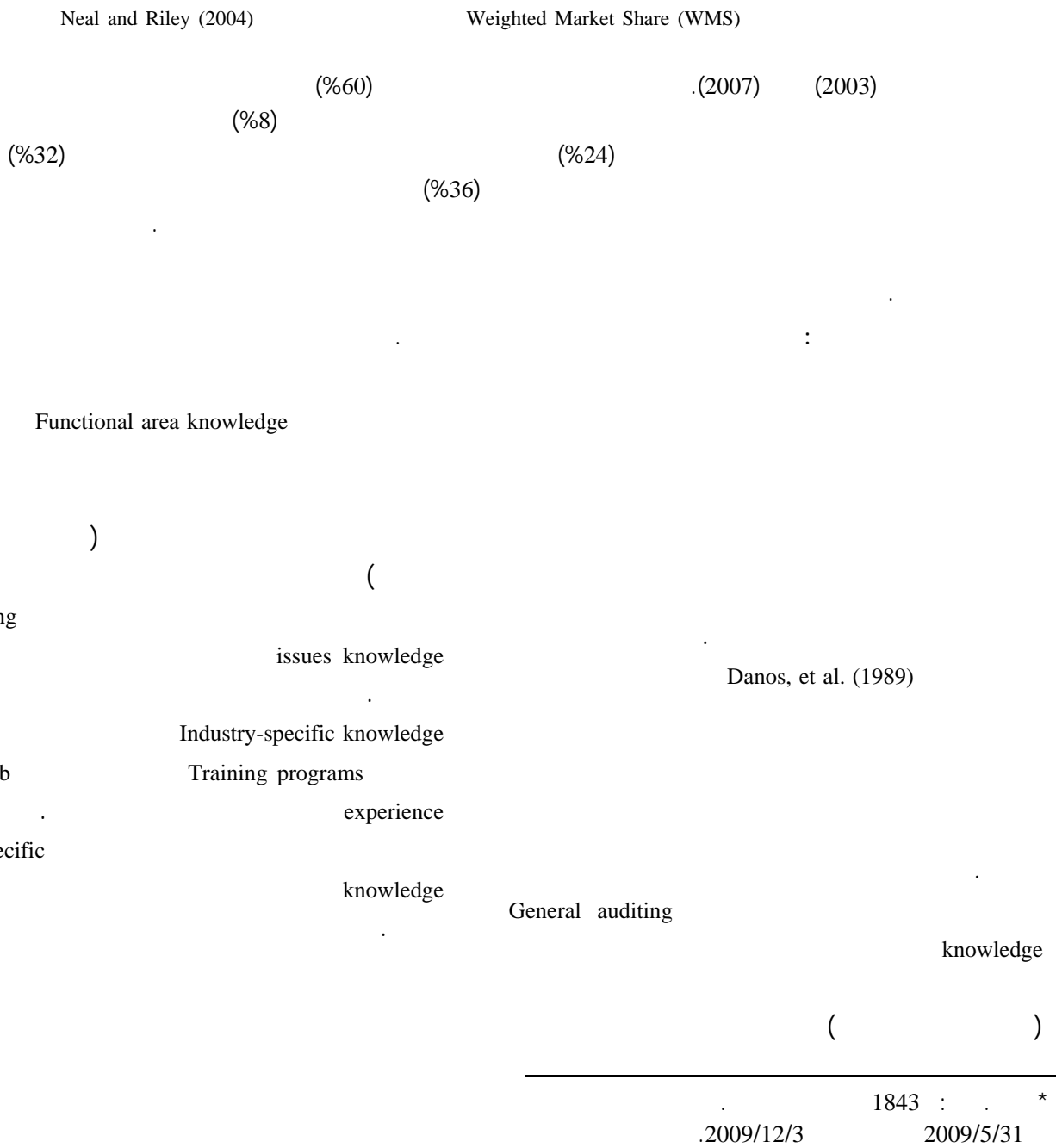


\*



KPMG

: 2008

"

"

Deloitte and Touch

.(Dunn and Mayhew, 2004)

2008

(Goff, 2004)

:

"

(Mayhew and Wilkins, 2003)

"

Hogan and Jeter (1999)

Eight-Big audit firms

Four-Big audit firms

Coopers and

Price Waterhouse

Lybrand's

AICPA

2007

.(Castrella, et al., 2004)

.(Bell, et al., 1999; Eilifsen, et al., 2001)

Sarbanes-Oxley Act  
2002

(Cairney and Young, 2006)  
2007

(Solmon and Shield, 1999)

: \*

KPMG Peat Marwick LLP

AICPA

Sarbanes-Oxley Act

(Hogan and Jeter, 1999)  
(Solomon and Shields, 1999)

: \*

Libby (1985)

(Danos, et al., 1989 and

Hogan and Jeter, 1999)

Carson and Fargher (2007)

Tacit

Knowledge

.Economies of Scale

Codified Knowledge

.(Hogan and Jeter, 1999)

Cairney and Young (2006)

)  
(

Cairney and Young (2006)

"Just In Time"

Automated Companies

Less

automated Companies

.(Craswell and Taylor, 1991; Balsam, et al, 2003)

Online Orders

.(Owhoso, et al., 2002)

Different Operating Characteristics

(Office- / : City/level)

Defond, et al., 2000; Ferguson, et al., 2003;  
(Francis, et al., 2005)  
: (National-level)

.(Ferguson, et al.,  
2003; Francis, et al., 2005)  
(Global-level) :

Ettredge, et al. (2006)

.(Carson and Fargher, 2007) :  
Carson and Fargher (2007) (level- :  
Specific/Client)

) :

.(  
: (Industry-level) :

) :

(Country-level) :

) :

.(

Ad Economic reasons .  
 . hoc assumptions  
 Neal and Riley (2004)

Product : (Stein and Cadman, 2005)  
 :  
 Differentiation Strategy

Market Share :  
 Approach (MS)

Market-level measure *or* Industry-level  
 measure .

( )  
 (Fee Premium)

.High Quality Auditors (HQ)  
 Low :  
 Cost Producer Strategy

Economies of scale .

( )  
 (Discount Fee)

Palmrose (1986)  
 %20  
 .Low Cost Auditors (LC)

(Palmrose, 1986)  
 (%20)

(%25 = (4/1))

( 1,2\*(%25)) ( )  
 ( ) (%30 =  
 Sensitivity Test  
 Stein and Cadman (2005)

) ( )  
 ( (%25)  
 :  
 \*  
 (1,2\*( /1)) =  
 Portfolio Share :  
 Auditor-level measure Approach (PS)

46

(%2,17 =(46/1))

(Krishnan, 2001; Cairney and Young, 2006)

Neal and Riley = \*  
 (2004) ( /1)  
 Neal and Riley (2004)

Weighted  
 Market Share (WMS)

=(%2,17 \* %30)

%0,651

:  
Weighted Market Share (WMS)

:

.(Krishnan, 2003; Ettredge, et al., 2006)

(Palmrose, 1986; Defond, et al., 2000;  
Ferguson and Stokes, 2002; Ferguson, et al., 2003)

(Neal and Riley,  
2004)

/1) \* (1,2\*(

/1))

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( )

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( )

( )

( )

Neal and Riley

%20

Hogan and Jeter (1999)

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)  
Solmon and Shields (1999)  
(Roberts, et al., 1990; Deis and Giroux,  
1996)  
(Goff, 2004)  
(  
:  
Effectiveness  
(Doing the right thing)  
Economy  
(Doing things cheap)  
Efficiency  
(Doing things right)  
(Arens et al., 2006)  
Dunn and Mayhew  
(2004) O'Keefe, et al. (1994)  
Joseph and Nagy (2004)  
Price Waterhouse Coopers (PWC)  
Securities and Exchange Commission (SEC)  
(Behn and  
Krishnan (2003) Carcello, 1997)  
Dunn and Mayhew (2004)

Dunn and Mayhew (2004)

Solomon and Shields (1999)

Green (2008)

Bedard and Biggs (1991); Wright and Wright  
(1997)

(Owhoso, et al., 2002)

Winograd, et al. (2000)

(Audit (Senior auditor)  
manager)

(Conceptual or Judgmental errors)

(Mechanical errors)

Bamber and Ramasy (2000)

(Owhoso, et al., 2002)

management

Taylor (1998)

Healy and Wahlen (1999)

(Low, 2004)

Financial distress

Earning quality

(Balsam, et al., 2003; Krishnan, 2003; Al

(Hofer, 1980)

Mutairi, 2008)

) Gramling, et al. (2001)

((Mayhew and Wilknis, 2003)

Krishnan (2003)

Behn, et al. (2008)

(Johnson, et al., 1991)

(2004) Joseph and Nagy

Krishnan (2003)

(Balsam, et al., 2003; Krishnan, 2003)

Earning

(Simunic, 1980; O'keefe, et al., 1994)

(Ettredge, et al., 2006)

Stein and Cadman (2005)

Hogan and Jeter (1999)

Non-audit services

Accounting and Compilation

Services

Management Consultations and Financial Planning

SEC

(Dunn and Mayhew, 2004)

(Craswell, et al., 1995; Cullinan, 1998;

Mayhew and Wilkins, 2003)

)

(

(Cullinan, 1998;

Mayhew and Wilkins, 2003)

(Dunn and Mayhew, 2004)

Danos, et al. (1989)

( )

( )

O'keefe, et al. (1994)

Carson and Fargher (2007)

:

Economies of scale

Hogan and Jeter (1999)

Knowledge spillovers

Arthur Ernst and Whinney

Ernst and Young 1989 Young

Pepsi

Pepsi Coca Cola

(Dunn and Mayhew, 2004) 1980

Hogan and Jeter (1999)

(Kwon, 1996)

Simunic and

Stein (1990)

Earning management

Dunn and Mayhew (2004)

$$(1,2*( /1))$$

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Neal and

Riley-2004

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Neal and Riley

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(3)

\*(1,2\*(25/1)) =

0,0120 = (4/1)

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(%100)

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(Neal

and Riley, 2004)

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(9)

Neal and Riley

(%12)

(%20)

(%4)

(%16)

(%72)

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455	555	145	75	*
8	3	0	7	**
12	16	1	1	***
23	114	10	0	****
<b>428</b>	<b>428</b>	<b>134</b>	<b>81</b>	

( 5\* )\*

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(2)

<b>8</b>	4	4	0	0	-	1
<b>17</b>	9	4	4	0		2
<b>6</b>	2	4	0	0		3
<b>16</b>	5	11	0	0		4
<b>10</b>	10	0	0	0		5
<b>5</b>	5	0	0	0		6
<b>140</b>	44	51	41	4		7
<b>15</b>	5	5	5	0		8
<b>3</b>	0	3	0	0		9
<b>229</b>	51	109	30	39	-	10
<b>138</b>	61	20	19	38	-	11
<b>17</b>	14	0	3	0		12
<b>19</b>	12	5	2	0		13

<b>6</b>	0	6	0	0	-	14
<b>2</b>	0	2	0	0		15
<b>206</b>	118	80	8	0		16
<b>114</b>	47	65	2	0		17
<b>5</b>	0	5	0	0		18
<b>18</b>	4	14	0	0	KPMG	19
<b>54</b>	15	24	15	0		20
<b>8</b>	5	3	0	0		21
<b>3</b>	0	3	0	0		22
<b>3</b>	0	3	0	0		23
<b>9</b>	9	0	0	0		24
<b>5</b>	0	0	5	0		25
<b>1056</b>	416	421	134	81		
<b>15</b>	8	7	0	0		
<b>1071</b>	<b>428</b>	<b>428</b>	<b>134</b>	<b>81</b>		

(3)

					*					
				**						
				.0480	0,0093	0,0093	0	0	-	1
				.0480	0,0210	0,0093	0,0298	0		2
				.0480	0,0046	0,0093	0	0		3
				.0480	0,0116	0,0257	0	0		4
				.0480	0,0233	0	0	0		5
				.0480	0,0116	0	0	0		6
*	*	*	*	.0480	0,1028	0,1191	0,3059	0,0494		7
				.0480	0,0116	0,0116	0,0373	0		8
				.0480	0	0,0070	0	0		9

				**	*					
x	x	x	x	,0480	0,1191	0,2546	0,2238	0,4815	-	10
x		x	x	,0480	0,1425	0,0467	0,1417	0,4691	-	11
				,0480	0,0327	0	0,0223	0		12
				,0480	0,0280	0,0116	0,0149	0		13
				,0480	0	0,0140	0	0	-	14
				,0480	0	0,0046	0	0		15
x	x	x		,0480	0,2757	0,1869	0,0597	0		16
x	x			,0480	0,1098	0,1518	0,0149	0		17
				,0480	0	0,0116	0	0		18
				,0480	0,0093	0,0327	0	0	KPMG	19
	x	x		,0480	0,0350	0,0560	0,1119	0		20
				,0480	0,0116	0,0070	0	0		21
				,0480	0	0,0070	0	0		22
				,0480	0	0,0070	0	0		23
				,0480	0,0210	0	0	0		24
				,0480	0	0	0,0373	0		25
					0,0186	0,0163	0	0		
					%100	%100	%100	%100		

(1,2\*( /1)) = / = \*

\*\*

.00480 = (1,2 \*(25 /1)) =

(4)

17	2	4	2	
19		6		
%76		%24		

(5)

						*						
				*								
*	*			0,25	%100	0,500	0,500	0	0			<b>1</b>
*				0,25	%100	0,5294	0,2352	0,2352	0			<b>2</b>
*	*			0,25	%100	0,3333	0,6666	0	0			<b>3</b>
*	*			0,25	%100	0,3125	0,6875	0	0			<b>4</b>
*				0,25	%100	1,0000	0	0	0			<b>5</b>
*				0,25	%100	1,0000	0	0	0			<b>6</b>
*	*	*		0,25	%100	0,3142	0,3642	0,2928	0,0909			<b>7</b>
*	*	*		0,25	%100	0,3333	0,3333	0,3333	0			<b>8</b>
	*			0,25	%100	0	1,0000	0	0			<b>9</b>
	*			0,25	%100	0,2227	0,4759	0,1310	0,1703	-		<b>10</b>
*			*	0,25	%100	0,4420	0,1449	0,1376	0,2753	-		<b>11</b>
*				0,25	%100	0,8235	0	0,1764	0			<b>12</b>
*	*			0,25	%100	0,6315	0,2631	0,1052	0			<b>13</b>
	*			0,25	%100	0	1,0000	0	0			<b>14</b>
	*			0,25	%100	0	1,0000	0	0			<b>15</b>
*	*			0,25	%100	0,5728	0,3883	0,0388	0			<b>16</b>
*	*			0,25	%100	0,4122	0,5701	0,0175	0			<b>17</b>

				*		*						
	*			0,25	%100	0	1,000	0	0			<b>18</b>
	*			0,25	%100	0,2222	0,7777	0	0	KPMG		<b>19</b>
*	*	*		0,25	%100	0,2777	0,4444	0,2777	0			<b>20</b>
*	*			0,25	%100	0,6250	0,3750	0	0			<b>21</b>
	*			0,25	%100	0	1,000	0	0			<b>22</b>
	*			0,25	%100	0	1,000	0	0			<b>23</b>
*				0,25	%100	1,000	0	0	0			<b>24</b>
		*		0,25	%100	0	0	1,000	0			<b>25</b>

.( /1) =

**(6)**

0	0	21	4	
0		25		
0		%100		

**(7)**

				*	*					
				<b>0,0120</b>	0,0046	0,0046	0	0	-	<b>1</b>
				<b>0,0120</b>	0,0111	0,0021	0,0070	0		<b>2</b>
				<b>0,0120</b>	0,0015	0,0061	0	0		<b>3</b>
	*			<b>0,0120</b>	0,0036	0,0176	0	0		<b>4</b>

					*					
				*						
x				<b>0,0120</b>	0,0233	0	0	0		<b>5</b>
				<b>0,0120</b>	0,0116	0	0	0		<b>6</b>
x	x	x		<b>0,0120</b>	0,0322	0,0433	0,0895	0,0044		<b>7</b>
		x		<b>0,0120</b>	0,0038	0,0038	0,0124	0		<b>8</b>
				<b>0,0120</b>	0	0,0070	0	0		<b>9</b>
x	x	x	x	<b>0,0120</b>	0,0265	0,1211	0,0293	0,0819	-	<b>10</b>
x		x	x	<b>0,0120</b>	0,0629	0,0067	0,0194	0,1291	-	<b>11</b>
x				<b>0,0120</b>	0,0269	0	0,0039	0		<b>12</b>
x				<b>0,0120</b>	0,0176	0,0030	0,0015	0		<b>13</b>
	x			<b>0,0120</b>	0	0,0140	0	0		<b>14</b>
				<b>0,0120</b>	0	0,0046	0	0		<b>15</b>
x	x			<b>0,0120</b>	0,1579	0,0725	0,0023	0		<b>16</b>
x	x			<b>0,0120</b>	0,0452	0,0865	0,0002	0		<b>17</b>
				<b>0,0120</b>	0	0,0116	0	0		<b>18</b>
	x			<b>0,0120</b>	0,0020	0,0254	0	0	KPMG	<b>19</b>
	x	x		<b>0,0120</b>	0,0097	0,0248	0,0310	0		<b>20</b>
				<b>0,0120</b>	0,0072	0,0026	0	0		<b>21</b>
				<b>0,0120</b>	0	0,0070	0	0		<b>22</b>
				<b>0,0120</b>	0	0,0070	0	0		<b>23</b>
x				<b>0,0120</b>	0,0210	0	0	0		<b>24</b>
		x		<b>0,0120</b>	0	0	0,0373	0		<b>25</b>

\*

**(8)**

9	1	12	3	
10		15		
%40		%60		

**(9)**

	*			*									-	1
	*													2
	*			*										3
	*		*	*										4
*	*													5
	*													6



x	x	x	x	x	x	x	x	x			x		7
	x			x		x	x						8
				x									9
x		x	x	x	x	x		x	x		x	-	10
x	x	x				x		x	x	x	x	-	11
x	x												12
x	x			x									13
			x	x								-	14
				x									15
x	x	x	x	x	x			x					16
x	x	x	x	x	x								17
				x									18
			x	x									19

												KPMG	
	*		*	*	*	*	*	*					20
	*			*									21
				*									22
				*									23
*	*						*						24
						*							25
9	16	5	8	18	5	6	4	5	2	1	3		

(10)

	(25)							
%72	25	18	%20	%20	%20	%12		
%156	25	*39	%64	%72	%16	%4		
%100	25	25	%36	%32	%24	%8		

\*

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## The Extant Of Specialization in Audit Firms in Jordan

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### ABSTRACT

This study aims at investigating the extent of specialization in auditing by audit firms which perform audit services for share-holding companies in Jordan during the period 2003-2007. To achieve the objective of the study; financial data have been collected about share-holding companies and analyzed using Weighted Market Share (WMS) or Neal and Realy (2004) model. The findings of the study showed that 60% of Jordanian audit firms are at least specialized in one sector.

The findings of the study show that 60% of Jordanian audit firms are specialized in one sector at least or more. It appears from the study that 8% of the audit firms are specialized in Banking sector, 24% are specialized in the Insurance sector, 32% are specialized in services sector, and 36% are specialized in industry sector.

The study concluded by many recommendations including encourage audit firms to be specialized to achieve benefits and affect audit quality.

**Keywords:** Specialization in Auditing, Audit Firms, Audit Quality.

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