping work make activists and the public seek to foster accountability. Such a perception is a prima facie indicator that expectations of the general public are beyond what auditors can do (Gold, 2009).

In Tanzania, for instance, for two consecutive years the government audit reports of 2008/9 and 2009/10, show that there was little implementation of the previous audit recommendations. These audit recommendations did not take the “expected” motion of accountability. Serious issues such as the non-disclosure of revenue collected, the existence of room for fraud and open room for fraud in procurement procedures were noted to be in a mess in Local Government Authorities and other public entities such as the Tanzania Electric Supply Company, TANESCO (NAO, 2009). Other burning sagas include the External Payment Arrears (EPA) account, scandal of the Bank of Tanzania (Mwananchi Corporation, 2010; Britain - Tanzania Society, 2008; Tanzania Common Cents, 2008) and the Richmond-Dowans case with TANESCO were fuelled by pressure groups and not necessarily the auditors' opinions. In fact, the audit work had no sufficient influence without the help of these other stakeholders (NAO, 2009).

Although auditors undertake significant work, they might seem not to be doing anything sufficient to have meaningful results (Mwananchi Corporation, 2010). One plausible reason could be that auditors have no power or platform to sanction failure to honour audit recommendations and obligations. They tend to depend on activities of allies in politics and/or the civil society to raise an alert for enforcement (NAO, 2009). Thus at the

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end of the day politicians and/or activists may earn “credit” which otherwise should have been a joint reward of both auditors and activists. Hence non-accountants might have a mentality that pressure groups—politicians and activists—are more useful in enforcing accountability than accountants. It is on this ground that this study aims to first, assess the relative perception of accounting and non-accounting professionals regarding the usefulness of auditors and pressure groups power to enforce accountability in public sector; and, second, to find out the public perception on what might be the source of pressure groups’ power that makes them seemingly more powerful than auditors.

## LITERATURE REVIEW

### Theoretical Background

The Cambridge Advanced Learners’ Dictionary defines audit as an official examination of the accounts of a business. Etymologically, the word ‘audit’ comes from a Latin word, ‘audire,’ which means ‘to hear’ and, hence, an auditor is a ‘hearer’ (Mahadevaswamy & Mahdi, 2008; Salehi & Rostami, 2009). The hearing function seeks to give assurance against fraud and intentional mismanagement of resources that the principal entrusts to the agent. An audit is an examination of financial statements and expression of opinion thereof. The expression of opinion is in accordance with the auditor’s findings and not a statement of verified facts (Spicer & Peglers, 1985). Randal (2010) asserts that an audit should be done by a competent independent person.

Auditor's report is a formal opinion issued by either an internal auditor or an independent external auditor as a result of an internal or external audit or evaluation performed on a legal entity or subdivision thereof (called an “auditee”) after the collection of sufficient evidence (Roger, 2005). Auditors’ report is subsequently provided to a “user” as an assurance service for that user to make decisions based on the results of the audit (Millicamp A. H., 1996; Randal, 2010; Beasley, 2006). In their opinion, auditors do not say financial statements do present a true and fair view but the financial statements reflect a true and fair view. Thus it is upon the readers and users of financial statements to rely or not rely on the resultant financial statements. If that auditor is known to be independent, honest and competent then the financial statements will be relied upon (Millicamp & Taylor, 2008). So the intention of an audit is not to provide additional information but to enable users to rely more heavily upon the information which has already been prepared by others (Dunn, 1996).

A pressure group is an organised group that seeks to influence government policy or legislation. It may not put up candidates for election, although it might be part of a political party. In other terms is an ‘interest group’, ‘lobby group’ or ‘protest group’. The term pressure group is so wide that it does not clearly distinguish between the groups that fall under the term. For instance, a pressure group can be a huge organisation such as the Tanzania Teachers’ Union (TTU), which popularly goes by its Kiswahili acronym of CWT (Chama cha Walimu Tanzania) for tens of thousands of teachers in the country. It can as well be a single locally-based organisation such as the University of Dar es Salaam Academic Staff Assembly (UDASA), which only represents faculty at the University of Dar es Salaam.

Pressure groups do not look for the power of political office for themselves but seek to influence the decisions made by those who do hold political power (Parthiban, 2007). Often, pressure groups find themselves competing with rival pressure groups to gain an advantage over them; however, sometimes the groups work together to achieve a common aim (Lee, 2006). Pressure groups can also use a variety of methods to influence law and policy-making. First, they can inform legislators of their respective members’ preferences. Second, they may give money or time to help with electoral campaigns. Third, their members may threaten, as a group, to vote as a bloc. By doing so they promise to help a co-operative legislator, and threaten to harm a non-co-operative legislator. Fourth, pressure groups may speed up legislation by writing bills and helping legislators make progressive agreements. Furthermore, pressure groups may attempt to influence members of the executive, who have some law-making input and who can partly influence the strength and effectiveness of law enforcement (Elliott, 2006; Trueman, 2011).

Accountability is the obligation of power holders to take responsibilities for their actions (UNDP, 2010). It describes the right and obligations between people and their institutions. UNDP (*ibid.*) describes accountability as having two components: answerability—the obligation to provide an account and the right to get a response; and enforceability—ensuring that action is taken or redress is provided when accountability fails. The Merriam-Webster dictionary defines accountability as “the quality or state of being accountable; especially: an obligation or willingness to accept responsibility or to account for one’s actions.” Accountability concerns a relationship between A and B, where A is accountable to B if A must explain his or her actions to B, and could be adversely affected by B if B does not like the account (UN, 2006). Generally, accountability has two potential benefits. First, it allows voters to remove officials whose interests appear to be incongruent with those of the citizens, but

also, second, gives non-congruent officials some incentive to act as though they were congruent (Maskin & Tirole, 2004).

Onumah, Simpson and Babonyire (2009) in “The audit expectation gap concept: Examining views on auditors’ reports from Ghana” assert that accountants have a different significant viewpoint from non-accountants regarding audit assurance. Entity accountants’ views are usually close to those of the auditors (Onumah, Samuel, & Babonyire, 2009). However, different viewpoints exist not only in the public sector but also in the private sector as it was found by Green and Li (2012) as well as by Lauwo (2002). In fact, there is a fundamental difference between the stakeholder groups in relation to the responsibilities of the assurer and management (Green & Li, 2012).

A recent seminal work reveals that the expectations gap is not only vivid in the areas of audit responsibility alone but not with the reliability of financial statements (Pourheydari & Abousaiedi, 2011). This finding presupposes that users do have a trust in the financial statements audited but have doubts over what constitutes the exact auditors’ responsibility. In a nutshell, it is like the respondents said: “Auditors are not doing the full responsibility we would want them to do”. However, in 2013, Noghondari and Foong examined the aftermath of the audit expectations gap and found evidence that it has an effect on decision-making. The case also applies to loan officers in a financial institution when they have to use audited reports for assessing creditworthiness. Individuals who have accounting knowledge tend to behave in line with auditors’ report. Otherwise, other people tend to see auditors as not doing enough. Therefore, knowledge and education enlightens what one sees in the auditors’ report (Noghondari & Foong, 2013).

A recent study in United Kingdom (UK) which involved public auditors alone reveals that auditors believe that the audience does not have more expectations than what they do. Under such circumstances, auditors are confident that they have a full influence on the administration for the work they do for the National Audit Office (Hazgui, 2016). Hazgui’s study is consistent with another Malaysian study that proposed that auditors can potentially improve public administration if they are involved “effectively” in planning and policy making (Loke, Ismail, & Hamid, 2016). These early studies support the view that auditors’ work has a potential to improve administration despite the existence of the expectations gap. Moreover, auditors believe that their work is good enough to be trusted by the audience. Despite the cultural and political differences across countries these studies have not addressed the issue of seemingly powerful efforts of pressure groups aimed to address and uncover issues that the general public might consider as the “unfulfilled” principal role of auditors (Mwananchi Corporation, 2010; Britain-Tanzania Society, 2008); Tanzania Common Cents, 2008). This study, therefore, addresses the question: “Why should auditors seem to have less power to influence accountability of public sector than pressure groups?” Although auditors have a strong belief and trust in their work, the audience have a different expectation, which can evoke pressure groups activities as Salehi and Rostami (2009) have posited.

### **Mobilisation and Lobbying Model**

The Mobilisation and Lobbying Model is one of the most frequently used governance model and has often come to the aid of the global civil society to impact on global decision-making processes (Ramkumar & Krafchik, 2011). The model is based on setting-up a planned, directed flow and sharing of information to build strong ties to complement actions in the real world. The model builds the momentum of real-world processes by adding the opinions and concerns expressed by communities and workers in order to complement actions that are initiated by politicians or experts in society (Leech, Baumgartner, & Pira, 2002).

The model assumes that pressure groups share information from different players such as politicians, individual activists, communities and experts for enforcing transparency and accountability (Ramkumar, 2006). In the group, there is expert opinion as a key player that implicitly suggests that auditors are indirectly an integral part of pressure groups and so they acknowledge the presence and power of activists. This model further assumes that since experts are part of pressure groups then pressure groups ought to have more influence since they have information from different sources that experts either lacked or cannot apply due to ethical and standards of performance required by their respective professions. This is an important model in this study because it links experts and pressure groups. This study attempts to further find out why auditors seem to be doing “nothing” when, in actual fact, they are part of pressure groups. Therefore, it examines the professional issues that might limit auditors’ power. This model can be supported by the audit expectations gap that suggests that auditors’ performance is different from the people’s perception. In this regard, activists will work to supplement the work of auditors if they think auditors are not meeting expectations.

## Hypotheses Formulation

The Mobilisation and Lobbying Model suggests that auditors (experts) are part of pressure groups in one way or another. On the other hand, auditors believe that they are somehow self-sufficient to influence transparency and administration (Hezgui, 2016). All-in-all, there is a difference in the perception of the power of audit opinion because of the audit expectations gap (Lauwo, 2002). Thus, we conjecture that: (1) non-accountants do perceive that the power of pressure groups is higher comparing to auditors' and (2) non-accountants consider public auditors less useful when it comes to influencing accountability:

**H10:** Perception of usefulness of power between pressure groups and auditors is the same for both accountants and non-accountants

**H20:** Non-accountants consider public auditors less useful to influence accountability

## DESIGN AND METHODOLOGY

This study was carried out with two main objectives summarised as follows. First, the study assessed the relative perception of accounting and non-accounting professionals regarding the usefulness of auditors' and pressure groups' power in enforcing accountability in the public sector. Secondly, it sought to find out, from public perceptions, what might be sources of pressure groups' power relative to public auditors? The study adopts a case study design and was carried out in Dar es Salaam region in Tanzania.

Dar es Salaam is the central business region and an information hub where the majority of residents are aware of what is going on in terms of accountability of the public sector compared to other regions in the country. Therefore, for the sake of convenience, and suitability of the sample for the problem at hand, Dar es Salaam city was used as a case study. Data was collected from individuals in Dares Salaam before analysis. The emphasis during data collection was to have access to people of different educational backgrounds to have a balance of views among them and avoid having dominant views of one profession. Legal and accounting professionals were, however, given more emphasis because of the nature of training and knowledge they have regarding accountability and auditing.

A sample of at least 100 respondents was considered enough for this study as it provided meaningful results. Data was collected using a questionnaire that was distributed and filled by the respondents. A questionnaire was composed of multiple likert-type items designed to test individual perceptions and opinions for each proposition. Data was analysed using the non-parametric test, Manny-Whitney U-test, for average groupings of dichotomous groups because ordinal data was used and no normality assumption would have been met (Williams, Sweeney, & Anderson, 2006). Factor analysis was also used to extract any underlying factors behind perception of power of pressure groups (Shenoy & Pant, 2007),(Kothari, 2004) and(Tabachnick & Linda, 2007). The use of factor analysis is important because the interest was to reduce number of variables into a small number of factors or components (Brown & Onsmann, 2012; Yong & Sean, 2013; Tabachnick & Linda, 2007).

## DISCUSSION OF FINDINGS

In all, 120 respondents filled out the self-administered questionnaire. Upon screening, 15 questionnaires were discarded for having some missing information. Consequently, 105 cases were valid for analysis. Table 1a represents profile of 105 respondents.

**Table 1a: Profile of Respondents**

Profile	Sex			Education		
	Male	Female	Total	Accountants	Non Accountants	Total
<b>Frequency</b>	54	51	105	42	63	105
<b>Percentage</b>	51%	49%	100%	40%	60%	100%

Reliability statistics for the data was 0.81 using Cronbach's alpha scale. The scale was good as it is above the benchmark of 0.7(Kothari, 2004).

### Perceptions of the ability of Pressure Groups to influence Accountability

Respondents were asked to give their opinion on the rating of the power of pressure groups to influence accountability in the public sector. The ranking was on a scale of 1-20, where 1 represents 5% perceived power, 2 represents 10%, 3 represents 15% and 20 represents 100%. Therefore, the respondents who selected the lower number suggest that pressure groups have lesser power and those who selected a higher number imply higher power of pressure groups to influence accountability in public sector. Analysis of data findings using the Manny-Whitney test because the test indicates non-parametric i.e. as normality assumptions are not necessary (Shenoy & Pant, 2007).

#### Hypothesis testing

- H<sub>0</sub>:** Perception of usefulness of power between pressure groups and auditors is the same for both accountants and non-accountants
- H<sub>1</sub>:** Perception of usefulness of power between pressure groups and auditors is not the same for accountants and non-accountants

Given the existence of the audit expectation gap as Lauwo (2002) has established, it was reasonably expected that accounting professionals have more understanding of the role of auditing and, thus, attribute more influence to auditors' power than pressure groups (Lauwo, 2002). On the other hand, the power of pressure groups for non-accountants is expected to be higher than the accountants' rating because this group 'does not understand' the role and power of auditors (Marlow & Orzechowski, 1996).

The Manny-Whitney U test is 1315.5 and the associated p-value is 0.481 (0.961/2 since p value is based on a two tailed test) (see Table 1). The p-value is more than our level of significance of 0.05. So we fail to accept the null hypothesis that Non-accountants do rate pressure groups power very high. After all, there is insufficient evidence to conclude that non-accountants have more trust in pressure groups in enforcing accountability than accountants have at the 5% level of significance.

**Table 1: Pressure groups power for accountability, Test Statistics<sup>b</sup>**

			Pressure groups power for accountability
Mann-WhitneyU			1315.500
WilcoxonW			3331.500
Z			-.049
Asymp. Sig. (2-tailed)			.961
Monte Carlo Sig. (2-tailed)	Sig.		.963 <sup>a</sup>
	95% Confidence Interval	Lower Bound	.960
		Upper Bound	.967
Monte Carlo Sig. (1-tailed)	Sig.		.482 <sup>a</sup>
	95% Confidence Interval	Lower Bound	.472
		Upper Bound	.492

a Based on 10000 sampled tables with starting seed 2000000.

b Grouping Variable: Accountants and non-accountants

These findings suggest that non-accountants do not have more trust in pressure groups than accountants do. Despite a differential perception of accountants and non-accountants, neither of the groups gives pressure groups a higher rating. These results may suggest that there are underlying issues (factors) in common for both groups to have more or less the same perceptions regarding the role of pressure groups.

#### Public auditors influence on Accountability in Public Sector

The respondents were also asked to rate the usefulness of public auditors to influence public sector accountability on a 1-4 likert-type scale, whereby 1 was for "very useful", 2 for "useful", 3 for "somehow useful" and 4 for "Not useful". It is reasonable to expect that non-accountants would find the work of auditors

not very useful as opposed to accountants. The reasoning behind this proposition is that one would expect the audit expectation gap to overshadow non-accountants and consider audit activities less useful than activists. Analysis of the outcome using a Mann-Whitney U test reveals the outcome as follows:

### Hypothesis testing

**H<sub>0</sub>:** Non-accountants consider public auditors less useful

**H<sub>1</sub>:** Non-accountants do not consider public auditors less useful

The Null hypothesis suggests that the mean ranking of pressure groups (average position, in Mann-Whitney language) of non-accountants shall be higher than the position of accountants. The higher position suggests that the work of auditors is considered to be less useful among non-accountants than among accountants who would consider it to be useful by ranking low (taking a different low position).

Mann-Whitney statistic is 1211.5 (Table 2), with an associated p-value of 0.224 (0.448/2 for a one tailed test). At 5% level of significance there is no sufficient evidence to affirm that non-accountants rate public auditors higher than accountants do (conversely non-accountants rank public auditors as less useful than the ranking of accountants). Thus we fail to accept the null hypothesis.

**Table 2: Usefulness of auditors' activities, Test Statistics <sup>b</sup>**

			Usefulness of auditors activities
Mann-WhitneyU			1211.500
WilcoxonW			3227.500
Z			-.759
Asymp. Sig. (2-tailed)			.448
Monte Carlo Sig. (2-tailed)	Sig.		.458 <sup>a</sup>
	95% Confidence Interval	Lower Bound	.448
		Upper Bound	.468
Monte Carlo Sig. (1-tailed)	Sig.		.227 <sup>a</sup>
	95% Confidence Interval	Lower Bound	.219
		Upper Bound	.236

a Based on 10000 sampled tables with starting seed 1314643744.

b Grouping Variable: Accountants and non-accountants

These findings are in line with the findings above which suggest that both accounting and non-accounting professionals trust pressure groups in the same way i.e. neither of the groups seem to have more trust in pressure groups than the other. In the same way, neither of the groups seems to have less trust in public auditors than the other. What remains at hand here is that if both groups (accountants and non-accountants) have trust in auditors and pressure groups in the same way then what are reasons that could make both have trust in pressure groups? The existence of audit expectation gap is due to inadequate auditing standards and a lack of acceptance of these standards, together with unreasonable expectations of auditors among users of financial statements and the general public (Højskov, 1998). This data, however, suggests that the expectation gap does not blindfold users of the audit report into believing that auditors are doing 'nothing'. There are some degrees of trust and that trust is not quite different from the accounting professionals' trust in their fellows (auditors).

### Perceptual Reasons for Pressure Groups Power above Public Auditors

A sample of 105 respondents (Appendix 3), after a thorough data cleaning, was used to extract factors using principal components analysis (PCA) with the Equamax rotation method through SPSS factor on 12 items. Sample size is considered enough since sample to variable ratio (N:p) is 8.75:1 which is within the rule of the thumb of 3:1, 6:1, 10:1, 15:1, or 20:1 (Brown & Onsmann, 2012; McCallum & Widaman, 1999). This ratio was used just as a guide as there is no minimum number of N: p ratio to extract factors under some conditions (Hogarty, Hines, Kromrey, Ferron, & Mumford, 2005). Prior to running the analysis, other conditions were

investigated to determine the suitability of the data for factor analysis. The Correlation matrix (factorability of R) in Table 3 shows that there are some sizable correlations (above 0.3) which indicate that the data can be factor analysed (Tabachnick & Linda, 2007; Brown & Onsmann, 2012; Yong & Sean, 2013).

Table 3: Correlation Matrix

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12
V1	1											
V2	0.3210	1										
V3	0.1620	0.4260	1									
V4	0.2600	0.3110	0.2230	1								
V5	0.2960	0.3860	0.4070	0.4360	1							
V6	0.2860	0.3800	0.3140	0.3280	0.4260	1						
V7	0.1400	0.2790	0.0480	0.3300	0.3120	0.3590	1					
V8	0.1410	0.2250	0.1040	0.2650	0.2540	0.3120	0.4080	1				
V9	0.1930	0.3240	0.1280	0.2920	0.2820	0.2330	0.3250	0.4210	1			
V10	0.2370	0.1470	0.0970	0.3220	0.2120	0.2880	0.3110	0.4430	0.4320	1		
V11	0.1260	0.0640	0.0010	0.1740	0.1260	0.1010	0.3640	0.2870	0.2180	0.2520	1	
V12	0.4240	0.4210	0.3490	0.3730	0.3000	0.5180	0.2760	0.0600	0.2450	0.1560	0.2690	1

### Key

V1	Independence	V5	Actors involved	V9	Focus when doing
V2	Outcome of doing	V6	Outcome in communication	V10	Ability to perform
V3	Outcome of findings	V7	Techniques of doing	V11	Reporting aftermath
V4	Number of people involved	V8	Kind of evidence	V12	Report Exposure

The KMO and Bartlett's Test of Sphericity is useful in assessing the suitability of data for factor analysis. Data was suitable because KMO is 0.816 against the minimum required level of 0.7 (Brown & Onsmann, 2012; Tabachnick & Linda, 2007). However, other researchers propose a minimum KMO of 0.5 (Yong & Sean, 2013). Bartlett's test of significance is below the required level of 0.05 ( $p < .05$ ). Table 4 indicates the suitability of the respondents' data for factor analysis using KMO and Bartlett's test.

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.816
Bartlett's Test of Sphericity	Approx. Chi-Square	377.618
	df	78
	Sig.	.000

Most of the diagonal elements of the *Anti-Correlation* matrix that has a cut-off of far above 0.67 (Table 5) also indicates the usefulness of data for factor analysis (Tabachnick & Linda, 2007). However, Brown and Onsmann (2012) proposed that the suitability of the data for factor analysis requires a cut-off of diagonal elements of the *Anti-Correlation* matrix to be above 0.5.



**Table 5: Anti-image Correlation Matrix**

	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12
V1	<b>.797<sup>a</sup></b>											
V2	-.146	<b>.845<sup>a</sup></b>										
V3	.105	-.275	<b>.732<sup>a</sup></b>									
V4	-.014	-.046	.013	<b>.874<sup>a</sup></b>								
V5	-.155	-.072	-.284	-.264	<b>.813<sup>a</sup></b>							
V6	.015	-.058	-.043	.03	-.209	<b>.787<sup>a</sup></b>						
V7	.095	-.127	.177	-.01	-.122	-.146	<b>.833<sup>a</sup></b>					
V8	-.036	-.069	-.045	-.058	.003	-.209	-.184	<b>.762<sup>a</sup></b>				
V9	.031	-.178	.062	-.023	-.096	.099	-.055	-.227	<b>.827<sup>a</sup></b>			
V10	-.154	.105	-.044	-.163	.064	-.137	-.053	-.206	-.271	<b>.798<sup>a</sup></b>		
V11	.011	.107	.054	.026	-.032	.181	-.238	-.186	-.009	-.102	<b>.674<sup>a</sup></b>	
V12	-.291	-.145	-.194	-.194	.127	-.405	-.063	.276	-.123	.096	-.281	<b>.690<sup>a</sup></b>

<sup>a</sup> Measures of Sampling Adequacy (MSA)

Three factors were extracted (Table 6a) using principal component analysis (PCA). The PCA analysis is a default method of extraction and is suitable because there was no *a priori* model that existed to explain any factor (Brown & Onsmann, 2012; Yong & Sean, 2013). The three factors account for 55.376 percent of the total variance explained (Table 6b). Although 50-60 percentage of the variance explained may be considered enough in social sciences field whereas in the natural sciences a higher variance of 95% and above is required (Hair, Black, Babin, & Anderson, 2010). Three factors were retained by fixing a threshold of Eigen value more than 1, or simply using Kaiser's criteria (Brown & Onsmann, 2012).

**Table 6a: Order by size in which variables contribute to factors**

Factor 1	Factor 2	Factor 3
Evidence sought and execution	Execution outcome and actors involved	Report exposure and ethics
Kind of evidence	Outcome of findings	Report Exposure
Ability to perform	Ability to exhaust	Reporting aftermath
Focus when doing	Actors involved	Independence
Techniques of doing	Outcome in communication	

**Table 6b: Total Variance Explained**

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.055	33.793	33.793	2.412	20.098	20.098
2	1.587	13.229	47.022	2.344	19.534	39.632
3	1.002	8.354	55.376	1.889	15.744	55.376

Extraction Method: Principal Component Analysis.

With a cut-off of 0.55 (30% overlapping variance) 11 variables loaded well on the three factors. The 30% overlapping variance is considered a good one although a majority of loadings of variables to factors were above. Another 63 (40% overlapping) is considered to be very good (Tabachnick & Linda, 2007). Variables also demonstrated a convergent validity as variables loaded enough (more than .32) and have discriminant validity as there was no significant cross-loading of variables upon more than one factor.

**Table 7: Rotated Factor Matrix<sup>a</sup>**

	Factor 1	Factor 2	Factor 3	<i>h</i> <sup>2</sup>
Independence	0.029	0.307	<b>0.577</b>	0.428
Ability to exhaust	0.168	<b>0.674</b>	0.244	0.542
Techniques of doing	-0.018	<b>0.769</b>	0.032	0.593
Number of people involved	0.369	0.399	0.331	0.405
Actors involved	0.296	<b>0.643</b>	0.181	0.534
Outcome in communication	0.255	<b>0.559</b>	0.296	0.534
Techniques of doing	<b>0.578</b>	0.048	0.420	0.513
Kind of evidence	<b>0.806</b>	0.118	0.006	0.664
Focus when doing	<b>0.673</b>	0.232	0.091	0.515
Ability to perform	<b>0.715</b>	0.092	0.127	0.536
Reporting aftermath	0.382	-0.311	<b>0.639</b>	0.651
Report Exposure	-0.03	0.419	<b>0.766</b>	0.763
Percent of Variance	20.098	19.534	15.744	
Percent of covariance	36%	36%	28%	

Extraction Method: Principal Component Analysis.

Rotation Method: Equamax with Kaiser Normalisation.

a Rotation converged in 8 iterations.

Likewise, there were no complex variables in the analysis as there are no significant loadings of one variable in more than one factor (Hogarty, Hines, Kromrey, Ferron, & Mumford, 2005; Tabachnick & Linda, 2007; Brown & Onsman, 2012). Only one variable (number of people involved) had loaded poorly on all the three factors with a total variance of about 40% ( $h^2 = .405$ ) and, therefore, having a uniqueness of about 60%. This implies that there are factor(s) that can explain the variable “*number of people involved*” by about 60%. This unexplained portion by the three factors extracted was considered significant for the variable to be dropped.

When orthogonal rotation was requested, factor transformation matrix off diagonal elements was far from being symmetrical or nearly symmetrical (Appendix 2). The matrix result gave an indicator that an orthogonal rotation was not appropriate for that kind of data (Yong & Sean, 2013; Brown & Onsman, 2012). As such, an oblique rotation was chosen in transforming loadings for easy interpretation. Oblique rotations generate factors that are correlated as contrasted by the varimax (orthogonal rotation) that gives uncorrelated factors. In fact, an oblique rotation is more appropriate because the research included human behaviour and there were no a prior assumptions in place (Brown & Onsman, 2012). Loadings of variables on factors, communalities, and percent of variance and covariance are shown in Table 7. Table 6a shows variables on factors arranged in the order of magnitude of their loadings for easy interpretation.

## CONCLUSION

This study draws knowledge from the Mobilisation and Lobbying Model, substantiated by the expectation gap to find out the reasons behind the popularity of pressure groups over the auditors. Pressure groups have a network of politicians and experts that enrich them with information to initiate their movements. Since auditors are also in the category of experts, they also do feed pressure groups with facts. Yet, their exposure to and their publicity of audit reports largely account for in popularity of activists. Furthermore, for the sample used, the study has verified that both accountants and non-accountants have trust in pressure groups and rank them similarly when they consider their usefulness when it comes to enforcing accountability in the public sector. These findings suggest that, if the sample represents the entire population, then regardless of one’s profession, there is a degree of trust in pressure groups’ power to influence actions related to audits. The level of ranking was neither statistically significant among people of different academic backgrounds.

The findings of the study also indicate that, pressure groups may become more popular than auditors for three reasons: First, there is evidence that they actively seek to bring about the desired change; second, the execution outcome and type of actors involved favour the pressure groups; and, third, they get exposure to reports and operate under conditions of binding ethics. These issues are paramount to audit functions. For instance, auditors will not seek fraudulent evidence unless they are undertaking a forensic audit for investigation purposes. In an

investigation, auditors dig out evidence and hunt for fraudsters contrary to simply producing financial audit statements whereby they primarily seek evidence to express an opinion on the financial statements available. Pressure groups, on the other hand, have unlimited freedom to seek any fact they wish to have. Furthermore, auditors have limited channels/platforms for disseminating their audit findings. Even though they have formal channels such as the National Assembly, still there is a limited allotted time for them to disclose everything that has been found. Pressure groups, on their part, other side have different channels including press conferences and political meetings. These findings are consistent with Lauwo (2002) who found that pressure groups or what she called activities to influence accountability exist and work for accountability. The study findings also add more information to the study findings of Lauwo (ibid.) that there are other issues besides the expectation gap that create a public perception of the usefulness of auditors.

The reasons that make people perceive a relative higher power of pressure groups than of auditors may be curbed largely by changing standards to become more flexible for auditors and make an explicit requirement for the latter to search for fraud whenever there is any indicator of such fraud, and not just reporting it in the independent audit report. Auditors should not just give opinions on the possibilities of fraud but should also be able to come up with *hard* evidence of fraud. The implementation can start early at a planning stage by plan for some extra time beyond normal time required to finish the auditing. In case fraud is detected, extra time can be used effectively to investigate it. Alternatively, auditing boards may address the issue of the responsibilities of auditors to the public for raising awareness of the people i.e. providing them with an appropriate education. Other measures could be enhancing audit independence and providing for expanded audit report. The additional segment shall address other things beyond merely expressing an opinion on financial records. These measures are important because findings clearly suggest that there is a high misunderstanding between accounting professionals and non-professionals regarding the importance and role of auditors as verified by the audit expectation gap. Ultimately, people tend to have more trust in pressure groups than in auditors because they perceive auditors as bloodhounds rather than as watchdogs.

On the whole, having a complete measure of creating a balance of perceived performance between auditors and activists may be very hard as the auditors' findings are also used by activists. Individual auditors may take measures of refraining from behaviour that the people perceive as threatening independence for a purpose of boosting the kind of confidence people should have in them. However, doing so is nothing other than avoidance of circumstances that breach independence in appearance as opposed to independence in mind (Alvin, 2006; Woolf, 1997). A major contribution of this study is to professional boards, which have mandate to regulate accounting and audit professions. This study informs them about the perception of relative power of pressure groups over auditors when it comes to the end-game of the audit reports. These boards may come up with a campaign or any other approach to educate users of the audit reports on the meaning and usefulness of audit opinions. The study findings may also serve as advice to standard setters for them to modify standards to allow financial audits to run parallel with forensic accounting for the resultant audit reports to have 'richer' information than under the present practice. On the other hand, politicians can assist professional boards to spread education to the public on the role of auditors. They can emphasise on the usefulness of the audit report to them (pressure groups) in any movement they do for accountability enforcement. For individual audit professionals, they should refrain from any activity which can impair independence in appearance.

To further build on the present findings, more research can focus mainly on the effect of the expectations gap during planning, execution and reporting of audits. Since there is little or no rotation of auditors (entity rather than individuals) in public sector, expansion on this study may focus on whether the audit reappointment and rotation strengthens or weakens the expectation gap. Likewise, another good contribution to this study can be whether pressure groups' reports also become inputs of audits rather than the inverse as this study has assumed throughout.

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## APPENDICES

	Factors		
	Factor 1	Factor 2	Factor 3
<b>Appen</b> Independence	-0.139	0.023	0.364
Outcome of doing	-0.022	0.304	-0.021
Outcome of findings	-0.082	0.428	-0.168
Number of people involved	0.088	0.109	0.073
Actors involved	0.062	0.292	-0.09
Outcome in communication	0.002	0.176	0.116
Techniques of doing	0.209	-0.129	0.185
Kind of evidence	0.417	-0.003	-0.206
Focus when doing	0.317	0.051	-0.139
Ability to perform	0.344	-0.041	-0.085
Reporting aftermath	0.086	-0.372	0.492

Report Exposure	-0.222	0.042	0.495
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Extraction Method: Principal Component Analysis.  
 Rotation Method: Equamax with Kaiser Normalization.

**Appen**

Component	1	2	3
1	.641	.601	.477
2	-.683	.731	-.003
3	-.351	-.324	.879

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.

**Appen**

	Mean	Std. Deviation	Analysis N
Independence	2.23	1.076	105
Outcome of doing	2.56	1.255	105
Outcome of findings	2.55	1.135	105
Number of people involved	2.78	1.009	105
Actors involved	2.53	1.038	105
Outcome in communication	2.43	1.167	105
Techniques of doing	2.53	1.161	105
Kind of evidence	2.82	1.392	105
Focus when doing	2.81	1.309	105
Ability to perform	2.70	1.208	105
Impacts of report	2.48	1.186	105
Report Exposure	2.33	1.246	105