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THE NEXUS BETWEEN TRANSPARENCY REPORTS AND SOFT SKILLS TRAINING IN AUDIT FIRMS

ABSTRACT

Purpose: This study aims to identify and discuss educational practices of a selected set of audit firms operating in Turkey within the scope of corporate transparency reports.

Methodology: To address the basic research question, a sample of 52 audit firm disclosures in transparency reports are examined, and statistical analyses are conducted through SPSS.

Results: Audit firms affiliated with international bodies provide comparatively longer periods of non-technical or soft skills education in-house. Transparency reports published in Turkey are yet to be standardized, and audit firms are to systematically plan and enrich their education programs with a particular emphasis on soft skills.

Conclusion: Audit firms would gain from investing in the development of non-technical skills, which is not only limited by monetary concerns but also by other factors yet to be considered. The study also attempts to uncover any similarity/difference among audit firms' educational initiatives identified in transparency reports, and understand whether these initiatives translate into some meaningful relationships and outcomes.

Keywords: Transparency reporting, auditing, continuing education, audit revenue, soft skills

1. Introduction

During the last few decades, large companies made the headlines for their unethical accounting practices and audit-based corporate scandals, which spurred research into the *whys* and the *hows* undergirding the basic dynamics of accounting education and the auditing profession (Onumah et al., 2021). High-profile figures like Queen Elizabeth II of England inquired why no one was able to signal

or prevent the advent of such wicked incidents. These scandals put a spotlight on accounting firms and auditing professionals, and in the years after, authorities have been experimenting with various response strategies from curriculum development to regulation and jurisdiction as potential strategies against similar malpractice.

As a positive externality of such historical experience on a global basis, audit firms around the world

are nowadays required to prepare and publish transparency reports, which is hoped to provide a useful outlet for communication with stakeholders and ensure high audit quality. The focus is on improving the quality of audit firms' work, and thus the auditing profession (Deumes et al., 2012; La Rosa et al., 2019; Johl et al., 2021). In addition, several recent changes have contributed to a transformation in the traditional practices of the accounting profession that has been particularly affected by the growth in size of international accounting and auditing firms, resulting in a comparatively higher level of commercial orientation (Sikka, 2008; Carrington et al., 2013; Coram & Robinson, 2017). Faced with such changes, public authorities and international professional organizations are striving to ensure a unity of practice to maximize professional quality. Among a plethora of important steps taken to this end is the Audit Quality Framework report issued by the International Auditing and Assurance Standards Board (IAASB) in 2014 with the aim of increasing awareness of audit quality. Quality Control Standard 1 (QCS 1) published by the IAASB in 2018 seeks to increase the quality of audit firms and the services they offer in a sustainable manner (International Auditing and Assurance Standards Board, 2018a). In addition to varied legislative arrangements across countries, international professional organizations have also prepared directives on transparency reporting to act as an important tool in improving the quality of audit and open the issue for a wider discussion.

With transparency reporting, there is an assumption that the quality of all processes of independent audit firms operating on behalf of the public will improve, which will, in turn, contribute to the quality of audit services offered (Deumes et al., 2012). In a report dated 2015, the International Organization of Securities Commissions states that audit firms' credibility benefits from transparency reporting, which, in turn, affects investor decisions (International Organization of Securities Commissions, 2015). The IAASB report of 2018 also states that the implementation of transparency reporting, which is mandatory in some countries, could function as a crucial differentiation tool in terms of allowing firms to explain their policies and approaches (International Auditing and Assurance Standards Board, 2018b). Transparency reporting allows audit firms to provide accurate and timely information to stakeholders regarding their audit policies

and procedures (La Rosa et al., 2019). Corporate transparency practices are also considered to be effective in addressing the erosion of trust in independent audit mechanisms driven largely by recent large-scale corporate scandals (Čular, 2017; Pivac & Čular, 2012). Previous research recommends transparency reports as a fruitful platform for investigating the multifaceted effects of continuing education practices (Fu et al., 2015), and that transparency reports could operate as a system of restrictions on audit firms to ensure operational efficiency (Girdhar & Jeppesen, 2018).

In this context, the current study aims to identify and discuss the educational practices of a selected set of audit firms operating in Turkey within the scope of corporate transparency reports released between 2016 and 2018. The study specifically seeks to identify and explore the significance of non-technical/soft skills education for audit firms as reflected in their transparency reports and the existence, if any, of a relationship between firm revenue and education policies. To address the basic research question, a sample of 52 audit firm disclosures in transparency reports were examined to identify any differences in education policies as well as to explore any connection to firm revenue.

This study hopes to make several contributions. First, it attempts to identify education policy variations, especially in terms of non-technical or soft skills-oriented education initiatives of audit firms with different characteristics in terms of membership in international networks or revenue levels. Second, related to the first aim, this study attempts to uncover any similarity/difference among audit firms' educational initiatives identified in transparency reports and understand whether these initiatives translate into any meaningful relationships or outcomes. Third, this study focuses on a particular aspect of transparency reports published by audit firms in Turkey, which, to the best of our knowledge, is the first attempt to that end. Although the study raises more questions than it can attempt to answer, some insight can be gained from its findings. Given that the history of transparency reports is relatively young in Turkey, it would be highly preferable for stakeholders to identify any shortcomings before it is too late, and through such studies, specific country practices could be made available to an international audience for future research and/or business practice.

2. Background and hypothesis development

2.1 Regulatory framework for transparency reporting

Many countries struggle to reform the level and quality of information shared by audit firms with the public by introducing transparency reporting and related laws (Zorio-Grima & Carmona, 2019). In addition to requiring audit firms to prepare audit reports, regulatory authorities across different countries have different approaches to evaluating the compliance of those reports. A path for the implementation of transparency reporting in member states was created with the Directive 2006/43/EC adopted by the European Union (EU) Parliament on 17 May 2006. In 2014, another regulation containing provisions for transparency reporting (EU Regulation 537/2014, Article 13) was passed by the EU.

In the UK, the Transparency Reporting Act was introduced in 2006 and its implementation started in 2008. Since 2010, the Financial Reporting Council (FRC) in the UK has been reviewing transparency reports prepared by audit firms, making recommendations on those aspects of the reports that need improvement. A report, shared by the FRC in 2019, which examined the impact of transparency reports on stakeholders, strikingly shows that many of the members of audit committees, especially those of public companies, are not aware of the existence of transparency reports. A few who read the reports criticize them for being overly long and containing a lot of marketing messages (Financial Reporting Council, 2019).

By passing the Audit Development Act in 2012, Australia became one of the countries that requires transparency reporting within the scope of its law. Since 2013, all individual auditors and audit firms in Australia have been required to prepare transparency reports if they audit public companies, financial institutions, or other types of companies/institutions specified in the law (Australian Securities & Investment Commission [ASIC], 2013). Unlike in the UK, the ASIC shares the results of audits directly with the relevant companies (Fu et al., 2015; Oh & Dowling, 2014).

In 2008, similar acts were passed in Japan, where audit firms are now expected to publish explanatory documents annually and prepare transparency reports (Financial Services Agency, 2008). Japan also obliges accountants with a large-scale client base to prepare transparency reports (Fu et al., 2015).

In the United States, the Advisory Committee on the Auditing Profession of the U.S. Department of Treasury published its first recommendation report for transparency reporting in 2008 (Advisory Committee on the Auditing Profession, 2008). The report emphasizes the importance of ensuring transparency for audit firms by referring to the directive published by the EU. While transparency reporting for independent audit firms is not mandatory by law, the Public Company Accounting Oversight Board (PCAOB) imposes some obligations to improve transparency and quality. The PCAOB also introduced a series of regulations in the following years requiring independent audit firms, for example, those auditing 100 or more public companies, to prepare an annual report and provide some explanations for their audit quality, efficiency, and transparency (Public Company Accounting Oversight Board, 2015).¹

In 2014, the Center for Audit Quality, a professional organization established under the American Institute of Certified Public Accountants recommended that an 'audit quality report,' resembling a transparency report but being more comprehensive, be prepared (voluntarily) by audit firms (Center for Audit Quality, 2014). On the other hand, four major audit firms in the United States are already reporting and publishing transparency reports voluntarily. For example, Deloitte prepared its first transparency report in 2010 (Bedard et al., 2010).

In the specific context of Turkey, where the current study is based, transparency reporting regulation effective from 2012 requires that audit firms carrying out audit activities for PIEs report to Turkey's Public Oversight, Accounting and Auditing Standards Authority (KGK) via an annual report to be published on the KGK website. All KGK practices and implementations follow standards issued and later amended by the International Accounting Education Standards Board (IASB) as well as the EU Directive.

2.2 Continuing education disclosures of audit firms

To date, the most comprehensive regulatory mechanism of the sort is 'The International Education Standard' (IES) prepared by the IASB established under the International Federation of Accountants (IFAC). The IES underlines the significance of continuing education and development and pro-

¹ See PCAOB No. 2011-007, 2013-009, 2015-004.

vides a list of competencies expected of accounting professionals depending on various levels of expertise. Specifically, the revised IES 3 (effective from 1 July 2015) titled 'Initial Professional Development' identifies such soft skills as 'professional skills' that include intellectual, interpersonal, and communication, personal, and organizational skills. This and other standards not only establish technical education and skill requirements for professionals but also point to a constructive alignment process incorporating non-technical (soft) skills or capabilities like values, attitudes, and ethics as complements to a traditionally narrow set of (largely numerical) accounting professionals' knowledge (Gammie et al., 2010).

Moreover, continuing education and professional capabilities are directly associated with audit quality as essential elements of independent auditing (Johl et al., 2021). The 'continuing professional development' concept in IES 7 of the standard guide is defined as a continuation of initial professional development, the learning and development through which aspiring accountants expand skills in the workplace in the first place and then move on to assume roles as professional accountants (International Federation of Accountants, 2019).

There are contextual differences as to an acceptable set of regulations and transparency report requirements for independent audit firms. There are also inter-country differences in the scope of information shared and in terms of the education policies of audit firms (Fu et al., 2015). The EU's framework directive stipulates that company information on continuing education policies is sufficient in a transparency report, while in Japan there is no emphasis on continuing education, and both Australia and Turkey expect audit firms to identify the amount, duration, and type of educational practices enacted. In the specific context of Turkey, audit firms are required not only to identify the educational practices of the audit firm but also to offer a summary of the education received by auditors themselves during the financial year in question.

2.3 A conceptual framework for soft skills and hypothesis development

Accounting professionals today are faced with a wider set of expectations; in addition to demonstrating their technical expertise, they also need to play an advisory role (Lim et al., 2016), a transformation that requires professionals to develop

an increasingly enhanced and varied capabilities agenda (Bianchi et al., 2020). Interestingly, the expectations from professional audit firms fluctuate based on client company size. Studies show that small-sized auditing clients expect more than a financial statement audit from their auditors (Collin et al., 2017). In such a context where technical skills are considered commonplace and financial evaluation is taken for granted, the soft skills of auditors stand as an important evaluation criterion for audit firms, posing a particularly critical challenge when making hiring decisions in the case of, for example, auditors with limited experience (Lim et al., 2016). However, as an unfortunate obstacle to this expectation, small-sized audit firms have a comparatively limited budget for providing associated auditors with soft skills education and training (Chen et al., 2013; Svanström, 2016). Auditors' soft skills are consequential in relation to and positively correlated with various audit-related outcomes such as audit quality (Gul et al., 2013), the audit expectation gap (Enes et al., 2016), and ethics (Mohamed Saat et al., 2012). For the purpose of this study, soft skills are defined in the context of IFAC IES 3 and IES 4 standards as cognitive skills (such as intellectual capabilities), behavioral skills (such as leadership and motivation), integrative and multi-disciplinary skills (such as effective communication), and ethics, values, and attitudes. Soft skills lay the ground for and facilitate the activation of technical skills and are equally crucial to demonstrating professional competence of accountants. In their study investigating accounting graduates' perceptions of soft skills, Dolce et al. (2020) include a wide range of competencies spanning from operational to interpersonal, such as communication skills and teamwork. In the same study, the researchers argue that it is not very easy to define what constitutes a soft skill, and both 'soft' and 'skill' are used interchangeably with some other words like personal, transferable, personal, vocational for the former, and competencies, attributes, and capabilities for the latter.

According to emotional intelligence theory, soft skills are considered key to accounting professionals with various skills like teamwork and collaboration (Coady et al., 2017). Soft skills are one of the components of emotional intelligence (Baron, 2006; Mayer & Salovey, 1993), which is defined (Goleman, 2017) as the ability to effectively manage ourselves and our relationships with others. Sometimes conceptualized as 'people skills,' soft skills

also refer to the ability to effectively interact with or handle interactions with people (Borghans et al., 2014). Studies show that soft skills such as leadership, public speaking and writing cannot be sufficiently acquired at formal educational institutions, and thus education during a professional career becomes significant (Tan & Laswad, 2018; Rebele & Pierre, 2019; Berry & Routon, 2020). Soft skills have been associated with positive outcomes in terms of white-collar employees' career development and business performance (Cobo, 2013; Marques, 2013; Robles, 2012; Zhang, 2012). Evidence suggests that there is much to gain for businesses from an evaluation of their employees' current soft skills competencies while planning and structuring education programs (Chamorro-Premuzic, et al., 2010; Gibb, 2014).

In addition to limited use of transparency reports by auditors and regulators, there is limited literature on transparency reports given that transparency directives are relatively new and there is a lot of variation even in the practices of large audit firms (Fu et al., 2015; Girdhar & Jeppesen, 2018). This gap is particularly salient in terms of continuing education and soft skills-focused content. Typically, international studies on transparency reports predominantly investigate the relationship between transparency reporting and audit quality (Deumes et al., 2012; Pivac & Čular, 2012), the effectiveness and efficiency of audits (Pott et al., 2008), and investor behavior (Holt & DeZoort, 2009; La Rosa & Caserio, 2014). However, the findings of various studies have implications for continuing education, although it has not been considered as the main research topic in studies on transparency reports (Zorio-Grima & Carmona, 2019). According to La Rosa et al. (2019), continuing education of auditors contributes positively to investor confidence based on transparency reports of European audit firms. The obligation regarding a comprehensive disclosure of continuing education policies in transparency reports is crucial in terms of understanding the soft skills training preferences of audit firms, as is a piece of detailed information about the time they allocate to this training within the total training program.

Literature alludes to the time required for soft skill development and the creation of appropriate educational content (Gibb, 2014; Rebele & Pierre, 2019). Time spent on education has been evaluated as a critical indicator of efficiency of continuing

education and soft skills acquisition (Raghuandan et al., 2003; Chen et al., 2008; Howcroft, 2017). Accordingly, Taylor et al.'s (2009) study endorsed the influence of the length of training on the effectiveness of managerial training. IFAC also states that within the International Accounting Standards, professional accountants may prefer a time-based and input-based approach (International Accounting Education Standards Board, 2019).

To that end, we sought to examine a selected set of transparency reports to address the following hypotheses:

Hypothesis 1a: Audit firms that are members of international networks spend comparatively more time providing soft skills/non-technical education than non-members.

Hypothesis 1b: Audit firms with higher levels of revenue spend comparatively more time providing education (both technical and non-technical) to their audit team members.

Hypothesis 2: There is a significant relationship between the duration of education given and audit revenue.

The main rationale for covering this specific period in the context of audit firms in Turkey is manifold:

As discussed under the regulatory framework, Turkey is among the few countries worldwide where this practice is mandatory. Moreover, in the specific context of Turkey, audit firms are required by the Audit Standards Authority of Turkey to accommodate an item in their transparency reports where they display their continuing education policies, including the education provided to their audit teams during the previous financial year. The specifics of continuing education practices displayed in those transparency reports are by implication an indicator of audit firms' long-term development initiatives, and they are part of corporate investment in human resources. As a mandatory policy requiring audit firms to provide detailed information about their continuing education practices in transparency reports, this article reflects the significance placed on education at the state level and creates a fruitful data set on which detailed analyses can be conducted and future theory and practice can be extrapolated.

As for the choice of the timespan, the data available for transparency reports, including educational practices, only date back to 2016. Turkey, a devel-

oping economy with a thriving entrepreneurial ecosystem where a comprehensive regulatory system is building up with accompanying accounting practices, is among the few countries where the release of transparency reports is mandatory by law. As such, there is room in Turkey for advancing the overall goal of improving audit firms' capabilities, and hence, improving the quality of accounting.

Finally, audit-related developments are nurtured in countries in the developed center, and they have repercussions for countries in the developing periphery, which makes research in the former more abundant, thereby creating a literature niche for relevant research. The transparency reporting practices are yet to be aligned even among European countries where the diversity is attributed to their disparate regulatory systems (La Rosa et al., 2019). Given that the KGK of Turkey is yet to publish a review of all existing transparency reports released in Turkey to provide working material on specific content like soft skills education, the current study offers preliminary findings on a neglected aspect of transparency reporting in the specific context of a relatively understudied context (Public Oversight, Accounting and Auditing Standards Authority, 2017).

3. Method

Since the regulation for audit firms to publish transparency reports was released in 2015 and became effective in 2016, we collected data from 2016 to 2018. As of 2016, the total number of audit firms that are authorized by the Public Oversight Accounting and Auditing Standards Authority of Turkey was 235, 249 and 273 in 2016, 2017 and 2018, respectively. We accessed transparency reports from a total of 56 firms in 2016, 62 in 2017, and 64 in 2018 through their websites. Despite conducting PIE audits and publishing transparency reports, 18 auditing firms in 2016, 18 in 2017, and 16 in 2018 did not disclose the duration or content of the education they provided in their reports, and hence, they were excluded from this study. In addition, firms that published single year transparency reports were also excluded from this study to ensure analysis accuracy. Ultimately, a total of 52 audit firms for which we had access to their data for the years 2017, 2018 and 2019, and whose data on the number of employees, education periods, and revenues we were able to fully access, were included in the testing of the research hypotheses.

Table 1 Descriptive statistics

International network membership	%
Member	46.15%
No membership	53.85%
Total number of audit employees	#
2016	2890
2017	3169
2018	3256
Audit employees 2016	%
<50	42.31%
>50	57.69%
Audit employees 2017	%
<50	40.38%
>50	59.62%
Audit employees 2018	%
<50	44.23%
>50	36.54%
Total revenue	# (Turkish Lira)
2016	₺574,634,772.28
2017	₺731,759,408.98
2018	₺817,384,603.58
Total revenue 2016 (₺)	%
<1,000,000	44.23%
1,000,000 – 10,000,000	44.23%
>10,000,000	11.54%
Total revenue 2017 (₺)	%
<1,000,000	34.62%
1,000,000 – 10,000,000	50.00%
>10,000,000	15.38%
Total revenue 2018 (₺)	%
<1,000,000	28.85%
1,000,000 – 10,000,000	53.85%
>10,000,000	17.31%

Source: Created by the authors

When collecting data, the topics of education and the education period reported by the firms in the sample were taken into account. Within this framework, a list of all educational content provided in

an accounting year was identified on a company basis, resulting in the following main subjects: Independence, Audit Standards, BOBI FRS (Large and Medium-Sized Enterprises Financial Reporting Standards), General Audit Topics, Ethics, Law, Quality, Corporate Governance, General Accounting Topics, Technology, Accounting and Financial Reporting Standards, Tax, and Management.

These topics were then categorized as either 'Technical Education' or 'Non-Technical Education.' The technical education classification included audit, accounting, law, and tax education received by the audit firms for professional subjects, while non-technical education included soft skills education like communication, leadership, teamwork, motivation, and stress manage-

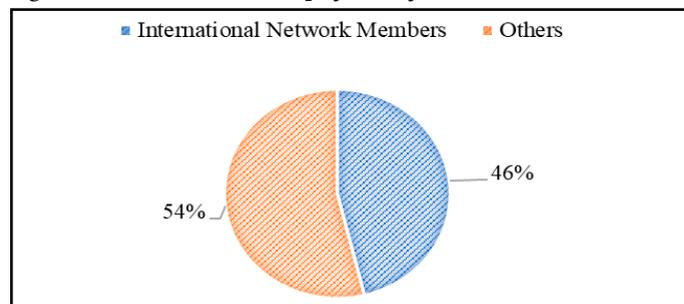
ment. The hypotheses were tested via IBM SPSS 24.0 analysis software based on data obtained from the 52 sample firms.

4. Results

4.1 Descriptive findings

As Figure 1 shows, 24 (46%) of the audit firms that have been examined are members of at least one of the international audit networks, and 28 (54%) do not have any such membership. International audit networks expect local audit firms to act in line with various central and overarching decisions across their corporate practices and policies, including education. Therefore, differences are expected in the educational preferences of these audit firms.

Figure 1 Network membership of audit firms

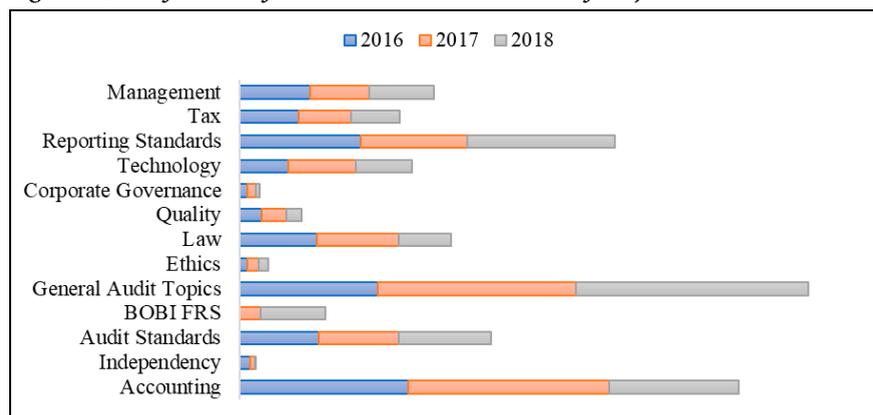


Source: Created by the authors

The distribution in Figure 2 occurs when the education received in the three years is evaluated within the scope of the classification described above. It

can be seen in Table 2 that the audit firms provided a total of 29,874 hours of education in the three years.

Figure 2 Classification of education received in terms of subjects

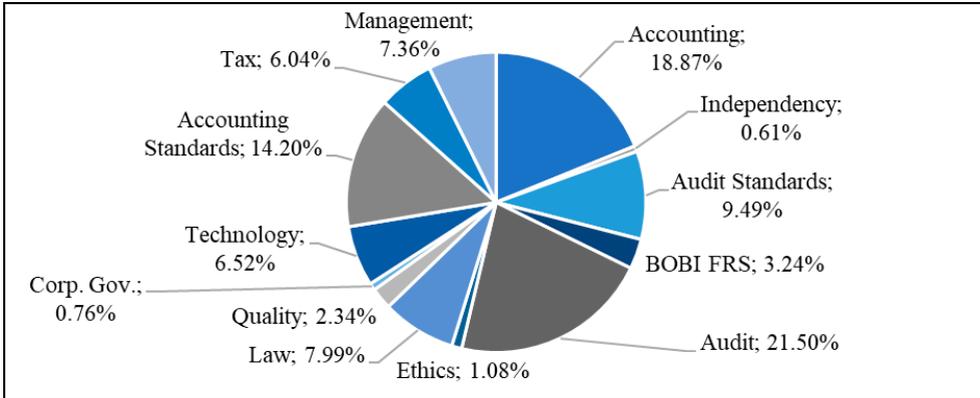


Source: Created by the authors

From 2016 to 2018, the total duration of education received increased by 13.96%. General accounting issues, general audit issues, and accounting and financial reporting standards were the topics that members were trained for during much of this pe-

riod. Education in these three subjects accounted for 54.57% of the total education. Based on the data featured in Figure 3, the issues afforded the least education time are defined as independence (0.61%), corporate governance (0.76%), and ethics (1.08%).

Figure 3 Percentage distribution of education topics received

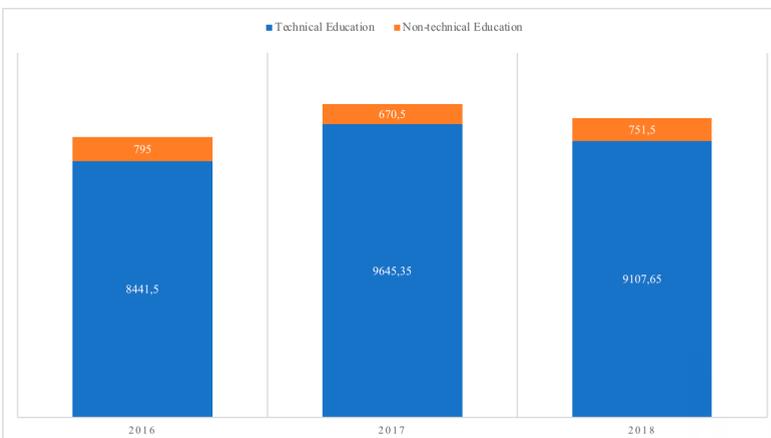


Source: Created by the authors

Figure 4 displays education hours provided by the audit firms classified as technical and non-technical education. Firms allocated 93% of the total educa-

tion time to technical education and only 7% to non-technical education.

Figure 4 Distribution of technical and non-technical education hours

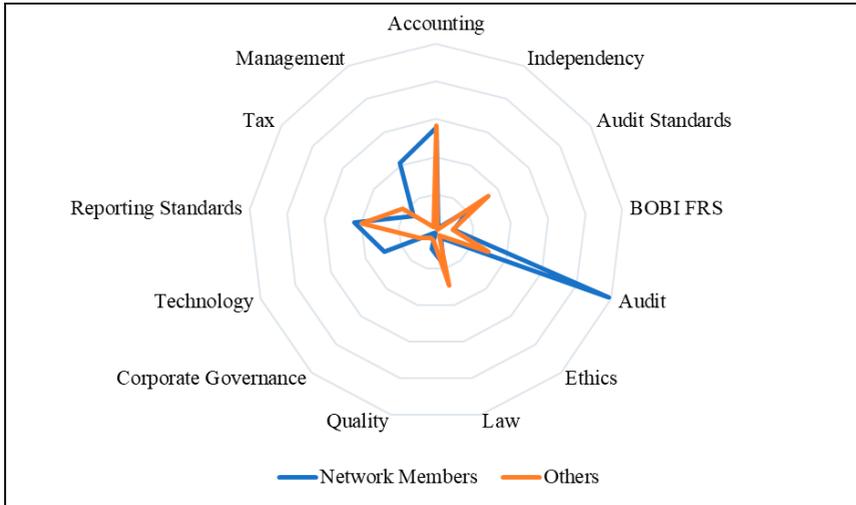


Source: Created by the authors

Based on the expectation that there might inevitably be differences in education strategies, duration, and content of local audit firms that are members of international networks, we tested for group dif-

ferences. Figure 5 shows an evaluation of the three-year total education programs of member firms and non-member firms within the scope of educational content.

Figure 5 Education issues of international network member audit firms and other audit firms (total for 2016, 2017 and 2018)



Source: Created by the authors

As Figure 5 suggests, international network-affiliated audit firms rate audit, accounting, technology, and management more highly in terms of the scope of the total education period and educational content compared to non-member firms. Firms with no membership are more focused on accounting, independent audit standards and legal topics. The largest gap between the two groups was observed in audit education at an incredible high of 229.77%. Both groups focus significantly on general accounting and auditing topics. Meanwhile, both groups have the lowest proportion of corporate governance and independence during the total period of education.

4.2 Hypotheses testing

To test Hypothesis 1a, which reads “Audit firms that are members of international networks spend comparatively more time providing soft skills/non-technical education than non-members”, a chi-square test was performed. The chi-square test was used because both variables (network membership and non-technical education) are categorical. The chi-square test results can be seen in Table 2 as the Pearson chi-square value is 4.748, df is 1, and the significance (p) value is 0.029. The test results revealed that there is a significant relationship between the variables, namely non-technical education provided by the international network member audit firms and the non-network audit firms. Therefore, the H1a hypothesis was accepted.

Table 2 Cross table for network membership and non-technical education

Network membership		Non-technical education		
		Providing companies	Non- providing	Total
Network members	Number	11	13	24
	Expected number	7.4	16.6	24.0
	% in non-technical education	68.8	36.1	46.2
No membership	Number	5	23	28
	Expected number	8.6	19.4	28.0
	% in non-technical education	31.3	63.9	53.8

$\chi^2=4.748, df=1, p<0.05 (p=0.030)$

Source: Created by the authors

The group of audit firms that are members of an international network provides a balanced level of non-technical education, whereas 82.1% of audit firms that are not members of any international network do not provide non-technical education. Some 68.8% of the audit firms providing non-technical education are members of an international network.

Before testing the H1b hypothesis, which reads “There is a significant difference between the revenues of the audit firms that provide non-technical education and those that do not”, a normality test was run for the revenue average variable. According to the results of the normality test performed on the revenue average variable (skewness = 3.214, kurtosis = 9.393), the data do not fit a normal distribution since they fall within a range of +2 and -2 standard deviation

(George & Mallery, 2010). In other normality tests, the Kolmogorov-Smirnov and Shapiro-Wilk tests resulted in a p-value of 0.000; hence, we concluded that the data did not meet the assumption of normality.

We used both three years of average revenue data of firms and single-year data for 2016, 2017, and 2018 to identify a significant relationship between revenue and non-technical education practices of the firms. To test the H1b hypothesis, the Mann-Whitney U test was carried out and no significant relationship was found between the average revenue for three years, the individual revenues for three years, and the non-technical education status of the audit firms. This finding is contrary to our expectations in the hypothesis. Therefore, the H1b hypothesis was rejected.

Table 3 Independent-samples Mann-Whitney U test summary

Total N	52
Mann-Whitney U	215.000
Wilcoxon W	881.000
Test Statistic	215.000
Standard Error	50.438
Standardized Test Statistic	-1.447
Asymptotic Sig. (2-sided test)	.148

Source: Created by the authors

We performed Spearman’s non-parametric correlation analysis for testing the H2 hypothesis, which assumes that there is a relationship between the average revenue in the last three years for the audit firms and the length of education provided per audit firm in the last three years. Within the frame-

work of the results given in Table 4, the p-value was found to be 0.001; therefore, it was concluded that there is a positive and significant relationship between average revenue and average education, providing partial support for our claim. According to the analysis results, the H2 hypothesis is accepted.

Table 4 Spearman non-parametric correlation results

		Average revenue	Average education
Average revenue	Correlation coefficient	1.000	.457**
	Sig. (2-tailed)	.	.001
	Correlation coefficient	.457**	1.000
Average education	Sig. (2-tailed)	.001	.

Source: Created by the authors

5. Discussion and conclusions

This study investigated the interaction between continuing education practices of audit firms and some firm characteristics from a transparency dis-

closure perspective based on a soft skills framework. The findings of the study show that when audit firms are divided into two groups based on (non) membership in an international audit network, some forthcoming differences emerge regarding

corporate practices as international audit networks encourage, support, and implement various global education and competence development strategies. Audit firms that are members of international networks dedicate more time to non-technical, soft skills education within their education programs than do firms that do not have any membership. Audit firms that are members of international networks share more open, detailed, and relevant data in their transparency reports. A forthcoming rationale for this finding could be the promotion of education programs that international networks implement to meet various standards within the framework of quality and competencies for cultivating the 21st century accounting professionals. This finding provides justification for enhancing the internationalization strategies and global alignment of audit practices, which would, in turn, generate even more positive externalities, i.e., in the form of a more varied agenda of soft skills education.

Another hypothesis of this research referred to revenues and the time allocated to non-technical education, which the existing data could only partially corroborate. Within the context of our data here, it seems that the decision by audit firms to provide non-technical education is at least partly independent of the revenue they generate. This finding is contrary to our expectations based on the previous literature that small-sized audit firms would have a comparatively limited budget to allocate for educational expenditures (Svanström, 2016). In the case of this study's sample audit firms, there is still room for investing in non-technical skills development, which is not only limited by monetary concerns but by other factors yet to be considered (i.e., philosophy, vision, strategy, etc.).

We also argued in favor of an interaction between the revenues of the audit firms and their education periods, which found support through statistical test results. In this case, although there is no relationship between non-technical education and revenue levels, it is understood that the overall educational endeavors and revenues of the firms are positively related. This finding is in line with previous research on continuing professional education and financial performance relation in big firms (Chen et al., 2008) and a higher continuing education budget and revenue performance (Chen et al., 2013). Although the minimum mandatory education periods and subjects required by the audit personnel are determined under the continuing education regulation, different education periods of the audit firms in terms of the level of revenue above this threshold may cause differences in competence among teams in these firms in the long term.

Working on audit firms' transparency reports has been shown to provide a clear picture of the impact of transparency disclosures on various aspects of audit firms' practices, including audit quality, firm reputation, and effectiveness, according to previous research (Johl et al., 2021; Fu et al., 2015; Pott et al., 2008). The current study has focused on transparency report data to find evidence for the association between continuing education practices as reflected in transparency report disclosures with some audit firm characteristics including membership in international networks and firm revenue. The findings provide evidence for the link between the extent of internalization (which mostly goes in parallel with the size of the firm) and audit firms' commitment to providing more soft skills education to their members, in tandem with literature which argued support for the relation in the size of the firm and increasing levels of audit quality (Johl et al., 2021).

As to the limitation of this study, we could not access transparency reports of some audit firms through their websites. In addition, reports of some audit firms can only be found through extensive search of their company website. On the one hand, this lack of discoverability prevents transparency reports from achieving their goal, and on the other hand, it poses a limitation to the generalizability of our findings given that we are not able to work on a broader sample. We have also observed that our sample firms have divergent approaches to how to disclose information in their reports. Some audit firms comprehensively explain their continuing education in the form of subjects, duration, number of participants, and instructors, while others only give the topic of education or make a general statement informing that all necessary education was provided.

However, our study could provide an initial step in future studies exploring education practices that appear in transparency reports. Once a large body of research in the literature has been collected, it will also be possible to conduct meta-analytical studies to establish a holistic framework on the inclusion and exclusion criteria of transparency reports. It could be useful for future studies to conduct international comparative research involving audit firms from countries that require the sharing of educational information in transparency reports, such as Turkey. Finally, it could also provide useful information to conduct detailed analyses (via qualitative research methods) of the reasons why audit firms have relatively little interest in providing non-technical education despite all the evidence in its favor.

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